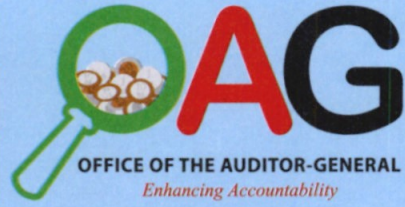


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REPORT

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THE AUDITOR-GENERAL

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NYAMAGUNDO LEVEL 4 HOSPITAL

FOR THE YEAR ENDED
30 JUNE, 2025

COUNTY GOVERNMENT OF KISII

22



NYAMAGUNDO 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

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

Nyamagundo Hospital is a level (4) hospital established under gazette notice number 4339 and is domiciled in Kisii County under the Health Department. The hospital is run by a Board of Management.

(b) Principal Activities

To be a center of excellence in provision of healthcare services in the region

MISSION

To provide quality promotive, preventive, curative and rehabilitative care services, training and research.

OBJECTIVES

- (I) Promote provision of integrated high quality healthcare services
- (ii) Create an enabling environment for provision of health services.
- (iii) To provide accessible and affordable health services

(c) Key Management

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

- County department of health
- Board of Management
- Accounting Officer/ Medical Superintendent
- Management
- Others (*specify*)

(d) Fiduciary Management

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

No.	Designation	Name
1.	Medical Superintendent	Ezekiel Nyakundi
2.	Head of finance	Moriasi Daniel
3.	Head of supply chain	Eric Omwancha
4.	Hospital administrator	Alice Nyakerario
5.	Hospital Pharmacist	Joel opala Nyapara
6.	Nursing manager	Eunicerah muthanje

(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) 720664661
E-mail: dmohsouthkisii@gmail.com
Website: www.go.ke

(h) Entity Bankers

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

(i) Independent Auditors

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






(j) Principal Legal Adviser



The Attorney General
State Law Office

Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

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

3. The Board of Management

Ref	Directors	Details
1.		<p>Mr. Elijah Mourice Omweri is the chairman Board of management. Has a certificate in Animal Health</p>
2.		<p>Mr. Jacob Morara Nyamenchu is a board member representing the vulnerable groups. Certificate in Motor vehicle Mechanics</p>
3.		<p>Mr Aldanus osamo, board member, Diploma in Theology. representing the faith-based organisations</p>
4.		<p>Mr. Charles Nyakoyo is a board member., representing the village.</p>
5.		<p>Mrs. Joyce Moseti, is a board member and a farmer. She represents people living with disabilities. Diploma in ECD</p>

6.		<p>Ms Caroline Mongina Nyambega, she is a board member representing the youths. Diploma in Food and Beverages.</p>
7.		<p>Ezekiel Nyakundi is the secretary board of management. He has previously worked at Kisii Teaching and Referral Hospital. He holds a Diploma in clinical Medicine And Surgery.</p>

4. Key Management Team

Ref	Management	Details
1.	Facility Incharge	Ezekiel Nyakundi
2.	Head of Finance	Moriasi Daniel
3.	Head of Supply Chain	Eric Omwancha
4.	Hospital Administrator	Alicen Nyakerario
5.	Head of Pharmacy	Joel Oyugi Nyapara
6.	Nursing Manager	Eunicerah Muthanje

5. Chairman's Statement

It is with great pride that i present the financial statements for Nyamagundo Level 4 Hospital for the financial year period ending June 30, 2025. The period under review has been marked by considerable progress, resilience, and a concerted effort by all our healthcare workers aimed at offering exceptional patient care services amidst a myriad of challenges. Like many healthcare institutions, we faced challenges, including understaffing, inadequate essential commodities and financial constraints albeit this as a facility we put mitigative measures to overcome all these challenges. We are optimistic that going forward we will be able to run our facility smoothly without any major hiccups.

I extend my heartfelt gratitude to our dedicated staff, whose tireless efforts underpin our success. To our patients, partners, and shareholders, thank you for your continued trust and support. Together, we will continue to build a healthier future for our community.

Sincerely,



Name: Mr. Elijah Mourice Omweri

Chairman to the Board

6. Report of The facility in charge

It is my pleasure to present the facility in charge Report for the financial year ended 30th June 2025 of Nyamagundo Level 4 Hospital. The hospital continues to provide high-quality healthcare services despite financial constraints, rising operational costs, and ever-increasing demand for healthcare services. The hospital intends to improve its infrastructure to be able to serve ever growing population, for instance we intend to expand our maternity wing to be able to serve our mothers effectively.

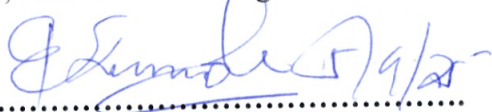
Our facility experienced a strong financial performance during the year under review. This demonstrates sound financial management which were initiated by management. Strategic investments in infrastructure and technology are expected to improve service delivery and sustainability in subsequent years. Throughout the financial year, we witnessed a steady increase in patient volumes across outpatient, inpatient.

A key driver of the Facility's revenue growth was the continued investment in infrastructure and the procurement of essential medical supplies which enabled the facilities to run effectively.

The hospital also expanded its specialty services and improved patient flow during special clinics day. These improvements have had a positive impact on service delivery, patient outcomes, and overall satisfaction.

The 2024/2025 financial year marked a period of solid progress. As we look ahead, we remain committed to providing quality Healthcare to our people and equally strive to improve on our infrastructure.

I wish to express my sincere appreciation to the hospital management, clinical and non-clinical staff, and the Board for their continued support and commitment. I am hopeful that with prudent financial management, we shall in the long run continue to improve healthcare systems and serve our people better.



.....
Name: Ezekiel Nyakundi

Secretary to the Board

7. Statement of Performance Against Predetermined Objectives

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

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

8. Corporate Governance Statement

Commitment to good corporate governance is fundamental in ensuring sustainable stakeholder value and meeting their expectations. Our procedures and processes are anchored on accountability, transparency, responsibility, and fairness which are the tenets of good corporate governance. Through the board of management Nyamagundo level 4 hospital is complying with statutory requirements.

Appointment and Induction of Board Members

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

Role of the Board

The responsibility of driving good corporate governance and stewardship of Nyamagundo level 4 is vested in the board of management. The board through its committees provide strategic direction while the Management Committee is accountable to the Board for implementing the strategy.

Conflict of interest

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

Board Remuneration

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

9. Management Discussion and Analysis

ANC COVERAGE

• Strengths:

- Excellent syphilis testing coverage (100% of ANC clients tested).
- Active ANC client enrollment.

• Areas for Improvement:

- **4th ANC visit coverage** is relatively low at 28.74%. This suggests challenges with client follow-up or retention through all scheduled ANC visits.

HIV CASCADE

• **Strong adult enrolment:** The facility has maintained care for a large number of adult clients, reflecting good program stability.

• **Adolescent and paediatric engagement:** While smaller, these groups are crucial for long-term program success and should be supported with tailored services.

• **Overall performance:** A total of nearly 1,500 clients on care indicates strong retention and program coverage for the period.

MATERNITY

• **Maternal and newborn care quality appears strong**, with almost all deliveries resulting in live births and all babies discharged alive.

• **Low birth weight prevalence (2.7%)** is low — a positive indicator of effective antenatal interventions and maternal health.

• The data also implies that **stillbirths and early neonatal deaths were nearly zero**, which is a very good outcome for this period.

10. Environmental And Sustainability Reporting

Nyamagundo level 4 Hospital exists to transform lives. It's what guides us to deliver our strategy, putting the client/Citizen first, delivering health services, and improving operational excellence. Below is an outline of the organisation's policies and activities that promote sustainability.

i) Sustainability strategy and profile

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

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

ii) Environmental performance

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

iii) Employee welfare

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

iv) Community Engagements

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

11. Report of The Board of Management

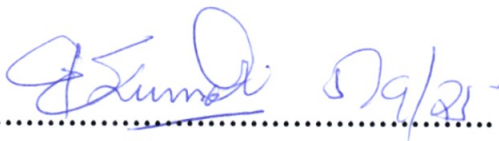
The Board members submit their report together with the Audited Financial Statements for the year ended June 30, 2025, which show the state of the Nyamagundo Level 4 Hospital facility's affairs.

Principal activities

Auditors

The Auditor General is responsible for the statutory audit of the *entity* in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board



.....

Name: Ezekiel Nyakundi

Secretary to the Board

12. Statement of Board of Management’s Responsibilities

Section 164 of the Public Finance Management Act, 2012 (entities should quote the applicable legislation under which they are regulated) requires the Board of Management to prepare financial statements in respect of that Nyamagundo Level 4 Hospital, which give a true and fair view of the state of affairs of the Nyamagundo Level 4 Hospital at the end of the financial year/period and the operating results of the Nyamagundo Level 4 Hospital for that year/period. The Board of Management is also required to ensure that the entity keeps proper accounting records which disclose with reasonable accuracy the financial position of the entity. The council members are also responsible for safeguarding the assets of the entity.


The Board of Management is responsible for the preparation and presentation of the Nyamagundo Level 4 Hospital financial statements, which give a true and fair view of the state of affairs of the nyamagundo 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 nyamagundo Level 4 Hospital 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 (– entities should quote applicable legislation as indicated under). The Board members are of the opinion that the Nyamagundo Level Hospital financial statements give a true and fair view of the state of Nyamagundo Level Hospital transactions during the financial year ended June 30, 2025, and of the Nyamagundo Level 4 Hospital financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the nyamagundo 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.

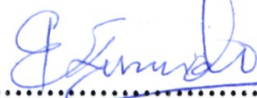
Nothing has come to the attention of the Board of management to indicate that the Nyamagundo Level 4 Hospital will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Hospital’s financial statements were approved by the Board on 22/6/25 and signed on its behalf by:



Name: Elijah Mourice Omweri
Chairperson



Name: Ezekiel Nyakundi
Accounting Officer

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON NYAMAGUNDO 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 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 Nyamagundo Level 4 Hospital - County Government of Kisii set out on pages 1 to 13, which comprise of the statement of financial position, as at 30 June, 2025 and the statement of statement of financial performance, statement of changes in of 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 Nyamagundo 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. Inaccuracies in the Presentation of Financial Statements

The statement of comparison of budget and actual amounts does not include the required budget notes explaining underutilization of more than 10%, limiting the transparency of budget execution. The numbering of notes was also incorrect, starting at Note 1 instead of continuation with Note 6.

Further, the statement of financial performance reflects surplus for the year of Kshs.409,072, while the statement of cash flows shows net increase in cash and cash equivalents of Kshs.228,492 (net cash flows from operating activities), resulting in a variance of Kshs.180,580 which was not reconciled in a Note to the financial statements on Cash Generated from Operations.

In the circumstances, the completeness, accuracy, and compliance of the financial statements with reporting standards could not be confirmed.

2. Inaccuracy of Revenue from Exchange Transactions

The statement of financial performance reflects medical services income amounting to Kshs.1,832,810, which, as disclosed in Note 1 to the financial statements, comprises user fees of Kshs.433,702, Social Health Authority (SHA) claims of Kshs.1,218,528, and receivables amounting to Kshs.180,580. However, ledger schedules supporting revenue from user fees and SHA claims was not accompanied by detailed billing reports indicating the revenue generated from each patient.

Further, a review of hospital operations relating to revenue collection revealed that although patients pay for services rendered through a designated paybill number, they are not issued with official receipts.

The hospital also lacks an integrated revenue collection system that links various departments, including the laboratory and pharmacy. Instead, it relies on a manual system for operations such as receipting, billing, and report generation, which cannot be interlinked.

In the circumstances, accuracy and completeness of revenue from exchange transaction of Kshs.1,832,810 could not be confirmed.

3. Undisclosed Inventory of Pharmaceutical and Non-Pharmaceutical Supplies

Review of the financial statements presented for audit revealed that there was no disclosure of inventories for pharmaceutical and non-pharmaceutical supplies. However, a physical verification conducted on 30 October 2025 confirmed that the Hospital held inventories comprising pharmaceutical items such as drugs and laboratory reagents, as well as non-pharmaceutical supplies including gloves, cotton wool, and feeding materials, among others. These inventories were not disclosed in the financial statements.

Further, Management did not carry out quarterly inventory stock takes, contrary to the provisions of Section 162(2) of the Public Procurement and Asset Disposal Act, 2015, which stipulates that the head of the procurement function shall arrange for periodic inspections of stores, at least quarterly in each calendar year and conduct quarterly and annual inventory and stocktaking exercises to ensure compliance with all applicable laws, and submit the reports to the accounting officer.

In the circumstances the accuracy and completeness of the financial statements could not be confirmed.

4. Unreconciled Medical Service Income

The statement of financial performance shows medical services income amounting to Kshs.1,832,810, as disclosed in Note 1 to the financial statements. This includes revenue of Kshs.1,218,528 from the Social Health Authority (SHA). However, the Hospital submitted claims totaling Kshs.1,455,676 during the year under review, out of which claims amounting to Kshs.93,000 were rejected due to the submission of incorrect documentation, indicating negligence by the Hospital management.

Further, although the Hospital received SHA payments amounting to Kshs.1,218,528 as reflected in its bank statements, it had only made claims worth Kshs.1,455,676 as per the SHA system, resulting in unpaid claims totalling to Kshs.237,148. This varies with the reported receivables of Kshs.180,580 with an amount of Kshs.56,568.

In the circumstances, the accuracy and completeness of medical service income of Kshs. 1,832,810 could not be confirmed.

5. Non-Disclosure of Assets and Absence of an Up-To-Date Fixed Assets Register

Review of the financial statements submitted for audit revealed that the Hospital did not disclose its assets, despite being in possession of various items that are required to be reported prior to registration. A physical verification conducted on 30 October 2025 confirmed that the entity owns several assets, including land, buildings, furniture, computers, and equipment, which were not disclosed in the financial statements.

In addition, ownership documents for the land on which the hospital is situated were not provided for audit review. It was also noted that the entity has not maintained an up-to-date fixed asset register detailing accurate asset classifications, asset tags, serial

or logbook numbers, asset locations, opening balances, additions, acquisition dates, disposals, depreciation charges, accumulated depreciation, and net book values.

In the circumstances, the accuracy, completeness, and reliability of the hospital's financial reporting could not be confirmed,

6. Unsupported Transfers to FIF Account

The statement of financial performance, and as disclosed in Note 2 to the financial statements shows transfers to other government entities totaling Kshs.1,409,413 transferred to the FIF Account to cover costs on goods and services. However, payment vouchers, and procurement records were not provided for audit review.

In the circumstances, the accuracy, completeness and propriety of the expenditure could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kisii County Alcoholic Drinks Control Fund - County Government of Kisii 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 revenue budget and actual on comparable basis amounts of Kshs.3,430,000 and Kshs.1,652,230 respectively, resulting in underfunding of Kshs.1,777,770, or 52 of the budgets.

The underfunding affected planned activities and may have negatively impacted service delivery to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional 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 I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Other Information

The Management is responsible for the Other Information set out on page iii to xvi which comprise of Key Entity Information and Management, The Board of management, Key

Management Team, Chairman's Statement, Report of the Medical Superintendent, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the of Board of Management and Statement of Management's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

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

Review of revenue records obtained from the Nyamagundo Sub County Hospital revealed total collection of Kshs.1,652,229 towards the health facilities improvement. Out of this amount, a total of Kshs.1,409,413 was transferred to County Health Facilities Improvement Fund Board account. However, the amount reimbursed by the Board to Nyamagundo Sub - County Hospital could not be ascertained. This is because the Board made payments on behalf of Nyamagundo 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. Failure to Appoint a Medical Superintendent and Accounting Officer

Review of records revealed that the officer in charge had not been formally appointed as the Medical Superintendent and had not been designated as the Accounting Officer. This is contrary to Section 21(2) of the Facilities Improvement Financing Act, 2023 (Cap. 277) Laws of Kenya, which provides that the hospital Medical Superintendent (or Hospital in-charge, in the case of health centers and dispensaries) shall receive the authority to incur expenditure from the Chief Officer.

Further, there was no evidence that the in-charge has requisite qualifications contrary to First Schedule of the Health Act, 2017 on level 4 hospitals which states that the In-charge shall be a registered medical practitioner with a Master's degree in a health-related field. In the circumstances, Management was in breach of the law

3. Irregular issuance of Hospital Registration certificate

There was no evidence that the hospital met basic requirements contrary to Rule 16(2)(a)(b)(c) and (d) of the Medical Practitioners and Dentists (Inspections and Licensing) Rules 2022 which states that the application shall be accompanied by proof of the institution indemnity cover, current list and licensure of health professionals, name of medical director, and evidence of a submitted inspections checklist.

In the circumstances, Management was in breach of the law

4. Lack of Requisitions for Pharmaceutical and Non-Pharmaceutical Items

During the year under review, the Hospital did not maintain records of Inventory requisitions for pharmaceuticals contrary to Regulation 171(1)(e) of the Public Procurement and Asset Disposal Regulations, 2020 which states that states that, the head of the procurement function of a procuring entity shall ensure that all stores requisitions and issues are approved by the head of the procurement function pursuant to section 162(4) of the Act.

In the circumstances, Management was in breach of the law

5. Lack of Quarterly Revenue Reports

The statement of financial performance reflects an amount of Kshs.1,832,810 in respect of rendering of services—medical service income as disclosed in Note 1 to the financial statements. However, the Hospital did not provide evidence to confirm that quarterly revenue reports were prepared and submitted to the County Treasury, with a copy to the Auditor-General, as required by Regulation 64(1) of the Public Finance Management (County Governments) Regulations, 2015. The Regulation requires the Accounting Officer, receiver of revenue, or collector of revenue to prepare a quarterly revenue report not later than the 15th day after the end of each quarter.

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

6. Unregistered Facility's Pharmacy

During the review period, it was observed that the facility was operating a pharmacy without any evidence of registration with the Pharmacy and Poisons Board (PPB). This was contrary to Section 23(1) of the Pharmacy and Poisons Act Cap (244), states that it shall not be lawful for any person to carry on the business of a pharmacist except in premises registered in accordance with this section.

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

7. Irregular Opening and Operation of Bank Account

Audit review established that Nyamagundo Level IV Hospital operated a bank account at a commercial bank. However, management did not provide evidence of authorization from the County Treasury for the opening of the account, nor minutes of the Board confirming the appointment of the account signatories.

This was contrary to Regulation 82(3) and (4) of the Public Finance Management (County Governments) Regulations, 2015, which stipulate that, except with the prior authority of the County Treasury, no Accounting Officer may open a bank account for the deposit, custody, or withdrawal of public funds, or for any other official banking business. In addition, the authority of the County Treasury must be conveyed in writing to the responsible Accounting Officer, with copies submitted to the Controller of Budget and the Auditor-General.

In the circumstances, Management was in breach of the law

8. Non-Compliance on Medical Waste Management

Review of the operations at the hospital revealed that the Hospital operated without an incinerator and during the time audit non pharmaceutical Hospital waste was accumulated at the entrance of the burning chamber next to the washrooms. The sensitive biomedical and pharmaceutical waste is accumulated and transported to Kisii Training Referral Hospital for disposal. However, there was no evidence that Management had complied with NEMA Waste Management Regulations, 2006 on biomedical waste management on taking all practical steps to ensure that waste is managed in a manner which will protect human health and the environment against the adverse effects which may result from the waste.

Further, there was no evidence that the management segregates waste at source contrary to Section 20 of the Sustainable Waste Management Act, 2022 (Cap. 387C) which provides that a person who generates waste shall segregate it at source and dispose of it only via licensed waste service providers.

The health Hospital did not have a waste management plan contrary to Section 17 of the Sustainable Waste Management Act, 2022 (Cap. 387C) which obliges each County Government to prepare a waste-management plan, maintain data on waste service provision, and ensure waste recovery and disposal facilities.

In the circumstances, Management was in breach of the law

9. Compliance with Law and Effectiveness of Upgrade of Hospital - Compliance with Minimum Required Criteria for Level 4 Hospital

Review of documents and physical inspection revealed that Nyamagundo Hospital faces significant staffing and service gaps required under Kenya Gazette Notice No.786 of 4 February 2020. The hospital has 22 staff members against the required 101, resulting in a shortage of 60 staff. In addition, key services such as renal, surgical, pediatric, gynecology, radiology, and tuberculosis care are not offered. The facility also lacks essential equipment and infrastructure expected in Level 4 hospitals, including incubators for newborns, COTS, resuscitators in the theatre and labour ward, functional ICU and HDU beds, a renal unit with dialysis machines, and functional operating theatres for both maternity and general services.

The hospital also faces physical and administrative challenges. It owns only 3 acres of land against the required 5 acres, resulting in a 2 acre deficit. While a Hospital Management Committee has been established, the appointment letters, qualifications, and gazette notice confirming the members' appointments were not provided for audit review.

Operational limitations further affect service delivery. The hospital does not have an ambulance, which may compromise patient referrals, particularly during emergencies. Its operations are not automated, limiting data integration with national health information systems and hindering effective information sharing. Moreover, there are no systems in place to collect patient feedback, assess satisfaction, or support continuous service improvement.

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

10. Non-Compliance with Law on Ethnic Composition in Staffing

Review of staff biodata records revealed that the Hospital had a total of twenty eight (28) staff members, comprising twenty five (25) employees appointed by the Government and three (3) engaged by LCVT, a non-governmental organization. Further review indicated that out of the twenty-eight (28) staff, twenty-seven (27), representing approximately 96% of the total workforce, were drawn from a single dominant ethnic community. This was contrary to section 7(2) of the National Cohesion and Integration Act, 2008 which states that no public establishment shall have more than one third of its staff from the same ethnic community.

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

11. Non-compliance with Affirmative Action Requirements for Persons with Disabilities

Review of staff biodata and discussions with management revealed that the hospital had not employed any persons with disabilities, representing 0% of its 28 staff and which is below the legally required minimum of 5%. In addition, persons with disabilities were not represented in committees and leadership structures of the hospital.

Under the circumstances, the absence of employees with disabilities and their exclusion from committees and leadership structures demonstrates non-compliance with legal requirements, undermines inclusivity, and limits equitable participation in the hospital's workforce and decision-making processes.

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

12. Irregular Engagement of Casual Employees

Review of records revealed that the Hospital had three casual employees. However, the staff establishment provided for audit did not indicate any staffing gaps requiring the engagement of casuals, nor were there formal requests from user departments justifying their recruitment. There was no authorization from the County Public Service Board for the departments to hire casual employees, contrary to Section 74 of the County Governments Act, 2012, which mandates the Board to regulate the engagement of contract, volunteer, and casual workers in all county public bodies and offices. Further, records in respect of how temporary employees were hired and criteria for their recruitment were not provided for audit.

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

13. Late Submission Financial Statements

The financial statements submitted for audit review were provided on 5 September 2025, instead of 31 August 2025. This was contrary to the requirements of National Treasury Circular No. AG.3/88 Vol. VII (41), which mandates all public sector entities to prepare and submit their annual financial statements by 31 August 2025. Further, there was no evidence to confirm that the Hospital prepared and presented financial statements for the years preceding the 2024/2025 financial year.

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 EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Lack of Fraud and Risk Management Strategies

During the year under review, Nyamagundo Level IV Hospital did not have a Fraud Management Policy in place to assist in detecting and preventing fraud. Further, management did not have a Risk Management Policy or strategy, and therefore lacked approved processes and guidelines for mitigating operational, legal, and financial risks. This was contrary to Regulation 158(1) of the Public Finance Management (County Governments) Regulations, 2015, which requires the Accounting Officer to ensure that a County Government entity develops risk management strategies, including fraud prevention mechanisms, and establishes a system of risk management and internal control to support robust business operations.

In addition, management did not maintain a risk register to document identified risks, nor were formal risk assessments conducted during the financial year under review. The absence of a risk register, which serves as a central repository for identified risks and their corresponding management actions, implies that the Hospital may not be effectively tracking or addressing its overall risk profile.

In the circumstances, the effectiveness of fraud and risk management could not be confirmed.

2. Weak Internal Audit Function

Review of documents revealed that Nyamagundo Level IV Hospital relies on the Internal Audit function of the County Executive of Kisii. However, no internal audit reports for the Hospital were provided on the state of risk management, control, and governance for the financial year ended 30 June 2025. Further, the Hospital did not have an approved Internal Audit Work Plan or Internal Audit Charter.

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

3. Lack of a Functional Audit Committee

During the audit, it was noted that Nyamagundo Level IV Hospital did not have a functional Audit Committee. This was contrary to Regulation 167 of the Public Finance Management (County Governments) Regulations, 2015, which requires each County Government entity to establish an Audit Committee. The Accounting Officer of the entity is also required to ensure that the Audit Committee is adequately funded and supported.

In the circumstances, the effectiveness of the governance and oversight could not be confirmed.

4. Lack of an Approved Hospital Strategic Plan and Organizational Structure

The Hospital did not have an approved Strategic Plan in place, contrary to Section 149(2)(g) of Public Finance Management Act, 2012, requires the Accounting Officer to prepare a strategic plan for the entity in conformity with the medium-term fiscal framework and financial objectives of the county government.

In the circumstances, the effectiveness of strategic plan and optimum staff 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 Directors

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 Directors 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

08 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	1,832,810
Revenue from exchange transactions		1,832,810
Total revenue		1,832,810
Expenses		
Transfer to other Government Entities	2	1,409,413
General expenses	3	14,325
Total expenses		1,423,738
Net Surplus / (Deficit) for the year		409,072

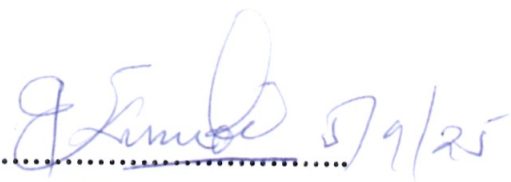
The Hospital's financial statements were approved by the Board on 22/08/2025 and signed on its behalf by:



Elijah Mourice Omweri
 Chairman
 Board of Management



Kevin Oribu
 Head of Finance
 ICPAK No:22784




Ezekiel Nyakundi
 Facility in charge

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

Description	Note	2024/2025
Assets		
Current assets		
Cash and cash equivalents	4	251,518
Receivables from exchange transactions		180,580
Total Current Assets		432,098
Non-current assets		432,098
Total Non-current Assets		0
Total assets		
Liabilities		
Current liabilities		
Trade and other payables		-
Total Current Liabilities		-
Net assets		432,098
Represented By:		
Accumulated surplus/Deficit		432,098
Total Net Assets and Liabilities		432,098

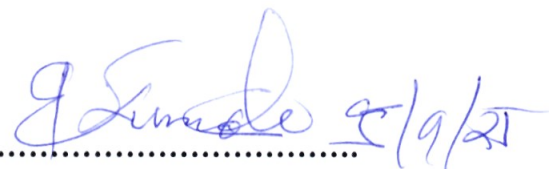
The Hospital's financial statements were approved by the Board on 22/8/25 and signed on its behalf by:



Elijah Mourice Omweri
Chairman;
Board of Management



Kevin Oribu
Head of Finance
ICPAK No:22784



Ezekiel Nyakundi
Medical Superintendent

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

Description	Accumulated surplus/Deficit	Capital	Total
		Fund	
At July 1, 2024	23,026	0	23,026
Surplus/(deficit) for the year	409,072	0	409,072
Capital/Development grants	-		
At June 30, 2025	432,098	0	432,098

16. 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	1	1,652,229.75
Total Receipts		1,652,230
Payments		
Transfer to other Government Entites	2	1,409,413
General expenses	3	14,325
Total Payments		1,423,738
Net cash flows from operating activities		228,492
Net increase/(decrease) in cash and cash equivalents		228,492
Cash and cash equivalents as at 1 July, 2024		23,026
Cash and cash equivalents as at 30 June. 2025	4	251,518

17 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	
Revenue						
Rendering of services- Medical Service Income	3,430,000	-	3,430,000	1,652,229.75	1,777,770.25	48.17%
Total income	3,430,000	-	3,430,000	1,652,229.75	1,777,770.25	48.17%
Expenses						
Transfers From Other Government Entities	3,400,000	-	3,400,000	1,409,412.70	1,990,587.30	41.45%
General expenses	30,000	-	30,000	14,325	15,675.00	47.75%
Total Expenses	3,430,000	-	3,430,000	1,423,737.70	2,006,262.30	
Surplus for the period	- 00	-	00		228,492.05	
Capital expenditure	- 00	-	00	-	-	00

Underutilization of 10%..

1. Notes to the Financial Statements General Information

Nyamagundo level 4 Hospital 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

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

Notes to the Financial Statements (Continued)

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

Standard	Effective date and impact:
IPSAS 43	<p><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 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 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 infrastructure assets, implementation guidance and illustrative examples.</p>

Standard	Effective date and impact:
	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.
IPSAS 46 Measurement	<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>
IPSAS 47- Revenue	<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 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><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard</p>

Standard	Effective date and impact:
	for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS 49- Retirement Benefit Plans	<i>Applicable 1st January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<i>Applicable 1st January 2027</i> The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires: <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the 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.

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

Standard	Effective date and impact
IPSAS 43	<i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of

Standard	Effective date and impact
	financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> The Standard requires: - <ul style="list-style-type: none"> <li data-bbox="478 616 1343 761">i. Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: <li data-bbox="478 772 1343 963">ii. Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.

iii. Early adoption of standards

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

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.

a) Revenue from exchange transactions

i) Rendering of services

The fund recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour

hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

b. Budget information

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

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

c. Related parties

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

d. Cash and cash equivalents

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

e. Comparative figures

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

f. Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Notes to Financial Statements Continued

1. Rendering of Services-Medical Service Income

Description	2024-2025
User Fee	433,702
SHA/NHIF	1,218,528
SHA Receivables	180,580
Total	1,832,810

2. Transfers to other Government entities

Description	2024 - 2025
	KShs
Transfer to FIF A/C	1,409,413
Total	1,409,413

3. General Expenses

Description	2024-2025
	KShs
Bank Charges	14,325
	14,325

4. Cash And Cash Equivalents

Description	2024-2025
	KShs
Current accounts	251,518
Total cash and cash equivalents	251,518

(a). Detailed Analysis of Cash and Cash Equivalents

Description		2024-2025
Financial institution	Account number	KShs
a) Current account		
KENYA COMMERCIAL BANK	1211189279	251,518.05
Sub- total		251,518.05
Grand total		251,518.05

5. Receivables From Exchange Transactions

Description	2024-2025
	KShs
Medical services receivables-NHIF	180,580
Total receivables	180,580

6. Related Party Balances

Nature of related party relationships

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

Kisii County Government is the principal shareholder of the Nyamagundo level 4, holding 100% of the Nyamagundo's equity interest. The National Government of Kenya has provided full guarantees to all long-term lenders of the entity, both domestic and external. The related parties include:

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

- iv) Department of health
- v) **Events after the Reporting Period**

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

vi) Ultimate and Holding Entity

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

vii) Currency

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

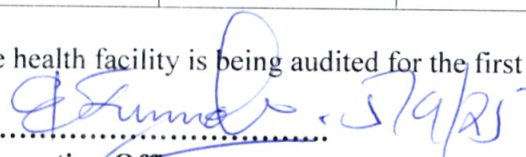
8. Appendices

Appendix 1: Progress on Follow Up of Auditor Recommendations

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

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

The health facility is being audited for the first time



Accounting Officer