

REPUBLIC OF KENYA



REPORT

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THE AUDITOR-GENERAL

To:.....
FOR COMMITTEE / TABLING
26 MAR 2026
Sign:.....

ON

KEGONGA SUB COUNTY HOSPITAL

FOR THE YEAR ENDED
30 JUNE, 2025

COUNTY GOVERNMENT OF MIGORI

PAPERS LAID	
DATE	17/11/2026
TABLED BY	hologuo
COMMITTEE	_____
CLERK AT THE TABLE	Chonp'

202



KEGONGA SUB COUNTY HOSPITAL MIGORI 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)

Kegonga Sub County Hospital (Migori County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

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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

Kegonga Sub County Hospital is a level (4) hospital established under gazette notice number GK-010410 and is domiciled in Migori County under the Health Medical Service Department. The hospital is governed by a Board of Management

(b) Principal Activities

The Vision of the hospital is to have a nationally and internationally competitive productive and healthy county

Mission: To provide integrated responsive and high-quality client centered promotive, preventive, supportive and rehabilitative health care services that is evidenced and technologically driven to the people of Migori County.

(c) Key Management

The hospital's management is under the following key organs:
 County department of health-Chief Officer Medical Services
 Medical Superintendent
 Board of Management
 Accountant
 Hospital departmental Heads

(d) Fiduciary Management

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

No.	Designation	Name
1.	Medical Superintendent	Kayus Kiage Nyariki
2.	Hospital Administrator	Stephen Mogore Nkinina

(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 10

Kegonga Sub County Hospital (Migori County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Kegonga Sub County Hospital
Kuria East Sub County

(g) Entity Contacts

Telephone (+254) 727 572812
E-mail: kegongasubcountyhospital@outlook.com

(h) Entity Bankers

KCB
A/C No, 115885869

(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

P.O. Box. 202
MIGORI, Kenya




3. The Board of Management

Ref	Directors	Details
1.		<p>Medical Superintendent: Kayus Kiage Nyariki - Secretary Age: 52 Yrs Academic Qualification: Diploma in Medicine and Surgery Work Experience: Clinician since 2001</p>
2.		<p>Board chairman: Mr. Paul Nyangi Mwita. Age: 75yrs Qualification: Degree in Administration Work Experience: Former District Commissioner and Member of Commissioner Assembly</p>
3.		<p>Name: Benjamin chacha Gimero. Age: 43 Years Old Academic Qualification: Degree in special needs education from Rongo university. Work Experience: Teacher, Secretary to KNUT Kuria East Branch</p>
4.		<p>Name: Robi Tabitha Level Of Education: Diploma Age: 42 Years Work Experience: Senior Teacher</p>
5.		<p>Name: Esther Boke Level of Education: Certificate in Primary Education Work Experience: Business lady (15 Years)</p>



**Kegonga Sub County Hospital (Migori County Government)
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6.		Name: Chacha Ngariba Four 4 Experience : P1 teacher
7.		Name: Maswi Joseph Mahiri Four 4 Engineer
8.		Name: Jakaria Kerario Std 8 Peasant Farmer

4. Key Management Team

Ref	Management	Details
1.	<p>MED SUP – Kayus Kiage Nyariki</p>  <p>Diploma in Medicine and Surgery</p>	<p>Co-Ordinate the general Function of the Hospital</p> <ul style="list-style-type: none"> - Clinical, nursing, medical and referral Functions - Procurement and Accounting - Diagnostic Functions - Staff relations and Disciplines - Patients Welfare
2.	<p>Hospital Administrator- Stephen Mogore Nkinina</p>  <p>Bachelor of Science in Biochemistry</p>	<ul style="list-style-type: none"> - Co-ordinate administration issues in conjunction with Med sup - In charge of Non-Medical Staff - Ensuring that the utility Vehicles and Ambulances are serviced and operational - Secretary to then HMT
3.	<p>Nursing in charge - Jackline Kwamboka ondari</p>  <p>Bachelor of science in nursing</p>	<p>Functions</p> <ul style="list-style-type: none"> -coordinates all the nursing activities within the facility -oversees support staffs -assists the office of the medsupt on delegated functions
4.	<p>Pharmacy in charge - Dabiel Mwita Obaki</p>	<p>Functions</p> <ul style="list-style-type: none"> -timely ordering of pharmaceuticals and non-

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	 Diploma in pharmaceutical technology	pharmaceuticals, storage and appropriate use -controls and manages use of commodities -compile monthly rely commodity report etc
5.	Laboratory in charge - John Nyamohanga Mwita  Diploma in medical laboratory sciences	Functions -coordinate all laboratory services within the facility -Ensures quality sample taking, networking/testing and timely results -manages laboratory commodities by timely quantification, ordering, storage and appropriate use etc

5. Chairman's Statement

Kegonga sub county hospital is one of the major benefits of devolution that we as the citizens of the republic of Kenya and especially to the community around Kegonga Sub County hospital. The hospital has a functional board and these were major functions of the board

- Provision of general oversight
- Community representation and monitor resource allocation planning and utilization
- Hospital marketing and community health promotion
- Resource mobilization.
- Ensure that formulated policies of health ministry are implemented.
- Guide the hospital administration to implement policies
- Monitor and evaluate the outcome of implemented policies

The board has consistently held quarterly meeting and any emergency meeting, working hand in hand with the hospital management team towards realizing development of the hospital.

Through County health management, the board has successfully held meeting on allowances, discussed hospital needs, solved disputes and planned for various development projects.

I take this opportunity to thank both national and county government for the cooperation support and good plans they have shown towards achieving good health to the community.

I would like to extent my appreciation to HIS EXCELLENCY, The President of the Republic Of Kenya and His Excellency, Dr. Mbogo Ochillo Ayako for their support that has enabled the hospital to realize major development projects during the financial year.


.....

Name: Paul Nyangi Mwita

Chairman to the Board

6. Report of The Medical Superintendent

The hospital is under medical services department in migori county, headed by Chief Officer of Health. It provides curative, preventive, and rehabilitative services.

The hospital was established as a dispensary, to a health center later a sub district hospital following service upgrading in regards to catchment population growth.

The facility currently falls under lever 4. It has catchment population of 13,000 with a potential of expansion following various hospital projects supported by both county and national government

The hospital has existing and functional structures that are supported and guided by the county government, this has assisted the hospital to improve on performance from previous years.

Through the hospital board, the CHMT provided all possible support especially finances, human and commodities to the hospital.

Partners support on human and commodities supply also played a key role towards service provision at the community and hospital level.

I take this opportunity to thank his excellence the Governor and county health management team of migori for the support through both infrastructural, human resource and also providing the hospital an opportunity to be independent.

.....
Kayus Kiage Nyariki

Name: Kayus Kiage Nyariki

Secretary to the Board

7. Statement of Performance Against Predetermined Objectives

Kegonga Sub County Hospital has 3 strategic pillars/ themes/issues and objectives within the current Strategic Plan. These strategic pillars/ themes/ issues are as follows;

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

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

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

Kegonga Sub County Hospital develops its annual work plans based on the above 3 pillars/Themes/Issues. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Kegonga Sub County Hospital achieved its performance targets set for the FY 2024/25 period for its 3 strategic pillars.

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Planning and administrative support services	To ensure efficient and effective well-coordinated health services	No. of Annual Work Plans developed	Developing Annual work plans.	One work plan developed
	To increase, develop, retain and motivate health personnel	% of performance reviews conducted	Conducting performance reviews	Biannual and annual review conducted
	To construct, expand, maintain and improve health infrastructure	% quarterly staff capacity developments		
	To accelerate scale up of Universal Health Coverage			70% of the catchment population already registered under SHA MDT meetings have been conducted and the MEd Supt of the hospital is the chair of the committee. The hospital was identified as the

**Kegonga Sub County Hospital (Migori County Government)
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				HUB and is discharging the mandate of being a HUB
Preventive and promotive health services	<p>To reduce the burden of preventable diseases and promote healthy lifestyles within the community</p> <p>To reduce maternal and new-born mortality</p> <p>To increase hospital utilization rate</p> <p>To improve coverage of facilities offering adolescent and youth friendly service</p>	<p>% of hospitals supplied with Pharmaceuticals</p> <p>% of hospitals supplied with non-pharmaceuticals</p> <p>% of hospitals supplied with Laboratory Reagents</p> <p>% of hospitals supplied with Vaccines</p> <p>% of hospitals supplied with patient food and rations</p>	<p>Supplying the hospital with pharmaceuticals, on pharmaceuticals, laboratory reagents, and vaccines</p>	<p>Kegonga sub county hospital:</p> <p>1 screened NCDs during daily hospital services and out reaches</p> <p>1.2. procured as well supplied with medical drugs non pharmaceuticals, laboratory reagents, vaccines.</p> <p>2. . procured food for patients through advice by hospital nutritionist</p> <p>3. Provided quality maternal and obstetrical emergency services</p> <p>4. Procured refined fuel for emergency referrals used by ambulances</p>

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				<p>5. Involved CHPs to market the hospital and conducted several in reach and outreach integrated services and community dialogue, community score cards</p> <p>6. Offered youth friendly services during routine attention at facility and community services.</p>
Curative, rehabilitative and referral services	To provide affordable curative, rehabilitative and referral services	% of specialized rehabilitative services provided at the facility	Supply of physiotherapy equipment	Kegomga sub county hospital procured several physiotherapy items for services using FIF funds.

8. Corporate Governance Statement

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

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

The Roles and Functions of The Board Members

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

Ethics and Conduct of Board Members

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

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

Kegonga Sub County Hospital (Migori County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

9. Management Discussion and Analysis

Financial performance

Kegonga Sub County Hospital registered a total of Ksh. 14,870,238 (Fourteen Million Eight Hundred and Seventy Thousand Two Hundred and Thirty-Eight) as the revenue for financial year 2024/25. This resulted to a Ksh. 11,257,102 in revenue growth. In line with this, the hospital collected a total of Ksh. 7,725,575 from exchange transactions, Ksh. 7,144,663 from donor funding and did not register any funding from the county government. Moreover, the hospital registered a net surplus of Ksh. 3,538,149 (Three Million Five Hundred and Fifty-Eight Thousand One Hundred and Forty-Nine) resulting Ksh. 1,584,299 increase from the financial year 2023/24. Further, the hospital also incurred a total of Ksh. 11,332,089 as operating expense for the year which also increased by Ksh. 9,672,803.

Clinical/operational performance

INDICATORS

Hospital bed capacity	27
Accident and emergency attendance	0
Specialised clinic attendance	83
Average length of stay for in patient	2
Bed occupancy rate	40.90%
Mortality rate	0
Out patients attendance	4033
In patient admissions	589
ANC Attendance	1618
CWC Attendance	3725
FP Attendance	839
MOH 717 Rev2020_Comprehensive Care Clinic (CCC)	267
MOH 717 Rev2020_Nutrition Clinic	42
PNC Attendance	519
Physiotherapy Attendance	83
Total attendance	11715
Total attendance	11715

Sponsorships and partnerships.

1. LWALA ALLIANCE
2. TUKICHEKI

Financial performance that includes

● **Revenue sources.**

The Revenue streams for the Hospital is mainly Facility Improvement Fund and Donor funding.

KAYUS

.....
Name: Kayus Kiage Nyariki

Secretary to the Board

10. Environmental And Sustainability Reporting

Kegonga Sub County 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

The top management especially the accounting officer should make reference to sustainable efforts, broad trends in political and macroeconomic affecting sustainability priorities, reference to international best practices and key achievements and failure.

ii) Environmental performance

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

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

iii) Employee welfare.

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

iv) Market place practices-

The entity encourages good market practices as outlined below:

a) Responsible competition practice.

Display of Service chatters

Carryout exit visit interviews

Provisions of complaints and suggestion box

b) Responsible Supply chain and supplier relations

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

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

c) Responsible marketing and advertisement

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

d) *Product stewardship*

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

e) *Corporate Social Responsibility / Community Engagements*

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

11. Report of The Board of Management

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

Principal activities

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

Results

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

Board of Management

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

Auditors

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

By Order of the Board

..... 

Name: Kayus Kiage Nyariki

Secretary to the Board

12. Statement of Board of Management's Responsibilities

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

The Board of Management is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year ended on June 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the 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 entity's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Board members are of the opinion that the entity's financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2024, and of the entity's financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the entity, 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.

Kegonga Sub County Hospital (Migori County Government)
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In preparing the financial statements, the Directors have assessed the Fund's ability to continue as a going concern or nothing has come to the attention of the Board of management to indicate that the entity 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 19th August 2025 and signed on its behalf by:



.....
Name: Paul Nyangi Mwita
Chairperson
Board of Management



.....
Name: Kayus Kiage Nyariki
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 KEGONGA SUB COUNTY HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 - COUNTY GOVERNMENT OF MIGORI

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements for Kegonga Sub County Hospital - County Government of Migori set out on pages 1 to 34, which comprise of the statement

of financial position as at 30 June, 2025, and the statement of financial performance, statement of cash flows, statement of changes in net assets and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

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

Basis for Qualified Opinion

Undisclosed Property, Plant and Equipment Balance

The statement of financial performance reflects property plant and equipment of balance of Kshs.87,238 as disclosed in Note 19 to the financial statements. However, the facility had buildings, medical equipment, furniture, computers and tablets that had not been disclosed in the financial statements.

In circumstances, the completeness and accuracy of property, plant and equipment balance of Kshs.87,238 of could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final expenditure budget and actual expenditure on comparable basis of Kshs.25,908,135 and Kshs.22,456,864 resulting in under-funding of Kshs.3,451,271 or 13% of the budget. Further, an audit review revealed that the Hospital did not have an approved budget by the Hospital Board for the financial year under review.

In the circumstances, the under-funding affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the prior years' audit reports, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in the Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance, respectively. Review of the status during audit of the Hospital in 2024/2025 revealed that the following five (5) issues remained unresolved:

S/No	Financial Year	Audit Issue
1	2023/2024	Non-Disclosed and Doubtful Ownership of Property, Plant and Equipment
2	2023/2024	Long Outstanding Receivables from Exchange Transactions
3	2023/2024	Unsupported Remuneration of Board Members
4	2023/2024	Deficiencies in Implementation of Universal Health Coverage UHC
5	2023/2024	Lack of Approved Budget

Other Information

The Management is responsible for the Other Information set out on pages iii to xxii which comprises, the Key Entity Information and Management, The Board of Management, Chairman's Statement, Report of the Medical Superintendent, Statement of Performance Against 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 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 Kegonga Sub-County Hospital in Migori County revealed that the Sub-County Hospital collected a total Kshs.7,321,707 towards the health facilities improvement which was all transferred to Migori County Health Services Fund Account. However, the Management reimbursed a total of Kshs.4,451,654 to the Sub-County Hospital resulting in a deficit of Kshs.2,870,053. This was contrary to Section 5(1) of the Facilities Improvement Financing Act, 2023 which requires that all monies raised or received by or on behalf of all public health facilities be retained in the Hospital Facilities Improvement Financing Account.

In addition, failure to reimburse the total amount transferred by the facilities negatively impacted on service delivery by the health facilities.

In the circumstances, Management of the Migori County Health Services Fund was in breach of the law.

2. Non-Compliance with Universal Health Coverage

Review of the 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 (UHC) programme were observed:

2.1 Inadequate Staffing Requirements

The Hospital did not meet the necessary requirements for staffing outline as shown below:

Staff Requirements	Level 4 Std	No. in Hospital	Variance
Medical officers	16	0	16
Anaesthesiologists	2	0	2
General Surgeons	2	0	2
Paediatricians	2	0	2
Radiologists	2	0	2
Registered nurses	75	9	66

2.2 Inadequate Level 4 Hospital Equipment

The Hospital lacked or had shortage of the necessary equipment and machines outlined in the Kenya Health Policy, 2014 as detailed below:

Staff Requirements	Level 4 Std	No. in Hospital	Variance
Resusitaire	3	0	3
New born unit incubators	5	0	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	1	1
Beds	150	18	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 may have hindered the achievement of the Government program on Universal Health Coverage (UHC).

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Lack of Key Management Policies and Procedures

During the year under review, Management did not institute policies and procedures to guide key financial and managerial processes and controls for management such as risk management policy, risk management framework and has not has not developed a risk register, and disaster recovery plan or business continuity plan policy to guide the operations in the areas of revenue, expenditure, personnel, inventory, liabilities to enable effective and efficient running of the institution, and to cushion and/or guarantee Business.

In circumstances, the existence of effective internal control, risk management and governance systems could not be confirmed.

2. Competency of the Board

The Hospital gazetted an 8-member Board through Gazette Notice number 14232 on 31 October, 2024, however the advertisements for the positions of board members, personal files for board members were not provided for review. Further, the audit disclosed that the hospital had five (5) committees, with three (3) under its own control, which were clinical research and standards committee, audit committee and risk committee. However, no Board member is a financial expert with qualifications and expertise in financial management or accounting casting doubt on the recruitment selection and competency of the Board on financial matters. In addition, the audit revealed, that the audit committee, despite being fully constituted, did not discuss internal and external audit reports.

In the circumstances, the effectiveness of the audit committee could not be confirmed.

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

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Hospital's ability to continue as a going concern, disclosing, as applicable, matters related

to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

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


Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

08 December, 2025

Kegonga Sub County Hospital (Migori County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

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

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Revenue from non-exchange transactions			
Public Contributions and Donations	6	7,144,663	-
Revenue from exchange transactions			
Rendering of services- Medical Service Income	7	11,036,536	768,736
Transfers from other government entities	8	7,725,575	2,844,400
Revenue from exchange transactions		18,762,111	3,613,136
Total revenue		25,906,774	3,613,136
Expenses			
Medical/Clinical costs	9	8,691,818	635,148
Board of Management Expenses	10	152,000	186,500
Employee costs	11	262,403	50,974
Repairs and maintenance	12	836,935	229,620
General expenses	13	1,374,070	557,044
Transfer To Other Government Entities	14	11,036,536	-
Depreciation	15	12,463	-
Total expenses		22,366,225	1,659,286
Net Surplus / (Deficit) for the year		3,540,549	1,953,851

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



Chairman: Paul Nyangi Mwita
Board of Management



Head of Finance: Stephen Nyainda
ICPAK No: 31086




Medical Superintendent: Kayus Kiage Nyariki

Kegonga Sub County Hospital (Migori County Government)
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15. Statement of Financial Position As At 30th June 2025

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	16	3,401	1,361
Receivables from exchange transactions	17	3,451,271	3,760,080
Inventories	18	4,197,800	437,720
Total Current Assets		7,652,472	4,199,161
Non-current assets			
Property, plant, and equipment	19	87,238	-
Total Non-current Assets		87,238	-
Total assets		7,739,710	4,199,161
Liabilities			
Current liabilities			
Trade and other payables	20	-	-
Total Current Liabilities		-	-
Net assets			4,199,161
Represented By:			
Revaluation reserve		-	-
Accumulated surplus/Deficit		7,739,710	4,199,161
Capital Fund		-	-
Total Net Assets and Liabilities		7,739,710	4,199,161


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



Chairman: Paul Nyangi Mwita
Board of Management



Head of Finance: Stephen Nyainda
ICPAK No: 31086



Medical Superintendent: Kayus Kiage Nyariki

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

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital	Total
			Fund	
As at July 1, 2022		-		-
Surplus/(deficit) for the year	-	2,245,310	-	2,245,310
As at June 30, 2023	-	2,245,310	-	2,245,310
At July 1, 2023	-	2,245,310	-	2,245,310
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	1,953,851	-	1,953,851
Capital	-	-	-	-
At June 30, 2024	-	4,199,161	-	4,199,161
At July 1, 2024	-	4,199,161	-	4,199,161
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	3,540,549	-	3,540,549
Capital	-	-	-	-
At June 30, 2025	-	7,739,710	-	7,739,710

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

Description	Note	2024-	2023-
		2025	2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Rendering of services- Medical Service Income		4,274,304	1,659,846
Transfers From Other Government Entities		-	-
Total Receipts		4,274,304	1,659,846
Payments			
Medical/Clinical costs		1,547,155	635,148
Board of Management Expenses		152,000	186,500
Employee costs		262,403	50,974
Repairs and maintenance		836,935	229,620
General expenses		1,374,070	557,044
Total Payments		4,172,564	1,659,286
Net cash flows from operating activities	21	101,740	560
Cash flows from investing activities			
Purchase of property, plant, equipment & intangible assets		99,700	-
Net increase/(decrease) in cash and cash equivalents		2,040	560
Cash and cash equivalents as at 1 July	16	1,361	801
Cash and cash equivalents as at 30 June	16	3,401	1,361

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 utilization
	a	b	c=(a+b)	d	e=(c-d)	f=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget carryovers from the previous year	-	1,361	1,361	1,361	-	100%
Revenue						
Rendering of services-Medical Service Income	11,036,536	-	11,036,536	11,036,536	-	100%
Transfers From Other Government Entities	7,725,575		7,725,575	4,274,304	3,451,271	55%
Public Contributions and Donations	-	7,144,663	7,144,663	7,144,663		100%
Total income	18,762,111	7,146,024	25,908,135	22,456,864	3,451,271	87%
Expenses						
Medical/Clinical costs	8,691,818	-	8,691,818	8,691,818	-	100%
Board of Management Expenses	152,000	-	152,000	152,000	-	100%
Employee costs	262,403	-	262,403	262,403	-	100%
Repairs and maintenance	836,935	-	836,935	836,935	-	100%

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General expenses	1,374,070	-	1,374,070	1,374,070	-	100%
Transfers To Other Government Entities	11,036,536	-	11,036,536	11,036,536	-	100%
Total Operational Expenditure Paid	22,353,763	-	22,353,763	22,353,763	-	100%
Capital expenditure Paid	99,700	-	99,700	99,700	-	100%
Surplus for the period	(3,691,352)	7,146,024	3,454,673	3,401	3,451,271	0%

NOTE: The hospital registered 55% utilization in rendering of services as there was an outstanding Ksh. 3,451,271 rendering services income from the health services which the hospital did not receive for the period ended 30th June 2025. This particular figure is reflected in the trade receivable ledger in note 17.

Budget Reconciliation

Description of Particulars	Amount in Kshs
Actual Surplus Amounts as per the statement of Budget	3,401
<u>Total</u>	<u>3,401</u>

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19. Notes to the Financial Statements

1. General Information

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

2. Statement of Compliance and Basis of Preparation

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

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Standard	Effective date and impact:
	<p>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>
<p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
<p>IPSAS 45- Property Plant and Equipment</p>	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
<p>IPSAS 46 Measurement</p>	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> <li data-bbox="539 1756 1394 1910">i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.

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Standard	Effective date and impact:
	<ul style="list-style-type: none"> 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 for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
IPSAS 49- Retirement Benefit Plans	<p><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	<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.

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Standard	Effective date and impact:
Mineral Resources	<ul style="list-style-type: none"> <li data-bbox="459 257 1362 398">ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. <li data-bbox="459 414 1362 660">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.

iii) Early adoption of standards

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

4. Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Rental income

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

b. Budget information

The original budget for FY 2024/25 was approved whereby the budget for the facility was incorporated with other hospitals under the vote line of Health Services Management Fund. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded no additional appropriations on the FY 2024/25 budget. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses 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 in these financial statements.

c. Taxes

Sales tax/ Value Added Tax

Expenses and assets are recognized net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of sales tax included. The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

d. Investment property

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

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of *one* year. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

e. Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

f. Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

g. Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite.

h. Research and development costs

The Entity expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Entity can demonstrate:

- The technical feasibility of completing the asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- The asset will generate future economic benefits or service potential

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- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development.

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

i. Financial instruments

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

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

Classification of financial assets

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus

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or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Trade and other receivables

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Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Notes*.

Financial liabilities

Classification

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

j. Inventories

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

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

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

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

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k. Provisions

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

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

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

l. Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

m. Contingent liabilities

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

n. Contingent assets

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

o. Nature and purpose of reserves

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

p. Changes in accounting policies and estimates

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

q. Employee benefits

Retirement benefit plans

The Entity provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump-sum payments or increased future contributions on a proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

r. Foreign currency transactions

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

s. Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

t. Related parties

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

u. Service concession arrangements

The Entity analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the *Entity* recognizes that asset when, and only when, it controls or regulates the services. The operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the *Entity* also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

v. 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.

w. Comparative figures

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

x. 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

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

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Notes to Financial Statements Continued

6. Public Contributions and Donations

Description	2024/2025	2023/2024
	KShs	KShs
Public donations	7,144,663	-
Total donations and sponsorships	7,144,663	-

7. Rendering of Services-Medical Service Income

Description	2024-2025	2023-2024
	KShs	KShs
Facility Improvement Fund	11,036,536	768,736
Total	11,036,536	768,736

8. Transfers From Other Government Entities

Description	2024-2025	2023-2024
	KShs	KShs
NHIF capitation Claims	-	170,450
Linda Mama Program	-	2,673,950
Health Services Fund	7,725,575	-
Total	7,725,575	2,844,400

9. Medical/ Clinical Costs

Description	2024-2025	2023-2024
	KShs	KShs
Laboratory chemicals and reagents, medical drugs, non pharms, medical records	8,382,818	304,400
Food and Ration	150,000	206,348
Sanitary and cleansing Materials	159,000	124,400
Total	8,691,818	635,148

10. Board of Management Expenses

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Description	2024-2025	2023-2024
	KShs	KShs
Sitting allowance	152,000	186,500
Total	152,000	186,500

11. Employee Costs

Description	2024-2025	2023-2024
	KShs	KShs
Employee costs	262,403	50,974
Total	262,403	50,974

12. Repairs And Maintenance

Description	2024-2025	2023-2024
	KShs	KShs
Property- Buildings	836,935	229,620
Total	836,935	229,620

13. General Expenses

Description	2024-2025	2023-2024
	KShs	KShs
Fuel	360,000	-
Bank Charges	26,720	7,504
Travel and accommodation allowance	557,000	105,000
Printing and stationery	141,350	71,000
Telephone and mobile phone services	90,000	97,000
Office Tea	179,000	70,200
Other Fuel	20,000	179,840
Total	1,374,070	557,044

14. Transfers to Other Government Entities

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Description	2024-2025
	KShs
Health Services Fund	11,036,536
Total	11,036,536

15. Depreciation and Amortization Expense

Description	2024 - 2025	2023 - 2024
	Kshs	Kshs
Property, plant and equipment	12,463	-
Total depreciation and amortization	12,463	-

16. Cash And Cash Equivalents

Description	2024-2025	2023-2024
	KShs	KShs
Current accounts	3,401	1,361
Total cash and cash equivalents	3,401	1,361

(a). Detailed Analysis of Cash and Cash Equivalents

Description		2024-2025	2023-2024
Financial institution	Account number	KShs	KShs
a) Current account			
Kenya Commercial bank	1318285283	1,001	1,361
Kenya Commercial bank	1158858469	2,400	1,361
Sub- total		3,401	1,361
Grand total		3,401	1,361

17. Receivables From Exchange Transactions

Description	2024-2025	2023-2024
	KShs	KShs
Receivable	3,451,271	3,760,080
Total receivables	3,451,271	3,760,080

Analysis of Receivables From Exchange Transactions

Description	2024-2025		2023-2024	
	Kshs	% of the total	Kshs	% of the total
Less than 1 year	3,451,271	100%	2,844,400	76%

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Between 1-2 Years			915,680	24%
Total	3,451,271		3,760,080	

18. Inventories

Description	2024-2025	2023-2024
	KShs	KShs
Pharmaceutical supplies	236,096	9,629
Food supplies	103,100	23,509
Non-pharms	3,807,028	404,582
Cleaning materials supplies	51,576	-
Total	4,197,800	437,720

19. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Mot or vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
Cost								
At 1 July 2022 (previous year)	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-
At 30th Jun 2023	-	-	-	-	-	-	-	-
At 1 July 2023 (current year)	-	-	-	-	-	-	-	-

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Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-
At 30th Jun 2024	-	-	-	-	-	-	-	-
At 1 July 2024	-	-	-	-	-	-	-	-
Additions	-	-	-	49,800		49,900		99,700
Disposals								-
Transfers/adjustments								-
At 30th Jun 2025	-	-	-	49,800	-	49,900	-	99,700
Depreciation and impairment								-
At 1 July 2022 (previous year)	-	-	-	-	-	-	-	-
Depreciation for the year	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
At 30 June 2023	-	-	-	-	-	-	-	-
At July 2023 (current year)	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-

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Transfer/a djustment	-	-	-	-	-	-	-	-
At 30th June 2024	-	-	-	-	-	-	-	-
At July 2024	-	-	-	-	-	-	-	-
Depreciati on	-	-	-	6,225	-	6,238	-	12, 463
Disposals	-	-	-	-	-	-	-	-
Impairmen t	-	-	-	-	-	-	-	-
Transfer/a djustment	-	-	-	-	-	-	-	-
At 30th June 2025	-	-	-	6,225	-	6,238	-	12, 463
Net book values								-
At 30 th Jun 2024	-	-	-	-	-	-	-	-
At 30 th Jun 2025	-	-	-	43,575	-	43,663	-	87, 238

The Assets have been depreciated using the following rates

Item	Depreciation Rate
Building and civil works	2.0%
Motor Vehicle	25.0%
Furniture, fittings and Office equipment	12.5%
ICT Equipment	33.0%
Plant and Medical Equipment	12.5%

20. Trade and other Payables

Description	2024- 2025	20223- 2024
	KShs	KShs
Trade payables	-	-
Total	-	-

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21. Cash Generated from Operations

Description	2024-2025	2023-2024
	KShs	KShs
Surplus for the year before tax	3,540,549	1,953,851
Adjusted for:		
Depreciation	12,463	-
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	(3,760,079)	4,226
Increase in receivables	308,809	(1,515,570)
Increase in deferred income		-
Increase in payables	-	(441,947)
Increase in payments received in advance	-	-
Net cash flow from operating activities	101,741	560

22. Financial Risk Management

The entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The company's overall risk management 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 company does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

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

(i) Credit risk

The entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial

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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 2025				
Receivables from exchange transactions	3,451,271	0	0	0
Receivables from –non-exchange transactions	0	0	0	0
Bank balances	1,001	0	0	0
Total	3,452,272	0	0	0

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 company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The board of management sets the company's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the hospital's board of management who have built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

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

(iii) Market risk

The hospital has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The company's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the entity's exposure to market risks or the way it manages and measures the risk.

a) Foreign currency risk

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The entity has no transactional currency exposures as there were no purchases of goods and services that were done in foreign currencies.

Foreign currency sensitivity analysis

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

b) Interest rate risk

Interest rate risk is the risk that the entity's financial condition may be adversely affected as a result of changes in interest rate levels. The company's interest rate risk arises from bank deposits. This exposes the company to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the company's deposits.

Management of interest rate risk

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

Sensitivity analysis

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

iv) Capital Risk Management

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

Description	2024/25
	Kshs
Revaluation reserve	0
Retained earnings	0
Capital reserve	0
Total funds	0
Total borrowings	0
Less: cash and bank balances	(3,401)
Net debt/ (<i>excess cash and cash equivalents</i>)	(3,401)
Gearing	0%

23. Related Party Balances

Nature of related party relationships

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Entities and other parties related to the entity include those parties who have the ability to exercise control or exercise significant influence over its operating and financial decisions.

Related parties include management personnel, their associates, and close family members.

Migori County Government is the principal shareholder of the *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	2024/25
	Kshs
Transactions with related parties	
a) Services offered to related parties	
Total	0
b) Grants from the Government	
Grants from County Government	0
Grants from the National Government Entities	0
Donations in kind	0
Total	0
c) Expenses incurred on behalf of related party	
Payments of salaries and wages for employees	0
Payments for goods and services	0
Total	0
d) Key management compensation	
Directors' emoluments	0
Compensation to the medical Sup	0
Compensation to key management	0
Total	0

24. Segment Information

The hospital had no segment for the financial year under review.

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25. Contingent Liabilities

Contingent liabilities	2024/25
	Kshs
Bank guarantees in favour of subsidiary	0
Total	0

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

26. Capital Commitments

Capital Commitments	2024/25
	Kshs
Authorised For	0
Authorised And Contracted For	0
Total	0

There were no capital commitments under the financial year under review

27. Events after the Reporting Period

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

28. Ultimate and Holding Entity

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

29. Currency

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

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20. 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:	Timeframe:
1	As previously reported, the statement of financial position reflects Nil balance for property, plant and equipment. However, review of Hospital's records and physical inspection revealed various assets including land, buildings, motor vehicles, furniture, computers and equipment which were not disclosed in the financial statements. Further, the ownership documents for land and motor vehicles were not provided for audit nor have the assets been disclosed at cost or valuation method as required by International Public Sector Accounting Standard 17. In the circumstances, the ownership and accuracy of the property, plant and equipment Nil balance could not be confirmed.	The management noted the auditor's observation and wishes to state that transfer of ownership documents to the facility and the county as a whole is awaiting the Intergovernmental Relation Technical Committee (IGRTC) report that contains all the assets and liabilities inherited from the defunct local authority. Further, these assets will be disclosed in the next financial report.	Not Resolved	
2	The statement of financial position reflects receivables from exchange transactions of Kshs.3,760,080 as disclosed in Note 17 to the financial statements. Included in the balance are receivables of Kshs.915,680 which have been	The management noted the auditor's observation and provided a demand letter that was done to NHIF demanding for the settlement of the above funds.	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
	<p>outstanding for a period of more than one (1) year. In addition, the receivables increased by Kshs.1,515,570 or 68% from Kshs.2,244,510 in the year 2022/2023 to Kshs.3,760,080 in 2023/2024, raising concerns about the effectiveness of debts management by the Hospital Management.</p> <p>In the circumstances, the accuracy and recoverability of the receivables balance of Kshs.3,760,080 could not be confirmed.</p>			
3	<p>The statement of financial performance reflects Board of Management expenses amounting to Kshs.186,500 as disclosed in Note 11 to the financial statements. However, the expenditure has not been supported by a schedule, approved rates and board minutes. In the circumstances, the accuracy and completeness of the Board of Management expenses amounting to Kshs.186,500 could not be verified.</p>	<p>The management noted the auditor's observation and provided supporting documents for the above expenditure.</p>	Resolved	
4	<p>In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, the Management had not resolved the issues or given any explanations for failure to implement the recommendations as at 30 June, 2024.</p>	<p>The management noted the auditor's observation and is committed to continuously resolve the issues as raised in the auditor's report.</p>	Partially Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
5	4. Deficiencies in Implementation of Universal Health Coverage UHC	The management noted the auditor's observation and wishes to state that it relies on the county government to bridge the above gaps. Currently, the hospital continuous to receive staff from the county which has helped to bridge the stated gaps.	Partially Resolved	
6	<p>The statement of comparison of budget and actual amounts reflects actual revenue of Kshs.3,613,136 and actual expenditure of Kshs.1,659,286 on a comparable basis. However, the Hospital Management did not provide for audit review an approved budget. This was contrary to Regulation 29(1) of the Public Finance Management (County Governments) Regulations, 2015 which requires the Accounting Officer to ensure that the draft estimates relating to his or her department are prepared in conformity with the Constitution, Act and Regulations.</p> <p>In the circumstances, Management was in breach of the law.</p>	The management has noted the auditor's observation and wishes to state that the budget for the hospital was amalgamated with that of the other hospitals whereby the total allocation for all the hospital was Ksh. 145,950,00. This figure was arrived at after summing all the hospitals individual budgets where for Kegonga Hospital was part of it. Find the attached budget for your review.	Partially Resolved	

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Kayus Nyariki