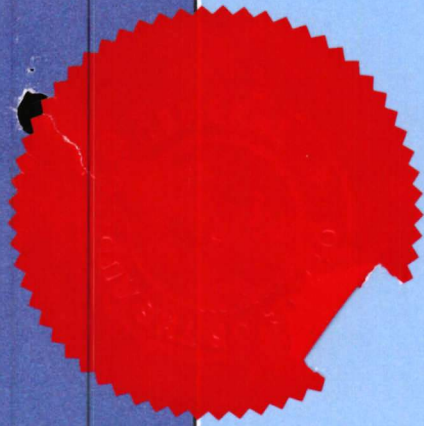
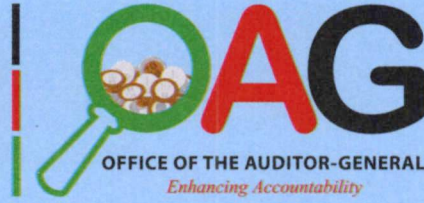


REPUBLIC OF KENYA



PARLIAMENT
OF KENYA
LIBRARY

REPORT

490

OF

THE AUDITOR-GENERAL

ON

PAPERS LAID	
DATE	18/02/2025
TABLED BY	LELENGE
COMMITTEE	
CLERK AT THE TABLE	G. CHEROP

RONGO SUB COUNTY HOSPITAL

FOR THE YEAR ENDED
30 JUNE, 2025

COUNTY GOVERNMENT OF MIGORI

092



RONGO 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)

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

Table of Contents

1. Acronyms & Glossary of Terms	ii
2. Key Rongo Sub County Hospital Information and Management	iii
3. The Board of Management	v
4. Key Management Team	vi
5. Chairman’s Statement	vii
6. Report of The Medical Superintendent	viii
7. Statement of Performance Against Predetermined Objectives	ix
8. Corporate Governance Statement	xiii
9. Management Discussion and Analysis	xv
10. Environmental And Sustainability Reporting	xvii
11. Report of The Board of Management	xix
12. Statement of Board of Management’s Responsibilities	xx
13. Report of the Independent Auditor	xxii
14. Statement of Financial Performance for The Year Ended 30 June 2025	1
15. Statement of Financial Position As At 30 th June 2025	2
16. Statement of Changes in Net Assets for The Year Ended 30 June 2025	3
17. Statement of Cash Flows for The Year Ended 30 June 2025	4
18. Statement of Comparison of Budget and Actual Amounts for Year Ended 30 June 2025	5
19. Notes to the Financial Statements	7
20. Appendices	34

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

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 Rongo Subcounty Hospital.

2. Key Rongo Sub County Hospital Information and Management

(a) Background information

Rongo Sub County hospital is a level (4) hospital established under gazette notice number GK-010399 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 principal activity/mandate of the hospital is to execute prompt, effective and quality service delivery.

Vision: To have a nationally and internationally Competitive, productive and healthy county

Mission: To provide integrated, responsive and high-quality client –centred promotive, preventive, curative and rehabilitative health care services that is evidence based 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	Laurine Atieno Ndago
2.	Procurement Officer	Kennas Odongo
3.	Hospital Administrator	Donna Achieng Onunga

(e) Fiduciary Oversight Arrangements

- Clinical Research and Standards Committee.
- Audit committee
- Risk Committee
- County Assembly
- Parliamentary committees
- Other oversight committees

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

Key Rongo Subcounty Hospital Information and Management (continued)

- Parliamentary committees
- Other oversight committees

(f) Rongo Sub County Hospital Headquarters

Rongo Sub County Hospital,
P.O. Box 258-40404,
RONGO.

(g) Rongo Sub County Hospital Contacts

Telephone: (+254) 702062639
E-mail: otienomourice@gmail.com

(h) Rongo Sub County Hospital Bankers

Kenya Commercial Bank
Rongo Branch

(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





County Attorney
P.O. Box. 202
MIGORI, Kenya

3. The Board of Management

Ref	Directors	Details
1.		The Board chairman: Tom Malachy Otieno Age: 49 Academic Qualification: Masters in Business Administration Work Experience: 20 years as a Lecturer Independent Director
2.		Medical Superintendent: Laurine Atieno Ndago Age : 37yrs Academic Qualification: Diploma clinical medicine and surgery. Executive Director
3.		Name: Meresa Nyakine Age: 58 Qualification: Certificate of Primary Education Work experience: 5 Years as a Chancellor Independent Director and Adhoc Committee
4.		Name: Kenyatta Maingo Age: 62 Academic Qualification: Kenya Certificate of Education(KCE) Work Experience: 35 years as a Chief Independent Director and Member Medical Supplies Committee
5.		Name: Walter Nongo Age: 74 Qualification and Work Experience: 35 Years as a Construction Engineer Independent Director and Chair Finance Committee
6.		Name: Joseph Otieno Odel Age: 70 Level of Education: P1 Certificate Work Experience: 34 years as a teacher Independent Director and Member Adhoc Committee
7.		Name: Sospeter Uyala Age: 64 Academic Qualification: Kenya Certificate of Education Work Experience: 64 years as a teacher Independent Director and Member Finance Committee

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

4. Key Management Team

Ref	Management	Details
1.	Medical Superintendent - Laurine Atieno Ndago 	Co-Ordinate the general Function of the Hospital <ul style="list-style-type: none"> - Clinical Functions - Nursing Functions - Medical Functions - Referral Functions - Procurement and Accounting - Diagnostic Functions - Staff relations and Disciplines Patients Welfare
2.	Hospital Administrator - Donna Achieng Onunga  Diploma in Business Administration	<ul style="list-style-type: none"> i. Co-ordinate administration issues in conjunction with Med-sup ii. Ensuring the working environment is clean iii. In charge of Non-Medical Staff iv. Ensuring that the utility Vehicles and Ambulances are serviced and operational v. Secretary to then HMT Assist in hospital day to day running and coordinating Revenues collected and Banking of the same
3.	Pharmacy in charge - Dr.Evans Okew  Bachelor of Pharmacy	Functions <ul style="list-style-type: none"> -timely ordering of pharmaceuticals and non-pharmaceuticals, storage and appropriate use -controls and manages use of commodities -compile monthly rely commodity report etc
4.	Laboratory In Charge – Ruth Ngoje  Diploma in Medical Laboratory Science	Functions <ul style="list-style-type: none"> -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

The Board chairman is responsible for the preparation and presentation of the Hospital's financial statements, which give a true and fair view of the state of affairs of the Hospital for and as at the end of the financial year ended on June 30, 2025. This responsibility includes:

- Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period
- Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Hospital
- 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
- Safeguarding the assets of the Hospital

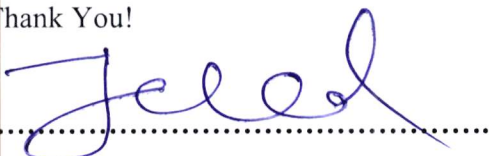
The Board accepts responsibility for the Hospital's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standard (IPSAS), and the State Corporations Act. The Board is of the opinion that the Hospital's financial statements give a true and fair view of the state of Hospital's transactions during the financial year ended June 30, 2025, and of the Hospital's financial position as at that date. The Board further confirms the completeness of the accounting records maintained for the Hospital, which have been relied upon in the preparation of the Hospital's financial statements as well as the adequacy of the systems of internal financial control

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

Approval of the financial statements

The Hospital's financial statements was approved by the Board on 19th august, 2025 and signed on its behalf by:

Thank You!



Name: Tom Malachy

Chairman to the Board

6. Report of The Medical Superintendent

In the financial year ending 2024/2025 Rongo Sub county hospital demonstrated a committed approach in management of its resources. He had a comprehensive and strategic approach to budgeting and expenditure aimed at enhancing operation efficiency within the facility, The revenue streams have been closely monitored and expenditure aligned to the priorities of relevant department within the hospital.

Budget Utilization

The budget is usually derived from the annual work plan of the facility as financial year The process usually involves heads of department who does their budget depending on their needs This is then tabled for endorsement by the hospital Board of Members copies are sent for AIE processing by the director medical services and chief officer Medical Services. Due to targeted intervention, we have noted some improvement in revenue collection and service delivery. We are currently focused on sustaining financial stability with enhanced quality of care to our patient, we anticipate continued efforts on optimizing our financial resources with my additional funding from the county.



.....
Name: Laurine Atieno
Secretary to the Board

7. Statement of Performance Against Predetermined Objectives

Rongo Sub-County Hospital has 3 strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2024- FY 2025. These strategic pillars/ themes/ issues are as follows;

- Pillar /theme/issue 1: Planning and administrative support services
- Pillar/theme/issue 2: Preventive and promotive health services
- Pillar/theme/issue 3 Curative services

Rongo Sub County Hospital develops its annual work plans based on the above 3 pillars. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. Rongo Sub County Hospital achieved its performance targets set for the FY 2024/2025 period for its 3 strategic pillars.

Annual Performance Targets

A	Eliminate communicable conditions	Baseline (year X-1 performance)	Eligible population	Target (year X + 1)
1	HIV+ pregnant mothers receiving preventive ARV’s to reduce risk of mother to child transmission (PMTCT)	78	166	76
2	Number of pregnant women receiving TT2 plus immunization	327	1192	1044
3	Number of pregnant women receiving IPT2	870	1192	1044
4	Children under one year of age fully immunized	949	1137	996
5	Children under one year of age distributed with long lasting insecticide treated nets (LLITNs) in endemic and epidemic districts	1170	1137	1230
6	Number of pregnant women distributed with LLITNs in endemic and epidemic districts	1260	1192	1323
7	Number of people receiving MDA for schistosomiasis	0	0	0
8	Number of TB patients completing treatment	37	49	45
9	Number of TB Patients tested for HIV	37	62	70
10	Number of newly diagnosed TB cases	51	71	62

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

A	Eliminate communicable conditions	Baseline (year X-1 performance)	Eligible population	Target (year X + 1)
11	Number of eligible HIV clients on ARVs	5035	3758	5090
12	Number of children under the age of five treated for diarrhoea	553	5310	581
13	Number of school age children de-wormed	1019	13113	1070

B	Halt and reverse increase in non-communicable conditions	Baseline (year X-1 performance)	Eligible population	Target (year X + 1)
14	Number of adult OPD clients with BMI of more than 25	0	0	0
15	Number of women of reproductive age (WRA) screened for cervical cancer	730	766	767
16	Number of new outpatients with mental health conditions	10	0	0
17	Number of new outpatients found with high blood pressure	120	0	130
C	Reduce the burden of violence and injuries	Baseline (year X-1 performance)	Eligible population	Target (year X + 1)
18	Number of new outpatient cases attributed to gender-based violence	139	0	0
19	Number of new outpatient cases attributed to road traffic accidents	276	0	0
20	Number of new outpatient cases attributed to other injuries	240	0	0
21	Number of patients with injury related conditions dying in the facility	102	0	0
D	Provide essential health care	Baseline (year X-1 performance)	Eligible population	Target (year X + 1)
22	Number of pregnant women attending at least four ANC visits	1103	1192	1140

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

23	Number of WRA receiving family planning commodity	2437	5987	2560
24	Number of pregnant women getting iron supplements	670	5987	710
25	Number of deliveries conducted by skilled attendants in health facilities	1158	1165	1178
26	Number of children under five dying in health facility	1	0	0
27	Number of fresh still births in the facility	7	0	0
28	Number of facility maternal deaths	0	0	0
29	Number of surgical cold cases operated	0	0	0
30	Number of persons with ill health referred to community units	0	0	0
31	Number of newborns with low birth weight (LBW – less than 2,500 grams)	71	0	0
32	Number of children under five years of age attending child welfare clinics for growth monitoring (new cases)	4001	5310	4199
33	Number of households provided with health promotion messages	0	5419	0
34	Number of clients tested for HIV	13044	27095	12055
E	Strengthen collaboration with health-related sectors	Baseline (year X-1 performance)	Eligible population	Target (year X + 1)
35	Number of children under five years of age attending child welfare clinics who are under weight	726	5310	650
36	Number of children under five years of age attending child welfare clinics who are stunted	8	5310	5
37	Number of households with functional toilets	5419	27095	5690
38	Number of households with hand washing facilities			
F	Access	Baseline (year X-1 performance)	Eligible population	Target (year X + 1)
39	Number of new outpatients	7677	13277	8071

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

	(male)			
40	Number of new outpatients (female)	8518	13818	8955
41	Number of inpatients (admissions) under five years of age	80	5330	90
42	Number of inpatient (admissions) over five years of age	1244	21785	1310

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 2023-2024 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.
- vi. 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:

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

- 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.

9. Management Discussion and Analysis

Financial performance

Rongo Sub County Hospital registered a total of Ksh. 42,221,161 (Fourty Two Million Two Hundred and Twenty-One Thousand One Hundred and Sixty-One) as the revenue for financial year 2024/2025. This resulted to a 103% in revenue growth compared to the Fy 2023-2024. In line with this, the hospital collected a total of Ksh. 26,963,289 from exchange transactions and registered public contributions and donations of Ksh. 15,257,872 from KEMSA and MEDS. Moreover, the hospital registered a net surplus of Ksh. 13,911,370 (Thirteen Million Nine Hundred and Eleven Thousand, Three Hundred and seventy) resulting to a net growth of 24%. This is a true indication that the hospital has laid down various mechanisms such automation of revenue system through paybill which has improved efficiency in collection of revenue. Further, the hospital also incurred a total of Ksh. 28,309,791 as operating expense for the year.

Clinical/operational performance

- Bed capacity 42.
- Overall patient attendance for both inpatient and outpatient 10,788
- Out Patient casualties' attendance 120.
- Specialized clinic attendance 660.
- Average length of stay for inpatient - 4days.
- Bed occupancy rate 43%.
- Surgical theatres utilization 256 cs.
- Sponsorship and partnership Lwala Community Alliance, CIHEB, KIMET.

Revenue sources.

The Revenue streams for the Hospital is mainly FIF, Linda Mama, NHIF Rebates, Universal Health Cover and County allocation.

The Major Supplies and Payments for Goods and Services are done from county headquarters The Hospital
Financial Performance for Financial Year 2024-25

Clinical/operational performance

Financial performance that includes

- **Revenue sources.**

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

The Revenue streams for the Hospital is mainly Facility improvement from health service fund board and public donations inform of supply of medical drugs.



.....
Name: Laurine Atieno
Secretary to the Board

10. Environmental And Sustainability Reporting

Rongo 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 hospital is expanding its infrastructure to increase the provision of specialised services to the community. This in long run will increase the revenue base of the hospital which will make it self-sustainable in future.

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
Outline clearly, environmental policy guiding the organisation, provide evidence of the policy. Outline successes, shortcomings, efforts to manage biodiversity, waste management policy and efforts to reduce environmental impact of the organisation's products

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 Rongo Sub County Hospital 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, request for quotations and through direct procurement method.

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

c) Responsible marketing and advertisement

The facility being a public Rongo Subcounty Hospital 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

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

Rongo 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 audited financial statements for the year that ended June 30, 2025, which show the state of the *hospital's* affairs.

Principal activities

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

Results

The results of the Rongo Sub County Hospital for the year ended June 30 2025 are set out on pages 1 to 9

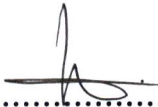
Board of Management

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

Auditors

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

By Order of the Board



.....
Name: Laurine Atieno
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 Rongo Subcounty Hospital, which give a true and fair view of the state of affairs of the Rongo Subcounty Hospital at the end of the financial year and the operating results of the Rongo Subcounty Hospital for that year/period. The Board of Management is also required to ensure that the Rongo Subcounty Hospital keeps proper accounting records which disclose with reasonable accuracy the financial position of the Rongo Subcounty Hospital. The council members are also responsible for safeguarding the assets of the Rongo Subcounty Hospital.

The Board of Management is responsible for the preparation and presentation of the Rongo Subcounty Hospital’s financial statements, which give a true and fair view of the state of affairs of the Rongo Subcounty Hospital 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 Rongo Sub County Hospital, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the Rongo Sub County Hospital; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

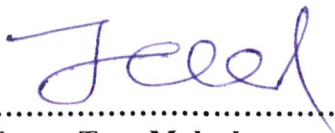
The Board of Management accepts responsibility for the *Rongo Sub County Hospital’s* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS),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

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

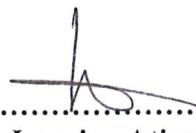
In preparing the financial statements, the Directors have assessed the Fund's ability to continue as a going concern or nothing has come to the attention of the Board of management to indicate that the Rongo Sub County Hospital will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

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



.....
Name: Tom Malachy
Chairperson
Board of Management



.....
Name: Laurine Atieno
Accounting Officer

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON RONGO 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 the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;
- B. Report on 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 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, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Rongo Sub County Hospital - County Government of Migori set out on pages 1 to 46, which comprise of the statement

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

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

Basis for Qualified Opinion

1.0. Unsupported Receivables from Exchange Transactions Balance

The statement of financial position reflects receivables from exchange transactions balance of Kshs.14,271,267 whose supporting detailed aged analysis and receivables ledgers were not provided for audit review. Further, included in the balance is Kshs.13,698,791 relating to Linda Mama Claim and NHIF claim for previous years which had been outstanding for a period of between one (1) and (3) years. No evidence regarding efforts made on recoveries of the same was provided for audit and there was no credit policy in place to guide on debt recoveries management.

In the circumstances, the accuracy and recoverability of the receivables from exchange transactions balance of Kshs.14,271,267 could not be confirmed.

2.0. Unconfirmed Property, Plant and Equipment Balance

The statement of financial position reflects property, plant and equipment balance of Kshs.12,188 which, as disclosed in Note 18 to the financial statements, is represented by plant and medical equipment. However, review of the Hospital's records and physical verification revealed the following unsatisfactory matters:

- i. It was noted that Management did not maintain an up-to-date fixed asset register to record necessary information such as date of acquisition, type of assets, supplier name, costs, accumulated depreciation, net book values, asset codes, custodian and location among other details in respect of the assets the hospital owns. As a result, it was not possible to establish fully depreciated assets, bonded items and how the same will be written off in the books of accounts. In addition, there was no evidence to show that the Hospital has ever evaluated its assets to ascertain the correct market values.

- ii. Various assets including land, buildings, motor vehicles, furniture, computers and equipment owned by or in possession of the Hospital were not disclosed in the financial statements. Further, the ownership documents for land and motor vehicles owned by the Hospital were not provided for audit.
- iii. There was no evidence of assets inventory for the year under review and valuation report, to confirm that valuation of major assets was ever done.
- iv. There was no evidence that the Management had insured its assets including donated assets from various agencies against foreseeable risks as the Hospital lacked ownership documents. This made it difficult to have such assets valued, insured and disposed of if un-economically viable.
- v. It was also noted that most of the assets were not tagged and asset movement's registers was not kept.
- vi. There was no evidence of any disposal of assets, yet there were quite a number of bonded items kept in the respective stores.
- vii. No assets manager or in charge was appointed or asset management committee put in place to effectively manage the Hospital's assets.

In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.12,188 and the effectiveness of internal controls over the management of fixed assets could not be confirmed, Also, Management was in breach of the law.

3.0. Unsupported Budget Amounts

The statement of comparison of budget and actual amounts reflects revenue and expenses original budget amounts totalling Kshs.42,221,161 and Kshs.28,307,353 respectively. However, the supporting itemized budget and vote books were not provided for audit.

In the circumstances, the accuracy and completeness of the reported budget amounts could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Rongo 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 controls and performance

The statement of comparison of budget and actual amounts reflects final revenue budget of Kshs.42,222,226 and actual on comparable basis amount of Kshs.27,950,959, resulting to under collection of Kshs.14,271,267 or 44% of the budget.

Further, the statement reflects budget surplus of Kshs.13,913,807, contrary to Regulation 31 (c) and (e) of the Public Finance Management (County Governments) Regulations, 2015, which, states that budget revenue and expenditure appropriation shall be balanced, and that total budget revenue shall cover total budget expenditure.

The underfunding affected planned activities and may have negatively impacted service delivery to the residents of Rongo Sub County. Also, Management was in breach of the law in relation to budget preparation and approval.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the prior years' audit reports, several issues were raised under the Report on Financial Statements, Lawfulness and Effectiveness in the Use of Public Resources, and 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 matters remained unresolved:

S/No.	Financial Year	Audit Issue
1	2023/2024	Unconfirmed Property, Plant and Equipment Balance
2	2023/2024	Outstanding Linda Mama, NHIF and Facility Improvement Fund
3	2023/2024	Lack of Approved Strategic Plan
4	2023/2024	Hospital's Compliance with Minimum Required Criteria for Level 4 Hospital
5	2023/2023	Lack of Risk Management and Fire Management Strategy
6	2023/2024	Failure to Insure Fund's Immovable Assets
7	2023/2024	Lack of Information Communication Systems (ICT) and Non-Updating of Vote Book Records
8	2022/2023	Variance in Revenue from Transfers from Other Government Entities
9	2022/2023	Partial Disclosure and Doubtful Ownership of Property, Plant and Equipment
10	2022/2023	Deficiencies in Implementation of Universal Health Coverage

S/No.	Financial Year	Audit Issue
11	2022/2023	Unsupported Recruitment of Casuals
12	2022/2023	Expired Medical Supplies
13	2022/2023	Irregular Payment of Revenue (Rendering of Services) to the County Revenue Fund
14	2022/2023	Failure to Maintain a fixed Assets Register
15	2022/2023	Non-Gazettement of the Board of Management

Other Information

The Management is responsible for the Other Information set out on page iii to xxiv which comprises Key Rongo Sub County Hospital Information and Management, the Board of Management, Key Management Team, Chairman's Report, Report of the Medical Superintendent, Statement of Performance against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environment and Sustainability Reporting, Report of the Board of Management and Statement of Board of Management's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

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

Review of revenue records obtained from the Rongo Sub-County Hospital in Migori County revealed that the Sub-County Hospital collected a total Kshs.25,077,485 towards

the health facilities improvement which was all transferred to Migori County Health Services Fund Account. However, the Management reimbursed a total of Kshs.13,227,271 to the Sub-County Hospital resulting in a deficit of Kshs.11,850,214. 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.

2.0. Expenditure Without Budget

As reported in the statement of comparison of budget and actual amounts, the Hospital collected revenue amounting to Kshs.27,950,959 and spent Kshs.27,950,074 without an approved budget, contrary to the provisions of Regulation 42(1)(b) and 50(2) of the Public Finance Management (County Governments) Regulations, 2015.

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

3.0. Hospital's Compliance with Minimum Required Criteria for Level 4 Hospital Inadequate Staffing Levels

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

Staff Requirements	Level 4 Standard	No. in Hospital	Variance	Percentage %
Medical Officers	16	1	15	6.25
Anaesthesiologists	2	0	2	100
General Surgeons	2	0	2	100
Gynaecologists	2	0	2	100
Paediatrics	2	1	1	50
Radiologists	2	0	2	100
Kenya Registered Community Health Nurses	75	20	55	27
Total	101	22	79	

Therefore, the Hospital is in contravention of the First Schedule of Health Act, 2017 that requires that accessing the highest attainable standard 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

In the circumstance, Management was in breach of law.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements 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

1.0. Weaknesses in Management of Cash and Cash Equivalents

Review of internal controls over cash and cash equivalents revealed the following weaknesses:

- i. There was no evidence that copies of bank reconciliation statements were sent to the relevant authorities on timely basis in line with the law.
- ii. No system generated cash books and ledgers were provided for audit review
- iii. The Hospital used standing imprest system in some cases. However, there was no evidence of approved cash floats being applied.
- iv. The Hospitals cash book was manual and was not regularly updated hence, was prone to errors, inaccuracies and possible manipulations of amounts and single entry.

In the circumstances, the effectiveness of internal controls over cash and cash equivalents could not be confirmed.

2.0. Lack of Risk Management and Fire Management Strategy

The Hospital had not developed a risk and fire management strategy. This was contrary to the provisions of Regulation 158(1) of the Public Finance Management (County Governments) Regulations, 2015.

In the circumstances, the effectiveness of risk management in the Hospital Could not be confirmed.

3.0. Lack of Approved Finance and Accounting Policy Manual, Other Key Policy Manuals

Management did not provide approved key policy manuals for accounting and finance, Credit policy, ICT policy and risk policy among others which play a very important role in guiding operations and acting as a reference guide. The provided policy documents were not signed and apparently not distributed for operationalization. Further, minutes approving the policies were also not provided for audit review.

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

4.0. Lack of ICT Environment and Business Continuity Plan/Data Recovery Mechanism

Review of the hospitals ICT environment revealed that there was no approved ICT policy in place during the year under review, which includes data security policy, and disaster recovery plans. Further, the ICT structure was not provided for audit review. In addition, during the year under review, the hospital did not have an Information Technology (IT) steering committee for ensuring effective IT controls and strategies.

Additionally, the hospital did not have data backups outside its premises and proper data recovery mechanism in case of data loss. Also, there was no evidence of approved business continuity plan in place.

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

5.0. Lack of Autonomy in Operations of Hospital

It was noted that during the year under review, the Hospital's operations in terms of procurement of goods and services was still centralized at the County Headquarters. The Hospital made requisitions for the supply of goods and provision of services to the County's Department of Health and Medical Services. Once the goods were supplied and services provided, the Hospitals submitted the necessary documents to the County's Department of Health and Medical Services for onward payment.

In the circumstances, the effectiveness of internal controls over procurement of goods and services could not be confirmed.

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

Responsibilities of Management and the Board of Management

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

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

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

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

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


Auditor-General's Responsibilities for the Audit

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

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I also 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/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, GBS
AUDITOR-GENERAL

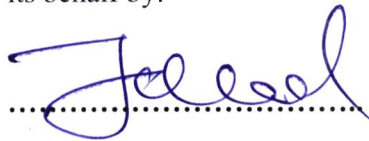
Nairobi
01 December, 2025

Rongo 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
Revenue from non-exchange transactions			
Public Donations and Contributions	6	15,257,872	-
Revenue from Non exchange transactions		15,257,872	-
Revenue from exchange transactions			
Rendering of services- Fund from Health Fund	7	26,963,289	4,234,546
Transfers from other government entities	8	-	13,637,420
Revenue from exchange transactions		26,963,289	17,871,966
Total revenue		42,221,161	17,871,966
Expenses			
Medical/Clinical costs	9	20,994,341	2,940,750
Board of Management Expenses	10	164,000	466,835
Employee costs	11	1,140,210	351,757
Repairs and maintenance	12	1,962,705	900,005
General expenses	13	4,046,097	2,070,019
Depreciation and Amortization expense	14	2,438	2,438
Total expenses		28,309,791	6,731,803
Net Surplus / (Deficit) for the year		13,911,370	11,140,163


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



Chairman: Tom Malachy



Head of Finance



Laurine Atieno
Medical Superintendent

Board of Management

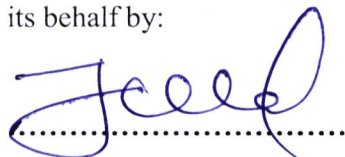
ICPAK No: 31086

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

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

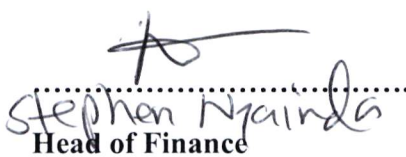
Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	15	884	1,065
Receivables from exchange transactions	16	14,271,267	13,698,791
Inventories	17	16,614,733	2,915,942
Total Current Assets		30,886,884	16,615,798
Non-current assets			
Property, plant, and equipment	18	12,188	14,625
Total Non-current Assets		12,188	14,625
Total assets		30,899,072	16,630,423
Liabilities			
Current liabilities			
Trade and other payables	19	357,279	-
Total Current Liabilities		357,279	-
Net assets		30,541,793	16,630,423
Represented By:			
Revaluation reserve		-	-
Accumulated surplus/Deficit		30,541,793	16,630,423
Capital Fund		-	-
Total Net Assets and Liabilities		30,899,072	16,630,423

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



Chairman: Tom Malachy

Board of Management



Head of Finance

ICPAK No: 31086



**Medical Superintendent:
Laurine Atieno**

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

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

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
At July 1, 2022				
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	5,490,261	-	5,490,261
Capital/Development grants	-	-	-	-
At June 30, 2023	-	5,490,261	-	5,490,261
At July 1, 2023	-	5,490,261	-	5,490,261
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	11,140,163	-	11,140,163
Capital/Development grants	-	-	-	-
At June 30, 2024	-	16,630,423	-	16,630,423
At July 1, 2024	-	16,630,423	-	16,630,423
Revaluation gain				
Surplus/(deficit) for the year		13,911,370		
Capital/Development grants				
At June 30, 2025	-	30,541,793	-	30,541,793

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

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

Description	Note	2024-2025	2023-2024
			Kshs
Cash flows from operating activities			
Receipts			
Rendering of services- Medical Service Income		12,692,022	6,729,603
Public Donations and Contributions		-	-
Total Receipts		12,692,022	6,729,603
Payments			
Medical/Clinical costs		5,379,190	2,940,750
Board of Management Expenses		164,000	466,835
Employee costs		1,140,210	351,757
Repairs and maintenance		1,962,705	900,005
General expenses		4,046,097	2,070,019
Total Payments		12,692,203	6,729,366
Net cash flows from operating activities	20	(181)	237
Cash flows from investing activities			
Acquisition of investments			-
Net cash flows used in investing activities			-
Cash flows from financing activities			
Net cash flows used in financing activities			-
Net increase/(decrease) in cash and cash equivalents		(181)	237
Cash and cash equivalents as at 1 July		1,065	828
Cash and cash equivalents as at 30 June		884	1,065

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

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget carryovers from the previous year	0	1,065	1,065	1,065	-	100%
Revenue						
Rendering of services- Medical Service Income	26,963,289	-	26,963,289	12,692,022	14,271,267	47%
Public contributions and Donations	15,257,872	-	15,257,872	15,257,872	-	0%
Total income	42,221,161	1,065	42,222,226	27,950,959	14,271,267	66%
Expenses						
Medical/Clinical costs	20,994,341	-	20,994,341	20,637,062	357,279	98%
Board of Management Expenses	164,000	-	164,000	164,000	-	100%
Employee costs	1,140,210	-	1,140,210	1,140,210	-	100%
Repairs and maintenance	1,962,705	-	1,962,705	1,962,705	-	100%
General expenses	4,046,097	-	4,046,097	4,046,097	-	100%
Finance Cost	-	-	-	-	-	0%
Total Expenses	28,307,353	-	28,307,353	27,950,074	357,279	99%
Capital expenditure	-	-	-	-	-	0
Surplus for the period	13,913,807	-	13,913,807	884	13,912,923	0

NOTE: The hospital registered 47% utilization in rendering of services as there was an outstanding receivable of Ksh. 14,271,267 under rendering services income from the health services. This particular figure is reflected in the trade receivable ledger in note 16.

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

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	884
	Closing Cash and Cash Equivalent as per the statement of Cash flows	884

19. Notes to the Financial Statements

1. General Information

Rongo Sub County Hospital is established by and derives its authority and accountability from PFM Act. The Rongo Sub County Hospital is wholly owned by the Migori County Government and is domiciled in Migori County in Kenya. The Rongo Sub County Hospital’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 *Rongo Subcounty Hospital’s* accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *Rongo Subcounty Hospital*. The financial statements have been prepared in accordance with the PFM Act, and *(include any other applicable legislation)*, 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:
----------	----------------------------

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

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

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

Standard	Effective date and impact:
<p>IPSAS 46 Measurement</p>	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><i>State the expected impact of the standard to the Rongo Subcounty Hospital if relevant</i></p>
<p>IPSAS 47- Revenue</p>	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an Rongo Subcounty Hospital shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><i>State the expected impact of the standard to the Rongo Subcounty Hospital if relevant</i></p>
<p>IPSAS 48- Transfer Expenses</p>	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a 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> <p><i>State the expected impact of the standard to the Rongo Subcounty Hospital if relevant</i></p>
<p>IPSAS 49-</p>	<p><i>Applicable 1st January 2026</i></p>

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

Standard	Effective date and impact:
Retirement Benefit Plans	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. <i>State the expected impact of the standard to the Rongo Subcounty Hospital if relevant</i>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<i>Applicable 1st January 2027</i> The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires: <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the Rongo Subcounty Hospital’s financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized. <i>State the expected impact of the standard to the Rongo Subcounty Hospital if relevant</i>

iii) Early adoption of standards

The Rongo Sub County Hospital did not early – adopt any new or amended standards in the financial year.

4. Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the *Rongo Subcounty Hospital* and can be measured

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

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

Sale of goods

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

Interest income

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

Rental income

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

Notes to the Financial Statements (Continued)

b. Budget information

The original budget for FY 2024/2025 was approved by Board where 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 Rongo Sub County Hospital upon receiving the respective approvals in order to conclude the final budget. Accordingly, the *Rongo Sub County Hospital* recorded no additional appropriations on the FY 2024/2025 budget.

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

The *Rongo Sub County Hospital'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 cash flows.

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 Rongo Subcounty Hospital 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 Rongo Subcounty Hospital. 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 Rongo Subcounty Hospital 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 Rongo Subcounty Hospital 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.

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

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Rongo Subcounty Hospital. 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. Biological Assets

The Rongo Subcounty Hospital recognizes biological assets when it controls the assets due to past events, it is probable that future economic benefits associated with the asset will flow to the Rongo Subcounty Hospital, and when the fair value or cost of the asset can be measured reliably. Biological assets are initially and subsequently measured at fair value less costs to sell, except where fair value cannot be reliably determined. In such cases, the asset is measured at its cost less accumulated depreciation and any accumulated impairment losses. Changes in fair value less costs to sell are recognized in surplus/deficit in the period in which they occur.

i. Research and development costs

The Rongo Subcounty Hospital expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Rongo Subcounty Hospital 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
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development.

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

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.

j. 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 Rongo Subcounty Hospital does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the hospital'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 Rongo Subcounty Hospital 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 Rongo Subcounty Hospital 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 Rongo Subcounty Hospital'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 or deficit unless it is measured at amortized cost or

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

fair value through net assets/ equity unless an Rongo Subcounty Hospital 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 Rongo Subcounty Hospital 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 Rongo Subcounty Hospital 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

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

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

estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

Impairment

The Rongo Subcounty Hospital 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 Rongo Subcounty Hospital 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).

Financial liabilities

Classification

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

k. 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 Rongo Subcounty Hospital.

l. Provisions

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

Provisions are recognized when the Rongo Subcounty Hospital 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 Rongo Subcounty Hospital 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.

m. 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 Rongo Subcounty Hospital 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 Rongo Subcounty Hospital will incur in fulfilling the present obligations represented by the liability.

n. Contingent liabilities

The Rongo Subcounty Hospital 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.

o. Contingent assets

The Rongo Subcounty Hospital 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 Rongo Subcounty Hospital 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.

p. Nature and purpose of reserves

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

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

q. Changes in accounting policies and estimates

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

r. Employee benefits

Retirement benefit plans

The Rongo Subcounty Hospital provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an Rongo Subcounty Hospital pays fixed contributions into a separate Rongo Subcounty Hospital (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. *(the Rongo Subcounty Hospital to retain information relating to defined benefits or contributions, where both schemes are managed full policy applies)*

s. Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. At each reporting date, foreign currency monetary items are translated using the closing rate. Non-monetary items measured in historical cost are translated using the exchange rate at the date of the transaction, and those measured at fair value are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising from the settlement of monetary items or translation of

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

monetary/non-monetary items at rates different from those at which they were initially reported are recognized in surplus or deficit in the period.

t. 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.

u. Related parties

The Rongo Subcounty Hospital 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.

v. Service concession arrangements

The Rongo Subcounty Hospital 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 *Rongo Subcounty Hospital* 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 *Rongo Subcounty Hospital* also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

w. 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

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

authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

x. Comparative figures

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

y. Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Rongo Subcounty Hospital'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 Rongo Subcounty Hospital 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 Rongo Subcounty Hospital. 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 Rongo Subcounty Hospital.
- 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

Rongo Subcounty Hospital (Migori County Government)

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

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included. 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.

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

Notes to Financial Statements Continued

6. Public Contributions and Donations

Description	2024-2025	2023-2024
		KShs
Public donations	15,257,872	-
Total	15,257,872	-

7. Rendering of Services-Medical Service Income

Description	2024-2025	2023-2024
	KShs	KShs
Health Services Fund (FIF)	26,963,289	4,234,546
Total	26,963,289	4,234,546

8. Transfers from Other Government Entities

Description	2024-2025	2023-2024
	KShs	KShs
NHIF/SHIF Claims	-	292,600
Linda Mama Program and NHIF capitation Claims	-	13,344,820
Total	-	13,637,420

9. Medical/ Clinical Costs

Description	2024-2025	2023-2024
	KShs	KShs
Laboratory chemicals and reagents	1,124,369	346,200.00
Food and Ration	1,778,000	1,504,000.00
Dressing and non-pharmaceuticals	445,250	312,700.00
Sanitary and cleansing Materials	687,591	173,900.00
Chemicals and Industrial gases	-	-
Medical Records	523,750	603,950.00
Medical Drugs (Direct cost)	1,177,509	-
Medical Drugs (Donated Pharms)	15,257,872	-
Total medical/clinical costs	20,994,341	2,940,750.00

10. Board of Management Expenses

Description	2024-2025	2023-2024
	KShs	KShs
Sitting allowance and Other related expenses	164,000	466,835.00
Total	164,000	466,835.00

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

11. Employee Costs

Description	2024-2025	2023-2024
	KShs	KShs
Temporary Employees	1,140,210	351,757
Total	1,140,210	351,757

12. Repairs And Maintenance

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Furniture and fittings, Buildings and Electrical Repairs	1,962,705	900,005
Total	1,962,705	900,005

13. General Expenses

Description	2024-2025	2023-2024
	KShs	KShs
Fuel	2,070,000	1,108,400
Travel and accommodation allowance	876,000	150,000
Printing and stationery	50,000	359,300
Telephone and mobile phone services	178,500	39,500
Office Tea	442,216	342,700
Water and Sewerages	133,800	-
Bank Charges	43,291	17,119
ICT and Automation	-	53,000
Transfer to other Entities	252,290	-
Total	4,046,097	2,070,019

14. Depreciation and Amortization Expense

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Property, plant and equipment	2,438	2,438
Total depreciation and amortization	2,438	2,438

NB> Full depreciation has been charged at a rate of 12.5% per annum

15. Cash And Cash Equivalents

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Current accounts	884	1,065
Total cash and cash equivalents	884	1,065

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

16. (a). Detailed Analysis of Cash and Cash Equivalents

Description		FY 2024-2025	FY 2023-2024
Financial institution	Account number	KShs	KShs
a) Current account			
Kenya Commercial bank	1318280796	884	1065
Sub- total		884	1065
Grand total		884	1065

16. Receivables From Exchange Transactions

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Medical services receivables (Health Services Fund)	14,271,267	13,698,791
Total receivables	14,271,267	13,698,791

Analysis of Receivables from Exchange Transactions

Description	FY 2024-2025		FY 2023-2024	
	Kshs		Kshs	
	FY 2024-2025	% of the total	FY 2023-2024	% of the total
Less than 1 year	14,271,267	100%	10,726,111	78%
Between 1- 2 years	0	0%	2,972,680	22%
Total	14,271,267	100%	13,698,791	100%

17. Inventories

Description	2024-2025	2023-2024
	KShs	KShs
Pharmaceutical supplies	5,000,353	1,279,955
Food supplies	-	33,469
Non-Pharms	9,847,573	1,602,519
Lab items	1,766,808	-
Total	16,614,733	2,915,942

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

18. Property, Plant and Equipment

Description	Land	Motor vehicles	ICT Equipment	Plant and medical equipment	Total
	Ksh	Ksh	Ksh	Ksh	Ksh
Cost					
At 1 July 2022 (previous year)	-	-	-	-	0
Additions	-	-	-	19,500	0
Disposals	-	-	-	-	0
At 30th Jun 2023	-	-	-	19,500	0
At 1 July 2023 (current year)	-	-	-	19,500	19,500
Transfer/adjustments	-	-	-	-	0
At 30th Jun 2024	-	-	-	19,500	19,500
As At 1 July 2024	-	-	-	19,500	19,500
Transfer/adjustments	-	-	-	-	0
At 30th Jun 2025	-	-	-	19,500	19,500
Depreciation and impairment					
At 1 July 2022 (previous year)		-	-	-	0
Depreciation for the year		-	-	2,438	2,438
Disposals		-	-	0	0
Impairment		-	-	0	0
At 30 June 2023		-	-	2,438	2,438
At July 2023 (current year)		-	-	2,438	2,438
Depreciation		-	-	2,438	2,438
Transfer/adjustment		-	-	0	0
At 30th June 2024		-	-	4,875	4,875
At July 2024		-	-	4,875	4,875
Depreciation		-	-	2,438	2,438
Disposals		-	-	-	0
Impairment		-	-	-	0
Transfer/adjustment		-	-	-	0

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

At 30th June 2025		-	-	7,313	7,313
Net book values					
At 30 th June 2023 (previous)	-	-	-	17,063	17,063
At 30 th June 2024 (current)	-	-	-	14,625	14,625
At 30 th June 2025	-	-	-	12,188	12,188

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

Notes to the Financial Statements (Continued)

19. Trade Payable Ledger

Description	2024-2025	2022 - 2023
	KShs	KShs
Trade payables	357,279	0
	357,279	0

19a

Total trade and other payables Aging Analysis		
Ageing analysis:	2024-2025	% of the Total
Under one year	357,279	100%
Total	357,279	

20. Cash Generated from Operations

Description	2024-2025	2023-2024
	KShs	KShs
Surplus for the year before tax	13,911,370	11,140,163
Adjusted for:		
Depreciation	2,438	2,438
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	(13,698,791)	(2,915,942)
Increase in receivables	(572,476)	(8,226,421)
Increase in deferred income	-	-
Increase in payables	357,279	-
Increase in payments received in advance	-	-
Net cash flow from operating activities	(181)	237

21. Financial Risk Management

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

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

The Rongo Subcounty Hospital's financial risk management objectives and policies are detailed below:

(i) Credit risk

The Rongo Subcounty Hospital has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the hospital's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the Rongo Subcounty Hospital's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024 (previous year)				
Receivables from exchange transactions	13,698,791	0	0	0
Receivables from –non-exchange transactions	0	0	0	0
Bank balances	0	0	0	0
Total	13,698,791	0	0	0
At 30 June 2025 (current year)				
Receivables from exchange transactions	14,271,267	0	0	0
Receivables from –non-exchange transactions	0	0	0	0
Bank balances	0	0	0	0
Total	14,271,267	0	0	0

Notes to the Financial Statements (Continued)

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the hospital has recognized in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The board of management sets the hospital's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(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 Rongo Subcounty Hospital's short, medium and long-term funding and liquidity management requirements. The Rongo Subcounty Hospital 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 Rongo Subcounty Hospital 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 Rongo Subcounty Hospital'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 hospital'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 Rongo Subcounty Hospital's exposure to market risks or the way it manages and measures the risk.

a) Foreign currency risk

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

The Rongo Subcounty Hospital manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting expected sales proceeds and matching the same with expected payments.

Foreign currency sensitivity analysis

There were 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 Rongo Subcounty Hospital's financial condition may be adversely affected as a result of changes in interest rate levels. The hospital's interest rate risk arises from bank deposits. This exposes the hospital to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the hospital's deposits.

Management of interest rate risk

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

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

Sensitivity analysis

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

Description	2024/2025	2023/2024
	Kshs	Kshs
Revaluation reserve	0	0
Retained earnings	0	0
Capital reserve	0	0
Total funds	0	0
Total borrowings	0	0
Less: cash and bank balances	(884)	(1,065)
Net debt/ (<i>excess cash and cash equivalents</i>)	(884)	(1,065)
Gearing	0%	0%

22. Related Party Balances

Nature of related party relationships

Entities and other parties related to the Rongo Subcounty Hospital 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 *Rongo Subcounty Hospital*, holding 100% of the *Rongo Subcounty Hospital's* equity interest. The National Government of Kenya has provided full guarantees to all long-term lenders of the Rongo Subcounty Hospital, both domestic and external. The related parties include:

- i) The National Government;

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

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

Description	2024/2025	2023/2024
	Kshs	Kshs
Transactions with related parties		
a) Services offered to related parties		
Total	0	0
b) Grants from the Government		
Grants from County Government	0	0
Grants from the National Government Entities	0	0
Donations in kind	0	0
Total	0	0
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for employees	0	0
Total	0	0
d) Key management compensation		
Directors' emoluments	0	0
Compensation to the medical Sup	0	0
Compensation to key management	0	0
Total	0	0

23. Segment Information

The was no segment for the facility

24. Contingent Liabilities

Contingent liabilities	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Court case against the hospital	0	0
Bank guarantees in favour of subsidiary	0	0
Total	0	0

25. Capital Commitments

Capital Commitments	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Authorised For	0	0
Authorised And Contracted For	0	0
Total	0	0

26. Events after the Reporting Period

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

27. Ultimate and Holding Rongo Subcounty Hospital

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

28. Currency

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

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: (Resolved / Not Resolved)	Timeframe:
1	<p>Unsupported General Expenses</p> <p>The statement of financial performance reflects an amount of Kshs.2,070,019 in respect of general expenses which, as disclosed in Note 14 to the financial statements, includes travelling and accommodation allowance of Kshs.150,000 whose supporting schedule was not provided for audit.</p> <p>In the circumstance, the accuracy, and completeness of the travelling and accommodation allowance of Kshs.150,000 could not be confirmed.</p>	<p>The management noted the auditor’s observation and provided supporting schedule for Kshs. 150,000. This relates to lunches and transport allowance which was paid to health workers during Chlorine sensitization and generation exercise.</p>	Resolved	
2	<p>Unsupported and Misclassified Transfers from Other Government Entities</p> <p>The statement of financial performance reflects transfers from other government entities amount of Kshs.13,344,820 which, as disclosed in Note 9 to the financial statement, comprises NHIF Capitation Claim of Kshs.292,600 and Linda Mama Program and NHIF capitation claims of Kshs.13,344,820. However, the schedule of individual claims supporting these amounts</p>	<p>The management noted the auditor’s observation and provided supporting schedules for Ksh. 13,344,820 and Ksh. 292,600. Further, the management would like to clarify that according to the template, funds received from NHIF are all considered as</p>	Resolved	

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
	<p>were not provided for audit. Further, since these amounts were claims in respect services rendered by the Hospital to patients, the amount of Kshs.13,344,820 ought to have been classified under rendering of services-medical service income, not transfers from other government entities.</p> <p>In the circumstances, the accuracy and completeness of the reported transfers from other government entities and rendering of services-medical service income amounts could not be confirmed.</p>	transfer from other government entities.		
3	<p>Unvouched Expenditure</p> <p>The statement of financial performance reflects total expenses of Kshs.6,731,803 which include medical costs of Kshs.2,940,750, repairs and maintenance of Kshs.900,005 and general expenses of Kshs.2,070,019 as disclosed in Notes 10,13 and 14 to the financial statements. However, payment vouchers for transactions totalling Kshs.1,724,550 were not provided for audit examination:</p> <p>In the circumstances, the accuracy, completeness and propriety of the expenditure on general expenses, medical costs and repairs and maintenance could not be confirmed.</p>	The management noted the auditor's observation and provided payment vouchers amounting to Ksh. 1,724,550.	Resolved	
4	<p>Unconfirmed Property, Plant and Equipment Balance</p> <p>The statement of financial position reflects property, plant and equipment balance of Kshs.14,625 which, as disclosed in Note 19 to the financial statements, is</p>	The management noted the auditor's observation and wishes to state that it has an up-to-date asset register but it	Not resolved	2 Years

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
	<p>represented by plant and medical equipment. However, review of the Hospital's records and physical verification revealed the following unsatisfactory matters: It was noted that Management did not maintain up to date fixed asset register to record necessary information such as date of acquisition, type of assets, supplier name, costs, accumulated depreciation, net book values, value, asset codes, custodian and location among other details in respect of the assets the fund owns. As a result, it was not possible to establish fully depreciated assets, bonded items and how the same will be written off in the books of accounts. This was contrary to Regulation 136(1) of the Public Finance Management (County Governments) Regulations, 2015 which states that the Accounting Officer shall be responsible for maintaining a register of assets under his or her control or possession as prescribed by the relevant laws. In addition, there was no evidence to show that the Hospital has ever evaluated its assets to ascertain the correct market values.</p> <p>Various assets including land, buildings, motor vehicles, furniture, computers and equipment owned by or in possession of the Hospital were not disclosed in the financial statements. Further, the ownership documents for land and motor vehicles were not provided for audit. There was no evidence that assets inventory for the year under review and valuation report, to confirm that valuation of major assets was ever done.</p>	<p>lacks the date of acquisition, supplier name and costs as these particular assets have not been handed over to the facility. Further, the management would like to clarify that the figure of Ksh. 14,625 was a depreciated amount for Lawn mower machine which was purchased by the hospital in the Fy 2022/23. Moreover, once the assets will be handed over, to the county and then to the hospital, the management will engage a valuer who will value these particular assets and then update them in the asset register.</p> <p>The management noted the auditor's observation and wish to state that it is still waiting for the Intergovernmental Relation Technical Committee (IGRTC) report that contains all the particulars of these assets. Upon receipt of this report, such assets</p>		

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
	<p>There was no evidence that the management had insured its assets including donated assets from various agencies against foreseeable risks as the Hospital lacked ownership documents. This makes it difficult to have such assets valued, insured and disposed of if un-economically viable.</p> <p>It was also noted that most of the assets were not tagged and asset movement's registers was not appropriately kept. Thus, such assets may easily be stolen.</p> <p>There was no evidence of any disposal of assets, yet there were quite a number of bonded items kept in the respective stores.</p> <p>No assets manager or in charge was appointed or asset management committee put in place to effectively manage the Hospital's assets.</p> <p>In the circumstances, the accuracy and completeness of the reported property, plant and equipment balance of Kshs.14,625 could not be confirmed.</p>	<p>will be disclosed with their values in the financial report.</p>		
5	<p>Outstanding Linda Mama, NHIF and Facility Improvement Fund</p> <p>The statement of financial position reflects receivables from exchange transactions balance of Kshs.13,698,791 which, as disclosed in Note 17 to the financial statements, includes Kshs.10,726,111 in respect of Linda mama, NHIF and capitation and facility improvement fund (FIF) of Kshs.2,972,680. However, Management and the County Executive could not give an assurance when the</p>	<p>The management noted the auditor's observation and wish to state that letters were being done to NHIF whereby there had been a positive response from the authority. A copy of reminder letter done to NHIF was provided. The amount of Ksh. 2,972,680 which was</p>	Resolved	

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
	<p>money will be reimbursed as NHIF has already been replaced by Social Health Authority (SHA) and no communication has been forwarded by the National Government on the way forward.</p> <p>Further, Management explained that the facility improvement fund (FIF) amount of Kshs.2,972,680 arose from revenue collected at the Hospital and banked in the County Revenue Fund Account. Although the amount is supposed to be refunded to the Hospital, no explanation has been provided by the County Executive Management on why it has not refunded the money. Further, the supporting schedule or detailed analysis of the amount has also not been provided for audit verification.</p> <p>In the circumstances, the recoverability and, therefore, accuracy of the receivables from exchange transactions balance of Kshs.13,698,791 could not be confirmed.</p>	<p>banked to the County Revenue Fund Account had been spent by the county executive through the supply of medical drugs and other development expenditures to the facility and schedules provided.</p>		
6	<p>Unresolved Prior Year Audit Matters</p> <p>Various audit matters reported in the previous year remained unresolved as at 30 June, 2024. Management has not provided satisfactory reasons for the delay in resolving the prior year audit matters.</p>	<p>The management noted the auditor’s observation and is committed to continuously resolve the issues as raised in the auditor’s report. The following are some of the issues which appeared in the previous audit report and are resolve.</p> <ul style="list-style-type: none"> • All the hospital board members are gazette • The facility maintains an 	Partially resolved	2 Years

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
		<p>updated asset register as provided for in annex 11.</p> <ul style="list-style-type: none"> • There is no payment of revenue to CRF as all the revenue collected by the hospital are sent to Migori County Health Services Fund account thereafter returned to the hospital for operations. • The hospital carries monthly and annual stock take which has led to efficient stock management. • The hospital has received health workers from Migori County Government through the department of medical services. This has helped in bridging the gap as identified earlier as provided for annex 8 		
7	<p>Expenditure Without Budget</p> <p>Regulation 50(2) of the Public Finance Management (County Governments) Regulations,2015 provides that expenditure commitments for goods and services should be controlled against spending and procurement plans approved by the responsible Accounting Officer, based</p>	<p>The management noted the auditor's observation and wishes to state that the budget for the hospital was amalgamated with that of other hospitals whereby the total</p>	Resolved	

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

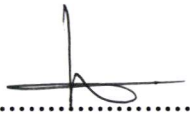
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
	<p>on allocations and allotments from approved budgets. Regulation 42(1)(b) of the Public Finance Management (County Governments) Regulations, 2015 states that an Accounting Officer shall ensure that public funds entrusted to their care are properly safeguarded and are applied for purposes for only which they were intended and appropriated by the County Assembly.</p> <p>As disclosed in the statement of comparison of budget and actual amounts, the Hospital collected revenue amounting to Kshs.17,871,966 and spent Kshs.6,729,366 without an approved budget, contrary to the provisions of Regulation 42(1)(b) and 50(2) of the Public Finance Management (County Governments) Regulations, 2015.</p>	allocation for all hospitals were Kshs. 145,950,000.		
8	<p>Lack of Approved Strategic Plan</p> <p>The Hospital did not have an approved strategic plan in place to provide guidance on the broader objective that are to be achieved by it and the responsibilities as stipulated in section 149(2)(g) of Public Finance Management Act, 2012.</p>	The management noted the auditor's observation and wish to state that the hospital uses the strategic plan for medical service department but going forward, it will develop its own strategic plan.	Not resolved	1 Year
9	Hospital's Compliance with Minimum Required Criteria for Level 4 Hospital	The management noted the auditor's observation and wish to state that it relies on the county government to bridge the gaps and at the moment, the hospital received some medical	Partially Resolved	2 Years

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
		staff from county. This has helped to continuously reduce the above-mentioned deficits.		
10	Lack of Risk Management and Fire Management Strategy The Hospital had not developed a risk and fire management strategy. This was contrary to Regulation 158(1) of the Public Finance Management (County Governments) Regulations, 2015, which states that the Accounting Officer shall ensure that (a) the County Government entity develops risk management strategies, which include fraud prevention mechanism; and (b) the County Government entity develops a system of risk management and internal control that builds robust business operations.	The management noted the auditor's observation and wish to state that it relies on the risk management strategy developed by the county government. The document was provided for review	Not resolved	1 Year
11	Lack of Proper Revenue Records The statement of financial performance rendering of services-medical services income amount of Kshs.4,234,546 which was collected and deposited in the Hospital's settlement Account (Rongo Sub-County Hospital) at the Kenya Commercial Bank. However, Management did not maintain a revenue cash book with details on daily billings and collections (amount paid), transfers to the Fund Account, withdrawals through Authority to Incur Expenditure (AIEs) and revenue receivables. In addition, the monthly departmental revenue schedules	The management noted the auditor's observation and wish to state that it has a revenue cashbook where all the revenues received and realized by the hospital are recorded. Going forward the management will maintain daily revenue collection per patient.	Resolved	

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
	<p>were not supported with detailed daily schedules on amount charged per patient. In the circumstances, the effectiveness of internal controls over recording of revenue could not be confirmed.</p>			



.....

Laurine Atieno