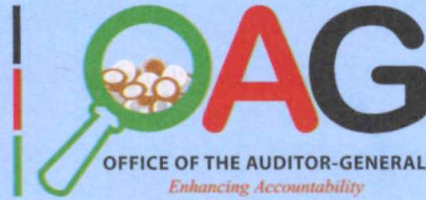


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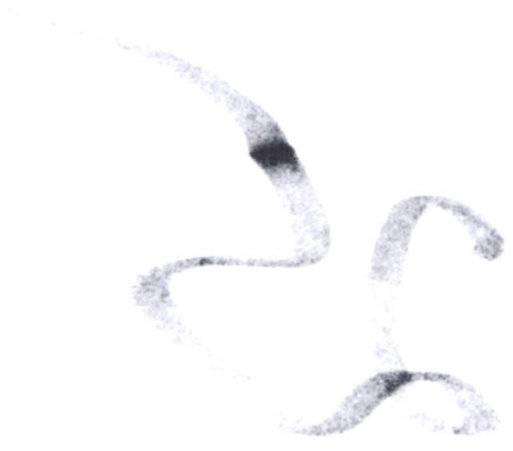
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ORESII SUB COUNTY LEVEL 4
HOSPITAL

FOR THE YEAR ENDED
30 JUNE, 2025

KISII COUNTY GOVERNMENT





**ORESI SUB COUNTY HOSPITAL
(Kisii County Government)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2025

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

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I. Acronyms & Glossary of Terms

CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
Fiduciary Management	Key management personnel who have financial responsibility in the entity.
NCK	Nursing Council of Kenya
KMPDC	Kenya Medical Practitioners' Dentist Council
KAHA	Kenya Association of Health Administrators
A.I. E	Authority to Incur Expenditure
FIF	Facility Improvement Fund

2. Key Entity Information and Management

(a) Background information

Oresi Sub County Hospital is a level (4) hospital established under Gazette Notice number 8680 of 21st October, 2016 and is domiciled in Kisii County under the Health Department. The hospital is governed by a Board of Management.

(b) Principal Activities

The principal activity/mission/ mandate of the hospital is to ...

Vision:

To be the leading health services provider in the area, expanding our health care services to reach additional community members.

Mission:

To be a leading preferred health care facility providing patient-centered healthcare with excellent in quality service and access.

Core values / Objectives:

In order to realize the vision and mission, the following shared values shall be nurtured:

- : Professional and Ethics
- : Confidentiality
- : Respect for Human Dignity and Rights
- : Truthfulness, Honesty and Integrity
- : Diligence and Effectiveness
- : Efficiency and Effectiveness
- : Timeliness
- : Accountability and Transparency
- : Teamwork
- : Tolerance
- : Environmental Friendliness

(c) Key Management

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

- County department of health
- Board of Management
- Accounting Officer/ Medical Superintendent
- Hospital Management Team
- Others (Various hospital committees)

(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:

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

No.	Designation	Name
1.	Medical Superintendent	Dr. Rosemary W. Kanyari
2.	Hospital Administrator	Jones Obwang'i
3.	Nursing Officer	Esther Tinega
4.	Accountant	Modesta Oigo
5.	Supply Chain Mgt Officer	Joyce Momanyi

(e) **Fiduciary Oversight Arrangements**

- Clinical Research and Standards Committee.
- Audit committee
- Risk Committee
- County Assembly
- Parliamentary committees
- Inspection and Acceptance Committee
- Hospital Response Team
- Hospital Support Supervision

Key Entity Information and Management (continued)

(f) **Entity Headquarters**

P.O. Box 92
KISII, KENYA

(g) **Entity Contacts**

Telephone: (+254) 724494953
E-mail: kareihkanyari@gmail.com
Telephone: (+254) 728050004
E-mail: obwangijones@gmail.com

(h) **Entity Bankers**

Kenya Commercial Bank, Kisii

(i) **Independent Auditors**

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








(j) **Principal legal adviser**

Attorney General
State Law Office
Anniversary Towers, institute Way
P.O.Box 40112
City Square 00200
Nairobi, Kenya.






(k) **County Attorney**

P.O. Box
Kisii, Kenya

The Board of Management

Ref	Directors	Details
1.	Ag Chairman I: Samuel Otarō Miroro 	- Form Four - Carpenter - Pastor for 7 years
2.	Member 2: Stephen Onserio Mose 	- Form 4 - Pharmacy Attendant
3.	Member 3: Richard Nyamweno Ongerī 	- Form 4 - Driver/ Mechanic
4.	Member 4/Alternate: Vane K. Onkoba 	- Form 4 - A farmer
5.	Member 5: Jackline Kemunto 	- Form 4 - Chef/Housekeeper/ Stores
6.	MED SUP: Dr. Rosemary W. Kanyari KMDPB – Pharmacist 	- Pharmacist - Facility in charge
7.	Secretary: Jones Obwang'ī KAHA- Hospital Administrator 	- Administration - Hospital Administrator

Key Management Team

Ref	Management	Details
	Manager 1: Dr. Rosemary W. Kanyari KMDPB - Pharmacist 	Facility in Charge
	Manager 2: Jones Obwang'i KAHHA- Hospital Administrator 	Administration
	Manager 3: Esther Tinega NCK – Nursing Officer 	Nurse Manager
	Manager 4: Modesta Oigo Accountant 	Accounts
	Manager 5: Joyce Momanyi Supply Chain Mgt Officer 	Procurement

Chairman's Statement

The facility started as a dispensary in the year 2002 by Mzee Thomas Oresi Omwoyo then the area councillor. The facility was built on a government land which was used as a yard for Strabag International, a construction company. The facility is sitting on approximately a 1.5-ha land which is situated along Kisii Prisons – Jogoo road, directly opposite Jogoo Administration Police Line. The facility has no land title deed, the same is being processed.

The Hospital is situated in Jogoo at Iteresi Sub Location, Jogoo Location, Kitutu Central Ward, Kitutu Chache South Sub County in Kisii County. Mzee Oresi ran the facility using his own resources, employing staff and providing medical commodities.

In the year 2005, the facility was upgraded to a Health Center and then handed over to the government, Ministry of Health, then Kisii District General Hospital as an Annex hospital. During the handing over ceremony graced by then the District Commissioner, as an appreciation to mzee Oresi, it was recommended that the facility be named after mzee Oresi. The facility was therefore registered in the name of Oresi under MFI, code no. 13991. The Ministry of Health started running the facility.

The facility was elevated to a Level 4 Hospital in the year 2017 and became one of the Sub County Hospitals in Kitutu Chache South Sub County in Kisii County. The facility stopped receiving funding from DANIDA and HSSF. As a level 4 Hospital, it started charging for services to get funds to improve the facility.

The hospital serves a total catchment population of 35,000 and also receives patients/clients from neighbouring facilities including KTRH. Because of infrastructure and shortage of staff, the hospital currently offers 12hrs OPD services and except maternity services offered in 24hrs.

Governance

According to the Kenya Gazette vol. CXXXVII – No. 66 dated 4th April, 2025 – Gazette notice No.4262, the following are the current members of the hospital management committee w.e.f. 4th April, 2025 for a period of 3 (three) years.

1. Thomas Oresi Omwoyo (**Deceased**)
2. Vane Kwamboka Onkoba
3. Richard Nyamweno Ongeru
4. Samuel Otaru Miroro
5. Stephen Onserio Mose
6. Jackline Kemunto

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

HMC Members Of Oresi Sub County Hospital		
S/N/O	Member Name	Title/Position
	Thomas Oresi Omwoyo	Chairman(deceased)
1	Samuel Otaro Miroro	Member
2	Vane Kwamboka Onkoba	Member
3	Richard Nyamweno Ongeru	Member
4	Stephen Onserio Mose	Member
5	Jackline Kemunto	Member
6	Medical Superintendent	Secretary
	Co-opted Members	
1	Ward Admin	Co-opted member
2	Hospital Administrator	Co-opted member
3	Matron	Co-opted member
4	Accountant	Co-opted member
5	Procurement	Co-opted member

Hospital Financing

The hospital's main sources of funds are Facility Improvement Fund and SHA/NHIF reimbursement. However, County Government also supplements medical commodities and undertakes development projects. Among many roles, committee study and approve facility budget quarterly.

Achievements

1. Improved good service delivery
2. Construction of Patient Support Center courtesy of AHF
3. Enhanced good relationship with the community
4. Innovation of hospital Kitchen Garden

Challenges

1. Shortage of staff in critical departments affecting 24 hrs service
2. Infrastructure. Inadequate space
3. Hospital fence
4. Incomplete projects
5. Burning chamber

Future Activities

The following are proposed development projects for the hospital:

1. Theatre Construction
2. Kitchen Construction
3. Fencing of the hospital land.
4. Hospital Master plan development
5. Computerization of hospital services
6. Construction of maternity ward and inpatient wards.
7. Construction of administration block and stores

Security

Security is provided by a contracted security firm by the Superior Guards Company, one security personnel guards during the day and one at night.

Conclusion

The current hospital infrastructure has not been developed to suit its status as a level 4 facility. There is need to have Inpatients Wards, Theatre, Modern Kitchen, X-ray, Modern Maternity with New-born Unit, Physiotherapy, Occupational Therapy, HMU, Administration Block, etc. We also request that buildings within the hospital which are incomplete need to be completed in order to ease congestion at the out-patient department.



Name: Samwel Otaru Miroro

Ag Chairman to the Board

6. Report of The Medical Superintendent:

The facility started as a dispensary in the year 2002 by Mzee Thomas Oresi Omwoyo then the area councillor. The facility was built on a government land which was used as a yard for Strabag International, a construction company. The facility is sitting on approximately a 5-ha land which is situated along Kisii-Jogoo road, directly opposite Jogoo Administration Police Line. The facility has no land title deed, the same is being processed.

The Hospital is situated in Jogoo at Iteresi Sub Location, Jogoo Location, Kitutu Central Ward, Kitutu Chache South Sub County in Kisii County. Mzee Oresi ran the facility using his own resources, employing staff and providing medical commodities.

In the year 2005, the facility was upgraded to a Health Center and then handed over to the government, Ministry of Health, then Kisii District General Hospital as an Annex hospital. During the handing over ceremony graced by then the District Commissioner, as an appreciation to Mzee Oresi, it was recommended that the facility be named after Mzee Oresi. The facility was therefore registered in the name of Oresi under HJ code no. 13991. The Ministry of Health started running the facility.

The facility was elevated to a Level 4 Hospital in the year 2017 and became one of the Sub County hospitals in Kitutu Chache South Sub County in Kisii County. The facility stopped receiving funding from DANIDA and HSSF. As a level 4 Hospital, it started charging for services to get funds to improve the facility.

The hospital serves a total catchment population of 35,000 and also receives patients/clients from neighbouring facilities including KTRH. Because of infrastructure and shortage of staff, the hospital currently offers 12hrs OPD services and except maternity services offered in 24hrs.

Services Currently Offered

- Consultations
- Laboratory
- Pharmacy
- Maternity
- Nutrition
- MCH/FP
- Special Clinics
- CCC
- Dice (KP)
- Public Health

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

Staffing

S/N	Cadre	In-Post
2	Pharmacists	1
3	Registered Clinical Officers	2
4	Nursing	10
5	Medical Lab. Technologists	2
6	Public Health Officers	1
7	Health Admin. Officer	1
8	Nutrition & Dietetics	2
9	Pharm Technologists	1
10	HRIOs	1
11	Community Health Assistant	1
12	Supply Chain Mgt Officers	1
13	Accountants	1
14	Clerical Officers	2
15	Subordinate Staffs	2
	Total	28

Governance

According to the Kenya Gazette vol. CXXVII – No. 66 dated 4th April, 2025 – Gazette notice No.4262, the following are the current members of the hospital management committee w.e.f. 4th April, 2025 for a period of 3 (three) years.

1. Thomas Oresi Omwoyo (**Deceased**)
2. Vane Kwamboka Onkoba
3. Richard Nyamweno Ongeru
4. Samuel Otaru Miroro
5. Stephen Onserio Mose
6. Jackline Kemunto

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

HMC Members Of Oresi Sub County Hospital		
S/No.	Member Name	Title/Position
1	Thomas Oresi Omwoyo	Chairman(deceased)
2	Samuel Otaru Miroro	Member
3	Vane Kwamboka Onkoba	Member
4	Richard Nyamweno Ongeru	Member
5	Stephen Onserio Mose	Member
6	Jackline Kemunto	Member
7	Medical Superintendent	Secretary
Co-opted Members		
8	Ward Admin	Co-opted member
9	Hospital Administrator	Co-opted member
10	Matron	Co-opted member
11	Accountant	Co-opted member
12	Procurement	Co-opted member

The hospital has a number of committees performing various tasks;

HMC, HMT, IPC(Infection Prevention Committee), MDT(Multi-Disciplinary Team), MTC(Medical Therapeutics Committee), Surveillance Committee, CME(Continuing Medical Education), PMC-Project Management Committee, Budget Committee, MPDSR-Maternal And Perinatal Death Surveillance and Response/Mortality Audit, Reward& Sanction Committee, Waiver Committee, Catering Committee, Inspection And Acceptance Committee, Disposal Committee, Hospital Training Committee, Hospital Commodity Security Committee, hospital Recruitment Committee, Hospital Advisory committee.

Hospital Financing

The hospital's main sources of funds are Facility Improvement Fund and SHA/NHIF reimbursement. However, County Government also supplements medical commodities and undertakes development projects. Hospital raises revenue through cost sharing and prepares budgets which are presented to the board for approval quarterly. Once the A.I.E is obtained, the funds are expended according to the hospital departmental activities as listed in their requisitions.

The hospital is always guided by financial and procurement acts and align our activities to annual work plan.

Partners Supporting The Hospital

- LVCT-Support care and treatment of HIV/AIDS, also PMTCT services
- AHF- Support care and treatment of HIV/AIDS services
- Daraja Mbili – Supports youth programs and GBV activities

Achievements

1. Improved good service delivery
2. Construction of Patient Support Center courtesy of AHF
3. Enhanced good relationship with the community
4. Innovation of hospital Kitchen Garden

Challenges

- Shortage of staff in critical departments affecting 24 hrs service
- Infrastructure. Inadequate space
- Hospital fence
- Incomplete projects
- Burning chamber

Future Activities

The following are proposed development projects for the hospital:


1. Theatre Construction
2. Kitchen Construction
3. Fencing of the hospital land.
4. Hospital Master plan development
5. Computerization of hospital services
6. Construction of maternity ward and inpatient wards.
7. Construction of administration block and stores

Security

Security is provided by a contracted security firm by the Superior Guards Company, one security personnel guards during the day and one at night.

Conclusion

The current hospital infrastructure has not been developed to suit its status as a level 4 facility. There is need to have Inpatients Wards, Theatre, Modern Kitchen, X-ray, Modern Maternity with New-born Unity, Physiotherapy, Occupational Therapy, HMU, Administration Block, etc. We also request that buildings within the hospital which are incomplete need to be completed in order to ease congestion at the out-patient department.


.....
Name: Dr. Rosemary W. Kanyari
Secretary to the Board

ORESII SUB-COUNTY HOSPITAL
P. O. Box 92-40200,
KISII

Date: Sign:

7. Statement of Performance Against Predetermined Objectives

Oresii sub county hospital has 4(four) 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: Quality Improving and Patient Care
- * Pillar/theme/issue 2: Health Workforce
- * Pillar/theme/issue 3: Financing and Resources
- * Pillar/theme/issue 4: Health Infrastructure

Oresii sub-county hospital develops its annual work plans based on the above 4 pillars/Themes/Issues. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Oresii sub-county hospital achieved its performance targets set for the FY 2024/2025 period for its 4 strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Pillar/ theme/ issue: 1: Quality Improving and Patient Care	Optimize clinical outcomes	Reduction in disease incidence	-Vaccination -Hygiene practices	- Diseases reduced -High immunization coverage
Pillar/ theme/ issue: 2: Health Workforce	Improving health outcome	Life expectancy	Training	Trained personnel
Pillar/ theme/ issue: 3: Financing and Resources	Promoting efficient resource utilization to meet operational needs	Utilization rate. Waste reduction	-Assessment and analysis -Allocation and execution	- Prudent resource allocation. - Financial stability and growth
Pillar/ theme/ issue: 4: Health Infrastructure	Improve quality of care	Well maintained physical facilities	- Purchase maintenance of equipment -Maintenance of buildings	-Good work environment -Work satisfaction of both staff and clients

8. Corporate Governance Statement

i. Appointment of Board members, Process of appointment and removal of directors,

The size, diversity, and demographics of the Board, Existence of the board charter

The board members of the hospital are appointed by the County Executive Committee Member in consultation with Member of County Assembly and names are gazetted in the Kenya gazette. A member is removed from the board if he /she misses three consecutive sittings, due to death, sickness, conduct, etc. The board is normally comprised of seven members drawn from the facility catchment area, a lady representing women, one representing disabled, another one representing religious leaders, others from medical and finance field. Additionally, a secretary who is the facility in charge and three other member of the facility joins the board.

ii. Roles and functions of the boardboard

The following are roles of members of the facility:

- Representation
- Strategic direction
- Accountability

iii. Induction, training, and development

Apart from the normal induction in the facility, members are trained by the county health office on their roles and responsibilities.

iv. Board and members' performance

Members possessing both management and medical expertise can lead to better financial performance. Generally, key factors influencing performance include; board composition, board engagement, leadership use of data, strategic focus and quality and safety.

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

The PH Act allows four meetings in a year. However, if there is urgent issue to be addressed the board is allowed to have a special meeting.

vi. Succession plan

is yet to be done.

vii. Policy to manage conflict of interest

to obtain a copy from County Health Office.

viii. Board remuneration

Members are paid sitting allowance as per SRC guideline.

ix. Ethics and Conduct

Members are aware that they should uphold integrity, accountability and independence while respecting of confidentiality and privacy of all individuals.

x. Governance audit

are yet to form audit and oversight committees in the next meeting.

xi. Communication policy

The chairperson is the spokesperson of the board.

xii. Terms of Reference of Committees

Board members terms usually range from three year to six years.

xiii. Policy on related party transactions

to obtain a copy from County Health Office to guide the facility management.

9. Management Discussion and Analysis

Oresi Sub County Hospital registered a total of Kshs.9,605,842.00 (Nine Million, Six Hundred and Five Thousand, Eight Hundred and Forty-Two). In line with this, the hospital collected a total of Kshs.7,169,422.05 (Seven Million, One Hundred and Sixty-Nine Thousand, Four Hundred and Twenty-Two) from exchange transaction. The hospital did not register any funding from the county government. Moreover, the hospital registered a net surplus of Kshs.2,222,554.00 (Two Million, Two Hundred and Twenty-Two Thousand, Five hundred and Fifty-Four). Further, the hospital also incurred a total of Kshs.7,383,288.00 (Seven Million, Three Hundred and Eighty-Three Thousand, Two Hundred and Eighty-Eight) as expense for the year.

Clinical/operational performance

- Bed capacity of the hospital - **Maternity ward - 13 BEDS**
- Overall patient attendance during the year for both inpatient and outpatient. – **OPD - 14,194**
- Accident and Emergency attendance: **NO SERVICES**
- Specialised clinic attendance: **No Special Clinic**
- Average length of stay for in patient - **Maternity ward - 2 DAYS**
- Bed occupancy rate:
- Mortality rate: **0%**
- Surgical theatre utilisation (number of operations over a period of time): **No theatre**
- Sponsorships and partnerships:

Financial performance that includes: -

- **Revenue sources,**
- Cost sharing/ FIF /User fees
- Total Revenue collection for the year 2024/25: **Kshs. 3,941,256.40**
- NHIF /SHA reimbursement received for the year 2024/25: **Kshs. 3,228,165.65**
- Utilisation of funds etc
- Utilization rate is always 100%. The funds were spent according to the four quarters A. I. Es as per the hospital requisitions.

Name: Dr. Rosmary W. Kanyari
Medical Superintendent

ORESI SUB-COUNTY HOSPITAL
P. O. Box 92740
KISII
Date

10. Environmental and Sustainability Reporting

The facility started as a dispensary in the year 2002 by Mzee Thomas Oresi Omwoyo then the area councillor. The facility is sitting on approximately a 1.5-ha land which is situated along Kisii Prisons – Jogoo road, directly opposite Jogoo Administration Police Line. The facility has no land title deed, the same is being processed.

In the year 2005, the facility was upgraded to a Health Center and then handed over to the government, Ministry of Health, then Kisii District General Hospital as an Annex hospital. It was recommended that the facility be named after Mzee Oresi and was registered in the name of Oresi under MFL code no. 13991.

The facility was elevated to a Level 4 Hospital in the year 2017 and became one of the Sub County Hospitals in Kitutu Chache South Sub County in Kisii County. The facility stopped receiving funding from UNDA and HSSF. As a level 4 Hospital, it started charging for services to get funds to improve the facility.

The hospital serves a total catchment population of 35,000 and also receives patients/clients from neighbouring facilities including KTRH. Because of infrastructure and shortage of staff, the hospital currently offers 12hrs OPD services and except maternity services offered in 24hrs.

i) Sustainability Strategy and Profile

The following are achievements of the hospital during f/y under review:

- a). Improved service delivery respecting patients' rights
- b). Hospital has no pending bills
- c). Construction of Patient Support Center courtesy of AHF
- d). Enhanced good relationship with the community
- e). Innovation of hospital Kitchen Garden
- f). Good partnership with operating donors
- g). Increased number of mothers delivering in the hospital
- h). Regular medical education through CMEs conducted in every Wednesday of every week.

These are Few of the Hospital Challenges;

- Shortage of staff in critical departments affecting 24 hrs service
- Infrastructure. Inadequate space
- Weak hospital fence
- Incomplete projects
- Burning chamber
- Frequent SHA system failures
- Delay of SHA reimbursement
- No in-patient service due to infrastructure

The hospital plans to undertake the following future activities;

The following are proposed development projects for the hospital:

1. Theatre Construction
2. Kitchen Construction
3. Fencing of the hospital land.
4. Hospital Master plan development
5. Computerization of hospital services
6. Construction of maternity ward and inpatient wards.
7. Construction of administration block and stores

ii) Environmental performance

- The hospital ensures provision of relevant bins for proper segregation of wastes in the compound through infection prevention control committee.

iii) Employee welfare

1. This is done through trainings and seminars
2. High performing staff are always congratulated during staff meetings and they are recommended for leadership positions and others given promotion. This always leads to efficiency and effectiveness in service delivery.
3. On staff safety, there is an incident report book where all cases of accident are reported for assistance.

iv) Market place practices-

a) Responsible competition practice.

1. Service Charter displayed in the hospital for public
2. The hospital uses cashless system of Pay bill to collection user fees
3. The hospital encourages health talks at OPD/MCH department and community sensitization through public health officers/CHPs and CHAs to ensure the community gets hospital information.

b) Responsible Supply chain and supplier relations

- Hospital management ensures there is good relationship with suppliers through making prompt payments of their claims.
- Hospital discourages single sourcing to give equal opportunities to all suppliers.

c) Responsible marketing and advertisement or Responsible engagement with citizens

- The hospital takes care of this by providing accurate information about services offered the hospital respecting patients /clients rights.

d) Product stewardship or Awareness Creation

1. This is done through health education/talks, public health and Hospital Management Committee members, whereby the community is sensitized on hospital issues.
2. Suggestion boxes are provided in the hospital for the patients/clients to use to make their comments about the hospital services. This also ensure patients' rights are respected.
3. On power, hospital is connected with power but still there is solar panel installed and stand by general as backup.

v) Corporate Social Responsibility / Community Engagements

- This is done through offering free medical camps to the community in conjunction with well-wishers.

11. Report of The Board of Management

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

Principal activities

The principal activities of the entity are:

- Timely Consultations
- Timely Laboratory services
- Timely Pharmacy services
- Maternity services
- Nutrition & dietetics services
- MCH/FP services
- Special Clinics services
- Comprehensive Clinic Center
- Public Health activities through CHAs and CHPs
- Timely procurement of medical and other commodities
- Timely processing of suppliers' claims

Results

The results of the entity for the year ended June 30 2025 are set out on pages 1 to 7.

Board of Management

The members of the Board who served during the year are shown on page VI. During the year, 2025 one director(s) retired/ resigned/DIED, and no director (s) was appointed with effect from 2025 date.

Auditors

The Auditor General is responsible for the statutory audit of Oresi sub county hospital in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board

.....
Name: Dr. Rosemary Wangari
Secretary of the Board

ORESI SUB-COUNTY HOSPITAL
P. O. BOX 992-40200
KISII
Date

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

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

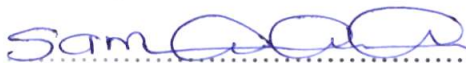
The Board of Management accepts responsibility for Oresii SCH's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner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

In preparing the financial statements, the Directors have assessed the Fund's ability to continue as a going concern OR

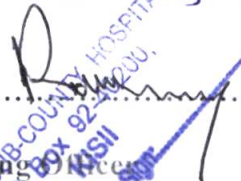
Nothing has come to the attention of the Board of management to indicate that Oresii SCH will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Hospital's financial statements were approved by the Board on 2nd July 25 and signed on its behalf by:



Name:
Chairperson
Board of Management



Name:
Accounting Officer

Oresii Sub-County Hospital
P. O. Box 92-10000,
Kisii

Date: _____

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 ORESI SUB COUNTY LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 – KISII COUNTY GOVERNMENT

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements for Oresi Sub County Level 4 Hospital – Kisii County Government set out on pages 1 to 38, which comprise of the

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

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

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements

The statement of changes in net assets reflects surplus/(deficit) for the year of Kshs.2,222,554 while statement of financial performance reflects net surplus/(deficit) for the year of Kshs.4,254,701 resulting to unexplained variance of Kshs.2,032,146.85. Further, the statement of cash flows does not reflect net increase/(decrease) in cash and cash equivalents while cash and cash equivalent as at 1 July reflect Kshs.155,035 which was not supported. In addition, net cash flows from operating activities reflects Kshs.1,818,281 as Note 17, while Note 17 to the financial statement reflect a Nil resulting to unreconciled balance of Kshs.1,818,281.

In circumstance, the financial statements are not fairly presented.

2. Overstatement of Cash and Cash Equivalent

The statement of financial position indicates cash and cash equivalents balance of Kshs.2,032,147 held in KCB with account No. 011020026093. However, review of cash book and bank reconciliation certificate of balance established that closing balance of cash at bank was Kshs.1,973,315 resulting to unexplained variance of Kshs.58,832. Further, the balance of the cash book at the year-end was not independently verified by a board of survey.

In the circumstance, the accuracy and completeness of the Kshs.2,032,147 reported as cash and cash equivalent balances could not be confirmed.

3. Understatement of Receivables

The statement of financial position reflects receivables from exchange transactions balance of Kshs.2,436,420. During the review of documentation provided for audit, the

audit established that receivables due from SHA at the end of the financial year amounted to Kshs.2,810,391.55 resulting to unexplained variance of Kshs.373,972.

In the circumstance, the receivables balance of Kshs.2,436,420 was understated by Kshs.373,972.

4. Undisclosed Long Outstanding Receivables

The statement of financial position reflects receivables from exchange transactions balance of Kshs.2,436,420. However, the audit revealed that this balance did not include receivables brought forward financial year 2023-2024 due from the defunct of Kshs. 2,255,951.

In the circumstance, the receivables from exchange transactions have been under stated, the accuracy and completeness of receivables from exchange transactions could not be confirmed.

5. Unconfirmed Property, Plant and Equipment Balance

The statement of financial position reflects a Nil balance under property plant and equipment. However, the audit established that the hospital had various buildings, equipment, computers, furniture and medical equipment whose value could not be established nor was it disclosed in the financial statements. Similarly, the facility stood on a parcel of land of unknown size, value and whose ownership could not be confirmed as there was no documentation on it. Further the facility did not maintain an updated asset register.

In circumstances, accuracy, completeness and propriety on the nil balance of property, plant and equipment could not be confirmed.

6. Undisclosed Kenya Medical Supplies Authority Debt

Review of statement of financial position disclosed a nil balance of trade and other payables. However, an examination of the Kenya Medical Supplies Authority (KEMSA) debtor's records revealed that the Hospital owed Kshs.202,638 to the authority as at 30 June, 2025. This resulted in an unexplained variance of Kshs.202,638 between the Hospital's records and those of KEMSA.

In the circumstance, the accuracy and completeness of the statement of financial position could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis amounts of Kshs.11,200,000 and Kshs.7,169,422.05 respectively, resulting in underfunding of Kshs.4,030,577.95 or 36%. Similarly, the Hospital expenditure amounted to Kshs.5,351,141 against the realized revenue of Kshs.7,169,422 resulting in an under-utilization of Kshs.1,818,280 or 25% of the actual revenue.

In the circumstances, the under-funding and under-utilization may have impacted negatively on health service delivery to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Information

The Management is responsible for the Other Information set out on pages iii to xxii which comprises, the Key Entity Information and Management, The Board of Management, Key Management Team, Chairman's Statement, Report of the Medical Superintendent, Statement of Performance Against Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Board of Management and Statement of Board of Management's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Failure to Retain Facilities Improvement Funds at the Hospital

Review of revenue records obtained from the Oresi Level 4 Hospital revealed total collection of Kshs.7,169,422 towards the health facilities improvement. Out of this amount, a total of Kshs.5,345,263 was transferred to County Health Facilities Improvement Fund Board account. However, the amount reimbursed by the Board to Oresi Level 4 Hospital could not be ascertained. This is because the Board made payments on behalf of Oresi Level 4 Hospital without disclosing the amount for the expenditures incurred. This was contrary to Section 5(1) of the Facilities Improvement Financing Act, 2023 which requires that all monies raised or received by or on behalf of all public health facilities be retained in the Hospital Facilities Improvement Financing account. In addition, failure to reimburse the total amount transferred by the facilities negatively impacted on service delivery by the health facilities.

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

2. Late Submission of Financial Statement

During the year under review, the Hospital Management submitted the financial statements to the Auditor-General on 12 September 2025 rather than by latest 31 August, 2025. This is contrary to Clause 1.9 (i) of the circular Ref: No:AG.3/88 Vol. VII (41) on submission of annual financial statement states that in accordance with Section 81 and 82 of the PFM Act 2012, Accounting Officer and Receiver of Revenue are required to prepare annual financial statements which should be submitted to the Auditor General by 31 August, 2025 with a copy to the Controller of Budget, the National Treasury and Commission on Revenue Allocation.

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

3. Failure to Retain Revenue Raised by the Facility

The statement of financial performance reflects revenue from rendering of services – medical service income amount of Kshs.9,605,842. However, review of the revenue

cashbook and bank statement established that Oresi Sub County Level 4 Hospital collected a total of Kshs.7,169,422 from rendering of services and transferred Kshs.5,345,263 to the County FIF Board via monthly standing orders. However, the County FIF Board did not transfer any amounts back or 100% of the total revenue received in the account, contrary to the prevailing law which required retention of all or 100% of monies raised or received by or on behalf of all public health facilities.

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

4. Lack of Autonomy in the Operation of the Hospital

During the review, the audit established that the Hospital's operations, in terms of procurement of goods and services, were still centralized at the County Facility Improvement Fund Board. The hospital makes requisition for supply of goods and services to the County Facility Improvement Fund Board. Once the goods are supplied and services provided, the hospital submits the necessary documents to the Board for onward payment.

In the circumstance, the lack of operational autonomy in terms of procurement and payments may lead to delay in provision of services to residents.

5. Non-Compliance with Universal Health Coverage (UHC) Requirement for Level 4 Hospitals

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

5.1 Inadequate Staffing Requirements

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

Staff Requirements	Level 4 Std	No. in Hospital	Variance
Medical officers	16	0	16
Anesthesiologists	2	0	2
General Surgeons	2	0	2
Pediatricians	2	0	2
Radiologists	2	0	2
Registered nurses	75	10	65

5.2 Inadequate Level 4 Hospital Equipment

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

Staff Requirements	Level 4 Std	No. in Hospital	Variance
Resuscitative	3	0	3
New born unit incubators	5	0	5
New born unit cots	5	0	5
ICU beds	6	0	6
HDU beds	6	0	6
Renal unit with 5 dialysis machines	5	0	5
Functional operation theatres	2	0	2
Beds	150	12	138

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

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

6. Inconsistency in Categorization of the Health Care Facility

During the audit of the Hospital, the audit established that the facility was licensed to operate as a Level 3A health facility and not as a Level 4 as stated in the financial statements. The reason for the Hospital licensing as a Level 3A health facility was because it lacked key infrastructure like in-patient wards, ambulances, surgical services among others as stipulated in the Level 4 licensing checklist from KMPDC.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Lack of Annual Stock Take

During the period under review, the audit established that the facility did not carry out annual stock take to determine the stock at the end of the financial year. Review of bin cards in the stores indicated that the facility had balances of inventory at the end of the financial year. In addition, physical inspection carried out on 10 November, 2025 on various stores in the facility indicated that the Hospital had stock outs on the food store, pharmacy store and laboratory store hampering the service delivery to the patients in need of the essential services.

In circumstances, effective internal control, over inventory management could not be confirmed.

2. Recruitment of the Board

Our audit review, it was established that the Board of Management came into place through a Gazette Notice No 1480 of 4 April, 2025. However, appointment letters, qualifications of each member of the board, time when the induction conducted for the current Board was not provided for review. In addition, the current board of management held their first meeting on 21 May, 2025 and did not appoint sub-committees. This casts doubt on the recruitment process and competency of the board members.

In circumstances, merits of the board recruitment could not be confirmed.

3. Ineffective Audit Function and Lack of Internal Audit Committee

Our audit established that the Hospital had not been audited in the year under review by the Kisii County Executive internal audit department as there were no audit report presented for audit. Similarly, the Hospital was audited only once in FY 2022/2023 and management responded to issues raised in May, 2025, two years later casting doubt on the effectiveness of the internal audit unit. Further, the hospital's board never formed a board audit committee and the board never sat for review of the hospitals risk profile, internal controls nor discussed the report of the internal audit or the external audit.

In circumstances, the effectiveness of the board in discharging their mandate and assurance under effectiveness of internal controls, risk management and governance could not be confirmed.

4. Lack of Key Management Policies and Procedures

During the period under review, the Management did not institute policies and procedures to guide key financial and managerial processes and controls for management such as risk management policy and risk management framework, disaster recovery plan or

business continuity plan and fire and emergency preparedness policy to guide the operations in the areas of revenue, expenditure, personnel, inventory and liabilities for the effective and efficient running of the hospital, and to cushion and/or guarantee business continuity.

In circumstances, the existence of effective internal control, risk management and governance systems 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 the Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

08 December, 2025

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

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

Description	Note	2024/2025- FY
		Kshs
Revenue from non-exchange transactions		
Transfers from the County Government	6	-
Total revenue from non-exchange transactions		-
Revenue from exchange transactions		
Rendering of services- Medical Service Income	7	9,605,842.00
Miscellaneous Income	8	-
Revenue from exchange transactions		9,605,842.00
Total revenue		9,605,842.00
Expenses		
Transfer to County FIF account	9	5,345,263.15
General expenses (Bank charges)	10	5,878.00
Total expenses		5,351,141.00
Net Surplus / (Deficit) for the year		4,254,701.00

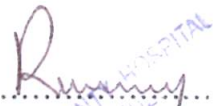
The Hospital's financial statements were approved by the Board on 2nd July 25 and signed on its behalf by:



Chairman
Board of Management



Head of Finance
ICPAK No:



Medical Superintendent

ORESI SUB-COUNTY HOSPITAL
P. O. Box 22-4122
KISII

Date: _____
Sign: _____

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

Description	Note	2024/2025 -t FY
		Kshs
Assets		
Current assets		
Cash and cash equivalents	11	2,032,147.00
Receivables from exchange transactions	12	2,436,420.00
Receivables from non-exchange transactions	13	-
Inventories	14	-
Total Current Assets		4,468,567.00
Non-current assets		
Property, plant, and equipment	15	-
Total Non-current Assets		-
Total assets (A)		4,468,567.00
Liabilities		
Current liabilities		
Trade and other payables	16	2032147.00
Total Current Liabilities		2032147.00
Non-current liabilities		
Total non-current liabilities		-
Total Liabilities (B)		Nil
Net assets (A-B)		2436420.00
Represented by:		
Revaluation reserve		-
Accumulated surplus/Deficit		2436420.00
Capital Fund		-
Net Assets		2436420.00

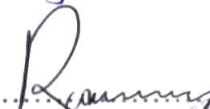
The Hospital's financial statements were approved by the Board on 2nd July 25 and signed on its behalf by:



Chairman
Board of Management



Head of Finance
ICPAK No:



Medical Superintendent

ORESI SUB-COUNTY HOSPITAL
P. O. Box 92-4025
KISII

Date: _____ Sign: _____

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

Description	Accumulated surplus/Deficit	Capital Fund	Total
At July 1, 2024 (current year)	213,866.00	-	213,866.00
Surplus/(deficit) for the year	2,222,554.00	-	2,222,554.00
Capital/Development grants	-	-	-
At June 30, 2025 (current year)	2436420.00	-	2436420.00

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

Description	Note	2024/2025 - FY
		Kshs
Cash flows from operating activities		
Receipts		
Rendering of services- Medical Service Income		7,169,422.05
Total Receipts		7,169,422.05
Payments		
Transfer to County FIF account		5,345,263.00
General expenses(Bank charges)		5,878.00
Finance costs		-
Refunds paid out		-
Total Payments		5,351,141.00
Net cash flows from operating activities	17	1,818,281.00
Cash flows from investing activities		
Purchase of property, plant, equipment		-
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		-
Cash and cash equivalents as at 1 July, 2024		155,035.00
Cash and cash equivalents as at 30 June,2025		1,973,316.00

18. Statement of Comparison of Budget and Actual Amounts for Year Ended 30th 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	-	-	-	-	-	-
Receipts						
Transfers from the County Government	-	-	-	-	-	-
Rendering of services- Medical Service Income	-	-	11,200,000.00	7,169,422.05	4,030,577.95	64.01%
Miscellaneous receipts (<i>specify</i>)	-	-	-	-	-	-
Total receipts	-	-	11,200,000.00	7,169,422.05	4,030,577.95	64.01%
Payments						
Transfer to County FIF account)	-	-	11,000,000.00	5,345,263.15	5,654,736.85	48.59%
General expenses	-	-	200,000.00	5878.00	194,122.00	2.94%
Total Operational Expenditure paid	-	-	11,200,000.00	5,351,141.15	5,848,858.85	-
Capital Expenditure paid	-	-	-	-	-	-
Surplus	-	-	-	1,818,280.90	(1,818,280.90)	-

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	1,818,280.09
1	Reason for differences	-
2	Reason for differences	-
3	Reason for differences	-
4	Reason for differences	-
	Closing Cash and Cash Equivalent as per the statement of Cash flows	1,973,316.00

19. Notes to the Financial Statements

1. General Information

Oresi Sub County Hospital is established by and derives its authority and accountability from Financial Act. Oresi sub county hospital is wholly owned by the Kisii County Government and is domiciled in Kisii County in Kenya. Oresi sub county hospital's principal activity is curative and preventive.

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 Oresi Sub County Hospital's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note xx The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of Oresi Sub County 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 30th June 2025

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

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

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

Standard	Effective date and impact:
	<p>criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
<p>IPSAS 46 Measurement</p>	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
<p>IPSAS 47- Revenue</p>	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
<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</p>

Oresi Sub County Hospital (Kisii County Government)

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

iii) Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year or *the entity adopted the following standards early (state the standards, reason for early adoption and impact on entity's financial statements.)*

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 Oresi Sub County Hospital and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the asset that has been acquired using such funds.

ii) Revenue from exchange transactions

Rendering of services

Oresi Sub County 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 entity.

Interest income

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

Rental income

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

b. Budget information

The original budget for FY2024/2025 was approved by Board on 2nd July, 2025. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, Oresi Sub County Hospital recorded additional appropriations of xxxv on the FY2024/2025 budget following the Board's approval. Oresi 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 .xxx years. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

e. Property, plant and equipment

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

f. Leases

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

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

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

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

g. Intangible assets

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

Notes to the Financial Statements (Continued)

h. Biological Assets

Oresi Sub County 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 entity, 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

Oresi Sub County Hospital expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when Oresi Sub County 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.

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.

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

The entity 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 Entity.

l. Provisions

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

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

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

Notes to the Financial Statements (Continued)

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 entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

n. Contingent liabilities

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

o. Contingent assets

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

p. Nature and purpose of reserves

The entity creates and maintains reserves in terms of specific requirements.

q. Changes in accounting policies and estimates

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

r. **Employee benefits**

Retirement benefit plans

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

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 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.

ii. **Related parties**

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

v. **Service concession arrangements**

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

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 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.

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

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

6. Transfers from the County Government

Description	2024/2025 FY
	KShs
Unconditional grants	
Operational grant	-
Level 4/5 grants	-
Unconditional development grants	-
Other grants	-
	-
Conditional grants	
User fee forgone	-
Transforming health services for Universal care project (THUCP)	-
DANIDA	-
Wards Development grant	-
Paediatric block grant	-
Administration block grant	-
Laboratory grant	-
Total government grants and subsidies	-

6 b Transfers from The County Government

Name of the Entity sending the grant	Amount recognized to Statement of financial performance* KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year
			KShs	KShs
Kisii County Government	-	-	-	-
Total	-	-	-	-

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7. Rendering of Services-Medical Service Income

Description	2024/2025 FY
	Kshs
User fee	3,941,256.00
NHIF/SHA Reimbursements	3,228,166.00
NHIF/SHA Receivables	2,436,420.00
Radiology	-
Orthopedic and Trauma Technology	-
Theatre	-
Accident and Emergency Service	-
Anesthesia Service	-
Ear Nose and Throat service	-
Nutrition service	-
Cancer centre service	-
Dental services	-
Reproductive health	-
Paediatrics services	-
Farewell home services	-
Ambulance services	-
Other medical services income (<i>specify</i>)	-
Total revenue from the rendering of services	9,605,842.00

8. Miscellaneous Income

Description	2024/2025: FY	KShs
Insurance recoveries	-	-
Income from sale of tender	-	-
Services concession income	-	-
Sale of goods (water, publications, containers etc)	-	-
Write backs (Deposits, payments in advance etc)	-	-
Bad debts recovered	-	-
<i>Others</i>	-	-
Total Miscellaneous income	-	-

9. Transfer to county FIF account

Description	2024/2025 - FY	Kshs
Transfer to county FIF account	5,345,263.15	5,345,263.15
Transfer to county FIF account	5,345,263.15	5,345,263.15

10. General Expenses

Description	2024/2025 - FY	Kshs
Bank charges	5,878.00	5,878.00
Total General Expenses	5,878.00	5,878.00

11. Cash And Cash Equivalents

Description	2024/2025 - FY	KShs
Current accounts	2,032,147	2,032,147
On - call deposits	-	-
Fixed deposits accounts	-	-
Cash in hand	-	-
Others(<i>specify</i>)- Mobile money	-	-
Total cash and cash equivalents	2,032,147	2,032,147

Oresi Sub County Hospital (Kisii County Government)

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

Description		2024/2025 - FY
Financial institution	Account number	KShs
a) Current account		
Kenya Commercial bank	11020026093	2,032,147
Equity Bank, etc		-
Sub- total		2,032,147
b) On - call deposits		
Kenya Commercial bank		-
Equity Bank – etc		-
Sub- total		-
c) Fixed deposits account		
Bank Name		-
Sub- total		-
d) Others(<i>specify</i>)		-
cash in hand		-
Mobile money- Mpesa, Airtel money		-
Sub- total		-
		-
Grand total		2,032,147

12. Receivables From Exchange Transactions

Description	2024/2025- FY	
	KShs	
Medical services receivables	2,436,420	
Rent receivables	-	
Other exchange debtors	-	
Less: impairment allowance	-	
Total receivables	2,436,420	

Analysis of Receivables From Exchange Transactions

Description	2024/2025- FY	
	Kshs	% of the total
Less than 1 year	-	0%
Between 1- 2 years	-	0%
Between 2-3 years	-	0%
Over 3 years	-	0%
Total (a+b)	-	0%

13. Receivables From Non-Exchange Transactions

Description	2024/2025- FY	
	KShs	
Transfers from the County Government	-	
Undisbursed donor funds	-	
Other debtors (non-exchange transactions)	-	
Less: impairment allowance	-	
Total	-	

Analysis of Receivables from Non-Exchange Transactions

Description	2024/2025- FY	
	Kshs	% of the total
Less than 1 year	-	0%
Between 1- 2 years	-	0%
Between 2-3 years	-	0%
Over 3 years	-	0%
Total (a+b)	-	0%

14. Inventories

Description	2024/2025- FY
	KShs
Pharmaceutical supplies	-
Maintenance supplies	-
Food supplies	-
Linen and clothing supplies	-
Cleaning materials supplies	-
General supplies	-
Less: provision for impairment of stocks	-
Total	-

Detailed disclosure on inventories

	2024/2025- FY
Opening balance	-
Additional Inventory in the year	-
Inventory expensed in the year	-
Write-downs in the year	-
Others specify	-
Closing balance	-

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Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (specify)	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
Impairment		-	-	-	-	-	-	-	-
At 30 June 2025		-	-	-	-	-	-	-	-
At July 2024 (current year)		-	-	-	-	-	-	-	-
Depreciation		-	-	-	-	-	-	-	-
Disposals		-	-	-	-	-	-	-	-
Impairment		-	-	-	-	-	-	-	-
Transfer/adjustment		-	-	-	-	-	-	-	-
At 30th June 2025		-	-	-	-	-	-	-	-
Net book values									
At 30 th Jun 2024 (previous)	-	-	-	-	-	-	-	-	-
At 30 th Jun 2025 (current)	-	-	-	-	-	-	-	-	-

16. Trade and other Payables

Description	Insert Current FY	
	KShs	
Trade payables	2,032,147	
Employee dues	-	
Third-party payments (e.g. unremitted payroll deductions)	-	
Audit fee	-	
Doctors' fee	-	
Total trade and other payables	2,032,147	
Ageing analysis:	Current FY	% of the Total
Under one year	-	%
1-2 years	-	%
2-3 years	-	%
Over 3 years	-	%
Total	-	%

17. Cash Generated from Operations

Description	2024/2025-FY
	KShs
Surplus for the year before tax	-
Adjusted for:	
Depreciation	-
Non-cash grants received	-
Impairment	-
Gains and losses on disposal of assets	-
Contribution to provisions	-
Contribution to impairment allowance	-
Working Capital adjustments	
Increase in inventory	-
Increase in receivables	-
Increase in deferred income	-
Increase in payables	-
Increase in payments received in advance	-
Net cash flow from operating activities	-

18. Financial Risk Management

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

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

(i) **Credit risk**

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024(previous year)	-	-	-	-
Receivables from exchange transactions	-	-	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-
At 30 June 2025 (current year)				
Receivables from exchange transactions	2,436,420	-	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	2,436,420	-	-	-

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the hospital has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The entity has significant concentration of credit risk on amounts due from xxxx. 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 entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the hospital under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2025				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-

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Notes to the Financial Statements (Continued)

(iii) Market risk

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

The 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 entity's exposure to market risks or the way it manages and measures the risk.

a) Foreign currency risk

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The carrying amount of the entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Description	KShs	Other currencies	Total
	Kshs		Kshs
At 30 June 2025			
Financial assets (investments, cash, debtors)	-	-	-
Liabilities			
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

The entity 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.

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Description	KShs	Other currencies	Total
	Kshs		Kshs
At 30 June 2025			
Financial assets (investments, cash, debtors)	-	-	-
Liabilities			
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

Foreign currency sensitivity analysis

The following table demonstrates the effect on the hospital's statement of financial performance on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

Description	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
2024 (previous year)			
Euro	10%	-	-
USD	10%	-	-
2025 (current year)			
Euro	10%	-	-
USD	10%	-	-

b) Interest rate risk

Interest rate risk is the risk that the entity's financial condition may be adversely affected as a result of changes in interest rate levels. The 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

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

Sensitivity analysis

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of financial performance if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs xxx (20xx: KShs xxx). A rate increase/decrease of 5% would result in a decrease/increase in surplus of KShs xxx (20xx – KShs xxx).

iv) Capital Risk Management

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

Description	Current Period
	Kshs
Revaluation reserve	-
Retained earnings	-
Capital reserve	-
Total funds	-
Total borrowings	-
Less: cash and bank balances	-
Net debt/ (<i>excess cash and cash equivalents</i>)	-
Gearing	-

19. Related Party Balances

Nature of related party relationships

Entities and other parties related to the entity include those parties who have the ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates, and close family members. Kisii County Government is the principal shareholder of the Oresi Sub County Hospital, holding 100% of Oresi Sub County Hospital's equity interest. The National Government of Kenya has provided full guarantees to all long-term lenders of the entity, both domestic and external. The related parties include:

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

Description	Transactions with related parties	
	2024/2025 - FY	Kshs
a) Services offered to related parties		
Services to xxx		
Sales of services to xxx		
Total		
b) Grants from the Government		
Grants from County Government		
Grants from the National Government Entities		
Donations in kind		
Total		
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for xxx employees		
Payments for goods and services for xxx		
Total		
d) Key management compensation		
Directors' emoluments		

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Description	2024/2025 - FY
	Kshs
Compensation to the medical Sup	-
Compensation to key management	-
Total	-

20. **Segment Information**

21. **Contingent Liabilities**

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

22. **Capital Commitments**

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

23. **Events after the Reporting Period**

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

24. **Ultimate and Holding Entity**

Oresi sub county is a County Corporation/ or a Semi- Autonomous Government Agency under the Department of Health Its ultimate parent is the County Government of Kisii.

25. **Currency**

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

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

1. Appendices

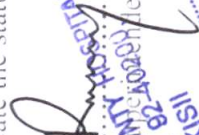
Appendix 1: Progress on Follow Up of Auditor Recommendations

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

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

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report.
- (ii) Obtain the "Issue/Observation" and "management comments", required above, from the final external audit report that is signed by Management.
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue.
- (iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.



 Medical Officer
ORESII SUB-COUNTY HOSPITAL
 P. O. Box 82, AROBATI
 Kisii
 Date:
 Sign:

Appendix II: Projects Implemented by The Entity

Projects

Projects implemented by the Hospital Funded by development partners

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1	-	-	-	-	-	-
2	-	-	-	-	-	-

Status of Projects completion

SN	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	-	-	-	-	-	-	-
2	-	-	-	-	-	-	-
3	-	-	-	-	-	-	-

*Oresi Sub County Hospital (Kisii County Government)
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Appendix III: Inter-Entity Confirmation Letter

Name of Transferring entity: Oresi Sub County Hospital

Name of Beneficiary entity: Kisii County FIF Board Account

Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30th June 2025 (Current FY)

Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
Total	-	-	-	-	-

I confirm that the amounts shown above are correct as of the date indicated.

Head of Accounts Department - Disbursing: Oresi Sub County Hospital:

Name Sign Date

Head of Accounts Department - Beneficiary: Kisii County FIF Board Account:

Name Sign Date

Appendix IV Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities	Quarter				Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-



*Oresi Sub County Hospital (Kisii County Government)
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Appendix V: Disaster Expenditure Reporting Template

Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-