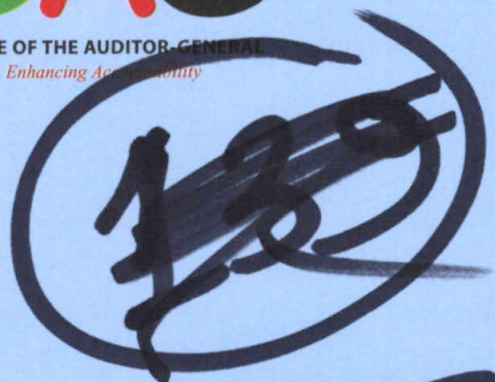


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REPORT

OF

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THE AUDITOR-GENERAL

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KISII COUNTY HEALTH FACILITIES IMPROVEMENT FUND

FOR THE YEAR ENDED 30 JUNE, 2025



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**KISII COUNTY
HEALTH FACILITIES IMPROVEMENT FUND**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2024

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

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1. Acronyms & Glossary of Terms

Provide a list of all acronyms and glossary of terms used in the preparation of this report e.g.

CSR	Corporate Social Responsibility
ANC	Anti Natal Clinic
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
Fiduciary Management	Key management personnel who have financial responsibility in the entity.

2. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The Kisii county health facilities improvement fund was established by and derives its authority and accountability from the Kisii county Health Facilities Improvement Fund Act, 2020 on 18th of September 2020. The Fund is wholly owned by the County Government of Kisii and is domiciled in Kenya.

The fund’s objective is to provide for the additional funding for the management of health systems and public facilities improvement in the county, to enable sustainable operations of health facilities and for connected purposes.

(b) Principal Activities

- i) Sustainably operate, maintain, equip, rehabilitate health facilities and procure emergency medical; supplies in funds and health facilities in the county
- ii) Enhance participation of relevant stakeholders and host communities in the planning and management of health facilities and funds located in their jurisdiction
- iii) Create incentives for funds and health facilities to sustainably generate resources.
- iv) Provide funding for the day to day operations of funds and health facilities
- v) Provide for financing of preventive and promotional healthcare services
- vi) Provide immediate funds for health related emergencies and disaster
- vii) Ensure that the 70% of the funds is used for curative and 30% of the funds is used for preventive and promotive health care services respectively

(c) Key Management

The fund’s management is under the following key organs:

- County department of health
- Board of Management
- Accounting Officer/ Medical Superintendent
- Management

(d) Fiduciary Management

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

No.	Designation	Name
1	Chairman Of The Board	Mr. Ronald Nyakweba
2	Member	Dr. Jackline Nyaanga
3	Chief Officer Medical Services	Mr. James Oenga
4	Chief Officer Finance	Mr. Vincent Nyangwara
5	County Director For Public Health	Dr. Richard Onkware
6	County Nursing Officer	Mr. Benson Osoro
7	County Pharmacist	Dr. Kepha Mogere

Health Facilities Improvement Fund (Kisii County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

No.	Designation	Name
8	Fund administrator	Mrs Caren Orori retired 30 th June 2025 Mr James Oenga started 1 July 2025

(e) Fiduciary Oversight Arrangements

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

(f) Entity Headquarters

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

(g) Entity Contacts

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

(h) Entity Bankers

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

(i) Independent Auditors

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

(j) Principal Legal Adviser

The Attorney General
State Law Office
Harambee Avenue

Health Facilities Improvement Fund (Kisii County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025




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

(k) County Attorney




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

*Health Facilities Improvement Fund (Kisii County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025*




3. THE BOARD OF MANAGEMENT

REF	Name	Details of Qualifications and Experience
1	<p>Mr. Ronald Gideon Nyakweba</p> 	<p>Mr. Ronald is the CECM-medical services. Prior to his appointment he served as the CECM for water,energy,natural resources and climate change. He holds a Bachelor of Education Arts and a Higher Diploma in strategic human resource management. He has over ten years' experience in HRM in senior positions both in government and private sector.</p>
2	<p>Dr. Jackline Nyaanga</p> 	<p>Dr. Nyaanga is a medical officer at Kisii University. She has previously worked at Narok County Referral Fund; Transmara District Fund and Nakuru Provincial Fund. She holds a bachelor of medicine and surgery and currently pursuing a MSc. in Health System Management. She is a member of Kenya Medical Association.</p>
3	<p>Mrs. Caren Orori</p> 	<p>Previously she served at the department education, technical training and innovation</p> <p>She holds a Master in Education - Planning from Kisii University and a Bachelor of Education Degree in Special Needs from Kenyatta University.</p> <p>She has a broad experience in teaching for over 30 years having worked as an employee of Teachers Service Commission. She has worked in teacher leadership as a Woman Representative KNUT Kisii Central branch. A member of community selection committee, board Equity foundation wings to fly programme Kisii branch. More importantly a servant of God</p>




*Health Facilities Improvement Fund (Kisii County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025*

<p>4.</p>	<p>Mr. James Oenga</p> 	<p>Mr James Oenga – Chief Officer Medical services, public health and sanitation. Prior to that he worked as the Chief officer Education, technical training, innovation and manpower development and the Chief officer Trade, tourism industry and marketing. He also worked with the Kenya association of Music producers and the performer Rights Society of Kenya as a regional manager. In Addition, he has also worked with the MCSK as a regional manager and Chairman of the Bethlehem Riverside SDA school in Kisumu.</p> <p>He holds a Master of Science degree in Finance from Maseno University, a Bachelor of Business Administration with IT(Finance option) from Maseno University and is a CPA part II holder.</p>
<p>4</p>	<p>Mr.Vincent Okioma Nyagw'ara</p> 	<p>Mr. Vincent - Chief Officer of Finance and Accounting services prior to that he served as the chief officer Infrastructure,Roads & Public works in Kisii County Government. He also worked at the Parllimentary Service commision as a constituency manager for Dagoretti North Constituency. He Holds a Bachelors of Arts in International Relations from the Kenya Methodist University.</p> <p>Has a vast of skills in administration,community mobilization,Budget and financial management as well as Project management.</p> <p>Served As Acting Fund administrator between 1st May 2024 and 24th May 2024</p>
<p>5</p>	<p>Dr. Kephah Mogere</p> 	<p>Dr, Kephah Mogere Oeru is the county Pharmacist KCG. Previously he served as pharmacist at Kisii Teaching & Referral Hospital (KTRII) and SMOH of Bonchari sub County.</p> <p>He Holds a Bachelors of Pharmacy from Dr MGR university in India.</p> <p>He is a member of pharmaceutical society of Kenya.</p>





*Health Facilities Improvement Fund (Kisii County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025*

6	<p>Dr. Richard onkware</p> 	<p>Dr. Onkware is the county director public Health, KCG. He has several working experience</p> <p>He holds MB.chB,MBA,MPH in public health.</p>
7	<p>Mr. Benson Osoro</p> 	<p>Mr. Benson osoro is the county nursing officer in the kisi. county government.</p> <p>He has previously served as a nurse in Lamu sub county fund among other sub county funds in kisii county.</p> <p>He holds a masters and Bachelor's Degree in nursing from Kisii University</p>
8	<p>Dr. Matiko Giabe</p> 	<p>Dr. Matiko is currently the County Director of Medical Services of the Kisii County. He is A Physician by profession Previously served as Ag. Head of Clinical Services and Head of Quality Assurance and Research at the KTRH.</p>



4. MANAGEMENT TEAM

REF	Name	Details of Qualifications and Experience
1	<p>Mr. Ronald Gideon Nyakweba</p> 	<p>CECM-Medical services.</p>
2	<p>Mr. James Oenga</p> 	<p>Chief Officer Medical Services and Fund Administrator as from 1st July 2025 to date</p>
3	<p>Mrs. Caren Orori</p> 	<p>Chief officer medical services and Fund Administrator as from 27th May 2024 to 30th June 2025</p>

*Health Facilities Improvement Fund (Kisii County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025*

	<p>Mr. Vincent Okioma Nyagw'ara</p>  <p>Chief Officer of Finance and Accounting Services</p>	
5	<p>Dr. Kephah Mogere Oeri</p>  <p>County Pharmacist</p>	
6	<p>Dr. Richard onkware</p>  <p>County Director Public Health</p>	
7	<p>Mr. Benson Osoro</p>  <p>County Nursing Officer</p>	

Health Facilities Improvement Fund (Kisii County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

8	Dr. Matiko Giabe 	County Director of Medical Services
10	CPA Kevin Oribu 	Fund Accountant.

5. CHAIRMAN'S STATEMENT

It is my privilege to present the Chairman's Report for the Kisii County Health Facilities Improvement Fund for the financial year 2024-2025. Over the past year, the fund has remained steadfast in its mission to sustainably operate, maintain, equip, and rehabilitate health facilities within Kisii County, as well as procure vital emergency medical supplies. These efforts have been crucial in ensuring that our health facilities continue to provide essential services to the people of Kisii County.

During the financial year, the fund focused on enhancing healthcare infrastructure and service delivery. We prioritized the acquisition of critical medical equipment, the rehabilitation of several health facilities, and the procurement of emergency medical supplies. These activities have greatly improved our capacity to deliver quality healthcare services across the county, reinforcing our commitment to the health and well-being of our residents.

However, this period was not without its challenges. The most notable was the industrial action by medical personnel, which disrupted service delivery in a number of our facilities. This challenge highlighted the need to address human resource issues in the healthcare sector, particularly in ensuring that our healthcare workers are adequately supported. We are committed to working with all stakeholders to resolve these issues and ensure that service delivery is not compromised in the future.

As we look ahead, I am confident that the Kisii County Health Facilities Improvement Fund will continue to make significant strides in improving healthcare services. Our goal remains clear: to provide world-class healthcare services to the residents of Kisii County. We will invest in state-of-the-art medical equipment, rehabilitate more facilities, and continue to ensure the timely procurement of medical supplies. By doing so, we aim to build a healthcare system that meets the highest standards of quality and accessibility.

I would like to express my heartfelt appreciation to the Kisii County Government, the Department of Health, and all our partners who have supported us throughout this journey. I also extend my gratitude to the healthcare workers who, despite the challenges faced, have shown incredible dedication in serving the people of Kisii County. Together, I am confident that we will continue to make progress in realizing our vision for better healthcare.



.....

Ronald Nyakweba

Chairman to the Board

6. REPORT OF THE FUND ADMINISTRATOR

I am pleased to present the Fund Administrator's Report for the Kisii County Health Facilities Improvement Fund for the financial year 2024-2025. Over the past year, the fund has made considerable progress in fulfilling its mandate of improving healthcare delivery across the county.

For the financial year ended 30th June 2025, the fund recorded a total income of Ksh 275,101,145. This represents an increase of 75.8% compared to the previous financial period, during which we reported Ksh 156,464,211. The improved financial performance is attributable to enhanced revenue collection from health facilities, which benefited from strengthened financial controls and increased utilization of services.

A key driver of the fund's revenue growth was the continued investment in infrastructure and the procurement of essential medical supplies, which enabled the health facilities to operate more efficiently and attract more patients. Additionally, our partnership with various stakeholders, including healthcare donors and government agencies, has positively impacted the fund's financial health.

Our primary goal remains the improvement of healthcare services for the residents of Kisii County. To achieve this, the fund will continue to invest in upgrading health facilities, ensuring that they are well-equipped to provide quality services. We are also committed to maintaining financial transparency and accountability in the management of the fund's resources.

In conclusion, the Kisii County Health Facilities Improvement Fund has demonstrated resilience and growth during the financial year 2024-2025, despite the challenges faced. I would like to thank the County Government, the Department of Health, and all stakeholders for their continued support. I also extend my appreciation to the healthcare workers and facility managers who have worked diligently to improve service delivery.


.....

James Oenga

Secretary to the Board

Date... 16/09/2025

7. Statement of Performance Against Predetermined Objectives

(Kisii County Health Facilities Improvement fund does not have a strategic plan yet, however the fund develops its annual work plans based on the objectives and principles of the Fund.

Assessment of the Board's performance against its annual work plan is done on a quarterly basis.

The objectives of the fund include;

- a) Sustainably operate, maintain, equip, rehabilitate health facilities and procure emergency medical; supplies in funds and health facilities in the county
- b) Enhance participation of relevant stakeholders and host communities in the planning and management of health facilities and funds located in their jurisdiction
- c) Create incentives for funds and health facilities to sustainably generate resources.
- d) Provide funding for the day to day operations of funds and health facilities
- e) Provide for financing of preventive and promotional healthcare services
- f) Provide immediate funds for health related emergencies and disaster
- g) Ensure that the 70% of the funds is used for curative and 30% of the funds is used for preventive and promotive health care services respectively

8. Corporate Governance Statement

Commitment to good corporate governance is fundamental in ensuring sustainable stakeholder value and meeting their expectations. Our procedures and processes are anchored on accountability, transparency, responsibility, and fairness which are the tenets of good corporate governance. Through the board of management Kisii County Health Facilities Improvement fund is complying with statutory requirements.

Appointment and Induction of Board Members

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

Role of the Board

The responsibility of driving good corporate governance and stewardship of the fund is vested in the board of management. The board through its committees provide strategic direction while the Chief Executive Officer assisted by the Executive Management Committee is accountable to the Board for implementing the strategy.

Conflict of interest

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

Board Remuneration

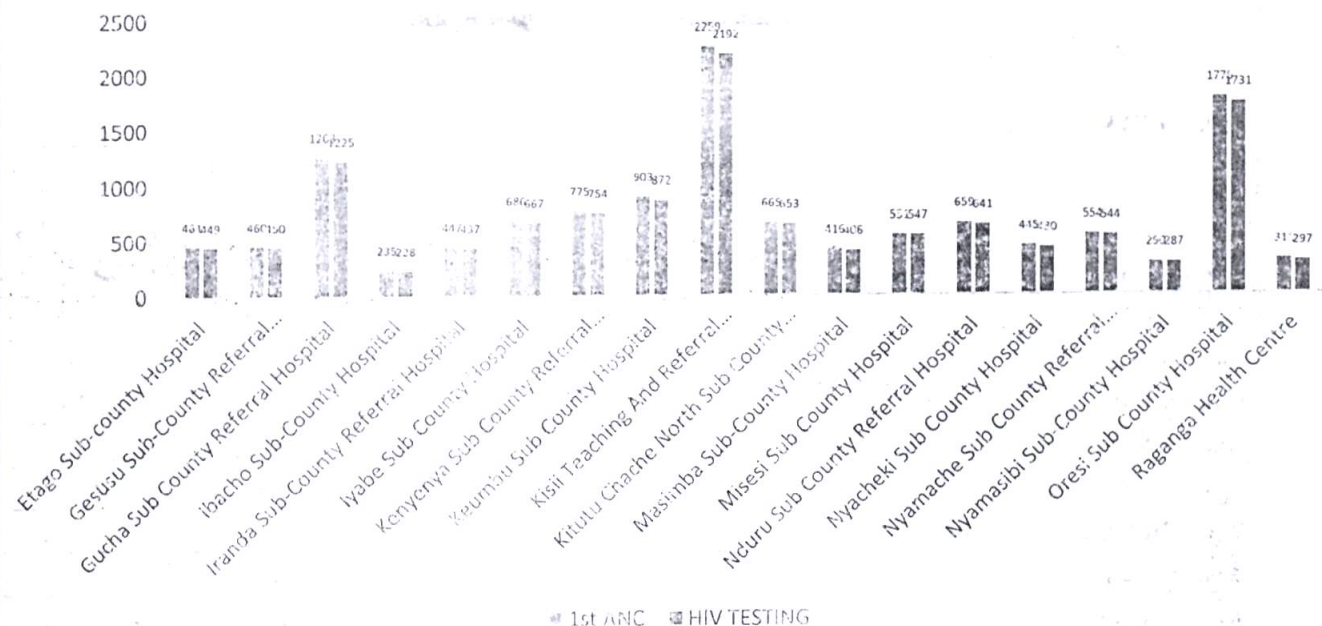
Remuneration of the board members is based pegged on meetings attended as they are paid sitting allowances for each meeting attended for the period. The rates are as provided by the salaries and remuneration commission circular for sitting allowances and per diem.

9. Management Discussion and Analysis

ANC COVERAGE AND HIV TESTING

organisationunitname	1st ANC	ANC ATTENDANCE COVERAGE %	HIV TESTING	TESTING UPTAKE
Etago Sub-county Hospital	461	72.04	449	97%
Gesusu Sub-County Referral Hospital	460	105.54	450	98%
Gucha Sub County Referral Hospital	1,263	116.27	1,225	97%
Ibacho Sub-County Hospital	235	96.12	228	97%
Iranda Sub-County Referral Hospital	447	123.08	437	98%
Iyabe Sub County Hospital	686	95.01	667	97%
Kenyanya Sub County Referral Hospital	775	78.18	754	97%
Keumbu Sub County Hospital	903	88.67	872	97%
Kisii Teaching And Referral Hospital (Level 6)	2,259	130.4	2,192	97%
Kitutu Chache North Sub County Referral Hospital	665	81.02	653	98%
Masimba Sub-County Hospital	416	99.34	406	98%
Misesi Sub County Hospital	551	125.2	547	99%
Nduru Sub County Referral Hospital	659	91.08	641	97%
Nyacheki Sub County Hospital	445	70.32	430	97%
Nyamache Sub County Referral Hospital	554	58.05	544	98%
Nyamasibi Sub-County Hospital	290	113.74	287	99%
Oresi Sub County Hospital	1,775	152.18	1,731	98%
Raganga Health Centre	311	244.29	297	95%

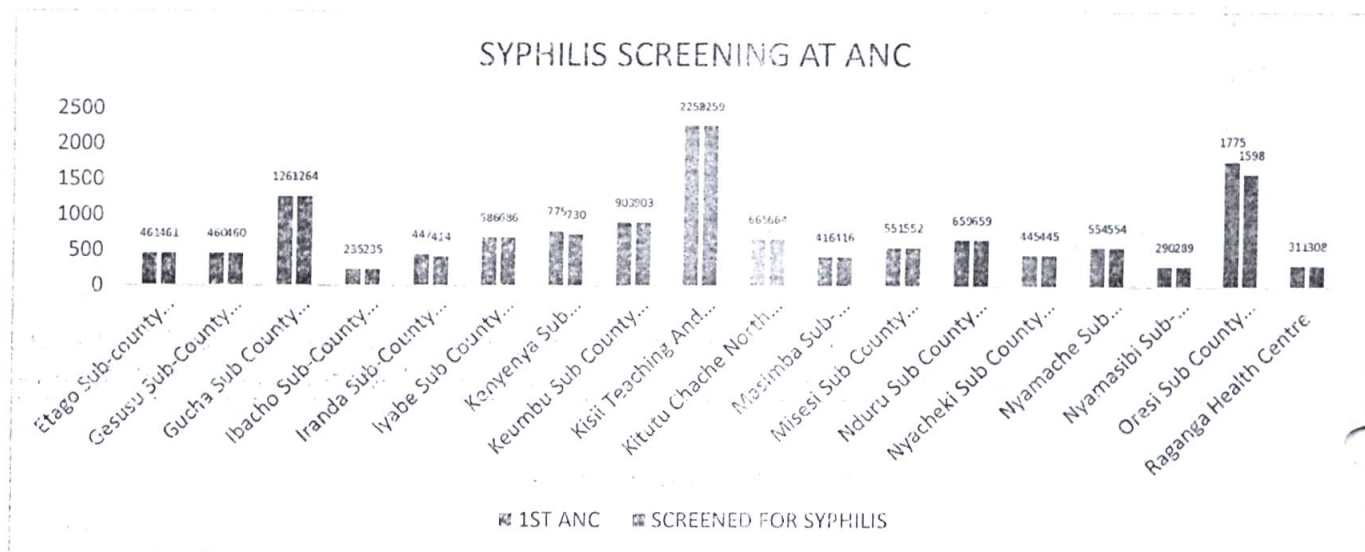
ANC ATTENDANCE VS HIV TESTING



SYPHILIS SCREENING AND TREATMENT 2024/2025

FACILITY	1ST ANC	SCREENED FOR SYPHILIS	POSITIVE	TREATED
Etago Sub-county Hospital	461	461	3	3
Gesusu Sub-County Referral Hospital	460	460	3	3
Gucha Sub County Referral Hospital	1,263	1,264	0	0
Ibacho Sub-County Hospital	235	235	0	0
Iranda Sub-County Referral Hospital	447	414	13	13
Iyabe Sub County Hospital	686	686	4	4
Kenyanya Sub County Referral Hospital	775	730	8	8
Keumbu Sub County Hospital	903	903	6	6
Kisii Teaching And Referral Hospital (Level 6)	2,259	2,259	0	0
Kitutu Chache North Sub County Referral Hospital	665	664	4	4
Masimba Sub-County Hospital	416	416	3	3
Misesi Sub County Hospital	551	552	4	4
Nduru Sub County Referral Hospital	659	659	7	7
Nyacheki Sub County Hospital	445	445	7	7
Nyamache Sub County Referral Hospital	554	554	2	2
Nyamasibi Sub-County Hospital	290	289	2	2
Oresi Sub County Hospital	1,775	1,598	12	12
Raganga Health Centre	311	308	1	1

Health Facilities Improvement Fund (Kisii County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025



10. Environmental And Sustainability Reporting

Kisii County Health Facilities Improvement Fund exists to transform lives. It's what guides us to deliver our strategy, putting the client/Citizen first, delivering health services, and improving operational excellence. Below is an outline of the organisation's policies and activities that promote sustainability.

i) Sustainability strategy and profile

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

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

ii) Environmental performance

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

iii) Employee welfare

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

iv) Community Engagements

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

11. Report of The Board of Management

The Board members submit their report together with the Audited Financial Statements for the year ended June 30, 2024, which show the state of the Facility improvement fund's affairs.

Principal activities

The principal activities of the entity continue to be

- a) Sustainably operate, maintain, equip, rehabilitate health facilities and procure emergency medical; supplies in funds and health facilities in the county
- b) Enhance participation of relevant stakeholders and host communities in the planning and management of health facilities and funds located in their jurisdiction
- c) Create incentives for funds and health facilities to sustainably generate resources.
- d) Provide funding for the day to day operations of funds and health facilities
- e) Provide for financing of preventive and promotional healthcare services
- f) Provide immediate funds for health related emergencies and disaster
- g) Ensure that the 70% of the funds is used for curative and 30% of the funds is used for preventive and promotive health care services respectively

Results

The results of the entity for the year ended June 30 2025 are set out on pages 1 to 6

Auditors

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

By Order of the Board

.....
.....

James Oenga

Date:16/09/2025.....

Statement of Board of Management's responsibilities

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

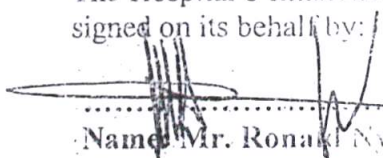
The Board of Management is responsible for the preparation and presentation of the Facility Improvement Fund's financial statements, which give a true and fair view of the state of affairs of the Facility Improvement Fund for and as at the end of the financial year (period) ended on June 30, 2025. This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

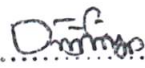
The Board of Management accepts responsibility for the Facility Improvement Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS),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

In preparing the financial statements, the Directors have assessed the Fund's ability to continue as a going concern and nothing has come to the attention of the Board of management to indicate that the Facility Improvement Fund 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 16/09/2025 and signed on its behalf by:


Name: Mr. Ronald Nyakweba
Chairperson


Name: Mr. James Oenga
Accounting Officer

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON KISII COUNTY HEALTH FACILITIES IMPROVEMENT FUND FOR THE YEAR ENDED 30 JUNE, 2025

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.

An Adverse Opinion is issued when the Auditor-General determines that the financial statements are materially misstated and are not fairly presented in accordance with the applicable financial reporting framework. The Report on the 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

Adverse Opinion

I have audited the accompanying financial statements of Kisii County Health Facilities Improvement Fund set out on pages 1 to 26, which comprise the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of

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

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, in all material respects, the financial position of Kisii County Health Facilities Improvement Fund 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 do not comply with the Kisii County Health Facilities Improvement Fund Act, 2020 and the Public Finance Management Act, 2012.

Basis for Adverse Opinion

1. Non-Compliance with Financial Reporting Framework

Review of the financial statements revealed the following instances of non-compliance with the IPSAS reporting template prescribed by the Public Sector Accounting Standards Board for county public funds and schemes.

- i. The table of contents excludes the following reports and financial statements which are in the body of the document: Chairman's Statement, Statement of Board of Management's Responsibilities, Statement of Financial Performance and Statement of Financial Position.
- ii. Although the Kisii County Health Facilities Improvement Fund is a county public fund, its financial statements for the year ended 30 June, 2025 have been prepared using the prescribed financial reporting template for level 4 and level 5 hospitals, instead of the template for county public funds and schemes.
- iii. The page where the report of the Auditor-General will be inserted is missing.
- iv. The notes reflected in the financial statements start with Note 1 instead of Note 6 as requires. Note 5 is on Significant Judgement and Sources of Estimation Uncertainty and, therefore, Note 6 should be on Medical Service Income.
- v. Note 7 and Note 8 to the financial statements reflect receivables from exchange transactions and trade and other payables balances of Kshs.76,493,436 and Kshs.67,688,802 respectively, whose ageing analyses are not included as required.
- vi. The statement of cash flows does not indicate a note against "Net cash flows from operating activities", while the Notes to the Financial Statements do not include a note on Cash Generated from Operations to reconcile the surplus of Kshs.10,283,065 reflected in the statement of financial performance and net cash flows from operating activities of Kshs.1,478,431 reported in the statement of cash

flows. The statement also does not indicate Note 6 against cash and cash equivalents balance.

- vii. The statement of comparison of budget and actual amounts does not include the opening cash and cash equivalents balance of Kshs.19,323,816 as budget carryovers from the previous year as required.
- viii. The statement of comparison of budget and actual amounts reflects percentage (%) utilizations below 90% against receipts and payments items, which have not been explained under budget notes.
- ix. The statement of comparison of budget and actual amounts does not include Budget Reconciliation schedule to reconcile actual surplus amount of Kshs.1,478,431 as per the statement of comparison of budget and actual amounts and closing cash and cash equivalent as per the statement of Cash flows of Kshs.7,026,325.

Therefore, Management violated Section 164(3) of the Public Finance Management Act, 2012 which states that the accounting officer shall prepare the financial statements in a form that complies with relevant accounting standards prescribed and published by the Accounting Standards Board from time to time.

In the circumstances, the financial statements do not comply with the accounting standards as prescribed by the Public Sector Accounting Standards Board. Also, Management was in breach of the law.

2. Inaccuracies in the Financial Statements

The statement of financial position reflects accumulated surplus balance of Kshs.15,830,959 which differs with the re-computed balance of Kshs.24,436,613, resulting in an unreconciled variance of Kshs.8,605,654.

Further, the statement of financial position reflects receivables from exchange transactions balance of Kshs.76,493,436 which differs with the re-computed balance of Kshs.137,758,845 (calculated as shown below), resulting in a variance of negative Kshs.61,265,409 representing opening balance that was without explanation and omitted in the calculation of closing balance

Particulars	Amount (Kshs.)
Receivables balance as at 30 June, 2024	61,265,409
Add: Medical service income earned in 2024/2025– Statement of financial performance	275,101,145
Less: Rendering of services – medical service income received in 2024/2025 - Statement of cash flows	-198,607,709
Re-Computed receivables balance as at 30 June, 2025	137,758,845

Similarly, the statement of financial position reflects trade and other payables balance of Kshs.67,688,802 which differs with the re-computed balance of Kshs.134,124,479 (calculated as shown below), resulting in a variance of negative Kshs.66,435,677

representing opening balance that was, without explanation, omitted in the calculation of closing balance:

Particulars	Amount (Kshs.)
Payables balance as at 30 June, 2024	66,435,677
Add: Total expenses incurred in 2024/2025– Statement of financial performance	264,818,080
Less: Total payments made in 2024/2025 - Statement of cash flows	-197,129,278
Re-Computed receivables balance as at 30 June, 2025	134,124,479

In addition, the statement of changes in net assets reflects surplus for the period amount of Kshs.1,478,432, while the statement of financial performance shows surplus of Kshs.10,283,065, resulting in an unreconciled variance of negative Kshs.8,804,633.

Moreover, the statement of cash flows reflects nil amount in respect of net cash flows from operating activities, while re-computation gives an amount of Kshs.1,478,431, resulting in an understatement of Kshs.1,478,431.

Also, the statement of cash flows reflects cash and cash equivalents as at 1 July 2024 balance of Kshs.5,547,894 which differs with the previous year's closing balance of Kshs.19,323,816. The resulting variance of Kshs.13,775,922 was not explained or reconciled.

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

3. Unconfirmed Medical Service Income

The statement of financial performance reflects medical services income amount of Kshs.275,101,145 which, as disclosed in Note 1 to the financial statements, comprises user fee amount of Kshs.198,607,709 and Social Health Authority claims of Kshs.76,493,436. However, analysis of schedules provided for audit revealed that out of the nineteen (19) health facilities under the Fund, only fifteen (15) consistently transferred revenue on a monthly basis. Nyamasibi and Iyabe Sub County Hospitals made transfers only three times during the year, while Marani and Nyacheki Sub County Hospitals transferred revenue just twice and once respectively. Management did not provide the circular that mandates health facilities to sweep their collected revenues on or before the fifth day of the subsequent month.

Further, Iyabe and Marani Sub County Hospitals did not comply with the requirement to sweep revenue collections to the Fund account by the fifth day of the following month. Instead, transfers were made via cheques, and significant portions of the collected revenue were retained in their accounts rather than fully remitted.

It was also noted that the Fund received direct deposits amounting to Kshs.1,356,428 from unidentified sources or facilities.

In addition, it was noted that different facilities used different pricing for services offered to patients. Management did not provide documents to support the criteria used to arrive at different charges being applied in a non-standardized way.

In the circumstances, the accuracy and completeness of the medical services income amount of Kshs.275,101,145, and effectiveness of internal controls on transfers of revenue from health facilities could not be confirmed.

4. Unsupported Repair and Maintenance Expense

The statement of financial performance reflects Kshs.14,283,635 in respect of repairs and maintenance as disclosed in Note 4 the financial statements. However, the Management paid Kshs.6,008,793 to suppliers without raising quotations from a list of registered suppliers. Further, engineers pre- and post-inspection reports were not provided for audit review.

In the circumstances, the accuracy, completeness and propriety of the repairs and maintenance amount of Kshs.14,283,635 could not be confirmed

5. Unsupported Cash and Cash Equivalents Balance

The statement of financial position reflects cash and cash equivalents balance of Kshs.7,026,326. However, the supporting cash book and bank reconciliation statement were not provided for audit review.

In the circumstance, the accuracy and completeness of the cash and cash equivalents balance of Kshs.7,026,326 could not be confirmed.

6. Unsupported Receivables from Exchange Transactions

The statement of financial position reflects receivables from exchange transactions balance of Kshs.76,493,436. However, no documentary evidence was provided to show that efforts had been made to recover the outstanding amounts. Further, Management was unable to provide a receivable ageing analysis to show how long the debt has been outstanding. In addition, Management did not provide ledger schedules showing the opening balances, billings during the year and receipts during the year to arrive at the closing balance.

In the circumstances, the accuracy, completeness and recoverability of the receivables from exchange transactions balance of Kshs.76,493,436 could not be confirmed.

7. Undisclosed Property, Plant and Equipment

The statement of financial performance reflects repairs and maintenance amount of Kshs.14,283,635 which, as disclosed in Note 4 to the financial statements, was incurred in respect of repairs and maintenance of plant and machinery, medical equipment, computers and software, motor vehicles, civil works, and buildings and stations. However, these items of property, plant and equipment have not been disclosed in the statement of financial position.

In the circumstances, the accuracy, completeness fair presentation of the financial statements could not be confirmed.

8. Unsupported and Long Outstanding Trade and Other Payables

The statement of financial position and as disclosed in Note 8 to the financial statements reflects trade and other payables balance of Kshs.67,688,802 whose supporting invoices, local purchase orders (LPOs), local service orders (LSOs) and other relevant documentation were not provided for audit review.

Further, review of the aging analysis and other records provided for audit revealed that the Fund did not meet its debt obligations for over five years. This was contrary to Regulation 41(2) of the Public Finance Management (County Governments) Regulations, 2015, which states that debt service payments shall be a first charge on the County Revenue Fund and the Accounting Officer shall ensure this is done to the extent possible that the county government does not default on debt obligations. Failure to pay suppliers for a long period of time leads to significant legal, financial, and reputational risks, including penalties, interest, employee grievances, and potential legal action

In the circumstances, the accuracy and completeness of the trade and other payables balance of Kshs.67,688,802 could not be confirmed. Also, Management was in breach of the law.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kisii County Health Facilities Improvement Fund 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 adverse 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.308,193,565 and Kshs.198,607,709 respectively, resulting in underfunding of Kshs.109,585,856 or 36% of the budget.

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

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Report of the Auditor-General on Kisii County Health Facilities Improvement Fund for the year ended 30 June, 2025

Other Matter

Unresolved Prior Year Matters

In the prior year audit report, several issues were raised under the Report on Financial Statements, Lawfulness and Effectiveness in Use of Public Resources, and Effectiveness of Internal Controls, Risk Management and Governance, respectively. Review of the status during audit of the Fund in 2024/2025 revealed that the following matters remained unresolved:

S/No.	Financial Year	Audit Issue
1	2023/2024	Inaccuracy of the Statement of Changes in Net Assets
2	2023/2024	Unbalanced Statement of Financial Position
3	2023/2024	Inaccuracy of the Statement of Cash Flows
4	2023/2024	Irregular Contracted Services-Casual Wages
5	2023/2024	Unsupported Expenditure on Dressings and Pharmaceuticals
6	2023/2024	Unsupported Expenditure on Domestic Travel
7	2023/2024	Unsupported Repair and Maintenance Costs
8	2023/2024	Inaccuracy of Cash and Cash Equivalents
9	2023/2024	Receivables from Exchange Transactions
10	2023/2024	Budgetary Control and Performance
11	2023/2024	Failure to Develop Fund Operation Guidelines
12	2023/2024	Non-Compliance with the Financial Reporting Requirements
13	2023/2024	Lack of Competitive Sourcing for the Supply of Drugs
14	2023/2024	Weak Controls over Revenue Management System

Other Information

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

In connection with my audit of the Fund 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, because of the significance of the matters discussed in the Basis for Adverse Opinion and the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources sections of my report, I confirm that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Failure to Achieve the Kisii County Health Facilities Improvement Fund's Objectives

Reported in the statement of financial performance is medical services income of Kshs.275,101,145. However, there was no evidence that 70% of the funds was used for curative and 30% for preventive and promotive health care services respectively, as required by Section 3(d)(vii) of the Kisii County Health Facilities Improvement Fund Act, 2020,

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

2. Lack of Approved Budget

Reported in the statement of comparison of budget and actual amounts is final revenue and expenditure budget of Kshs.308,193,565. However, no evidence was provided to show that the budget was approved by the Board, contrary to section 4(7)(a) of the Kisii County Health Facilities Improvement Fund Act, 2020, which states that the budget estimates for the fund shall be submitted together with the estimates of the Directorates of Medical Services and Public Health after approval by the Board to County Treasury for consolidation. Further, there was no evidence that approval was sought from the County Assembly.

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

3. Failure to Provide Procurement Plan

Management did not provide a procurement plan containing details of activities to be undertaken by the Fund for the year ended 30 June, 2025. This was contrary to Regulation 50(2) of the Public Finance Management (County Governments) Regulation, 2015, which provides that expenditure commitments for goods and services shall be controlled against spending and procurement plans approved by the responsible Accounting Officer, based on allocations and allotments from approved budgets.

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

4. Failure to Adhere to Budget Timelines

Management did not provide evidence that the budget process started on 30 August, 2023 by the issuance of a budget circular, contrary to Regulation 30(1) of the Public Finance Management (County Governments) Regulations, 2015, which states that the budget preparation process for the following financial year (N+1) shall start not later than the 30 August of the current financial year (N) with the issuance of the annual budget circular by the County Executive Committee Member.

Further, the Management did not provide evidence that annual development plan was submitted on 1 September, 2023, contrary to Section 126(3) of the Public Finance Management Act, 2012, which states that County Executive Committee Member responsible for planning shall, not later than the 1 September in each year, submit the development plan to the county assembly.

In addition, review of budget documents revealed no evidence that the Fiscal Strategy Paper was submitted to the County Assembly by 28 February, 2024, contrary to Section 117(1) of the Public Finance Management Act, 2012, which states that The County Treasury shall prepare and submit to the County Executive Committee the County Fiscal Strategy Paper for approval and the County Treasury shall submit the approved Fiscal Strategy Paper to the county assembly, by the 28 February of each year.

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

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

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

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, because of the significance of the matters discussed in the Basis for Adverse Opinion and the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections of my report, I confirm that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Lack of Sufficient Details in the General Ledgers/Support Schedules

The statement of financial performance reflects total expenses amount of Kshs.264,818,080. However, the supporting ledger/schedules amounting to Kshs.3,514,842 provided for audit lacked relevant details such as narrations of activities undertaken, the dates payments were made, cut-off dates, cheque numbers, and vote heads for which expenditures were budgeted and charged.

Report of the Auditor-General on Kisii County Health Facilities Improvement Fund for the year ended 30 June, 2025

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

2. Lack of a Functional Facilities Improvement Fund Board of Governance

During the audit, it was noted that the Fund's Board of Management's term of service had lapsed on 30 April, 2024 and a new Board had not been appointed, contrary to Section 5 of the Kisii County Health Facilities Improvement Fund Act, 2020, which requires the establishment of a board to oversee the governance of the Fund. Further there was no evidence that the Fund had initiated the process of appointing a new board.

In the circumstances, the effectiveness of governance in the Fund could not be confirmed. Also, the appointing authority was in breach of the law.

3. Weak Internal Audit Function

The Kisii County Health Facilities Improvement Fund had an Internal Audit function consisting of six (5) staff members seconded to the Fund from the County executive of Kisii for reviewing internal controls, risk management, governance mechanisms and overall operations of the Fund for transparency and accountability. However, there were no internal audit reports on the state of risk management, control and governance within the fund. Further, there were no approved Internal Audit workplan and Internal Audit charter.

In the circumstances, the existence and/ or effective internal control and risk management in the Fund could not be confirmed.

4. Lack of a Functional Facilities Improvement Fund Audit Committee

During the audit, it was noted that the Fund did not have a functional audit committee. This was contrary to regulation 167 of the Public Finance Management (County Governments) Regulations, 2015, which requires that each County Government entity shall have an audit committee. The Accounting Officer of the entity shall ensure that the audit committee is adequately funded and supported.

In the circumstances, the effectiveness of internal control, risk management and governance in the Fund could not be confirmed.

5. Lack of Fraud and Risk Management Strategies

During the year under review, the Fund did not have in place a fraud management policy to assist in detecting and preventing fraud. Further, Management did not have a risk management policy or strategy in place and therefore, had no approved processes and guidelines on how to mitigate operational, legal and financial risks, contrary to Regulation 158(1) of the Public Finance Management (County Governments) Regulations, 2015.

Additionally, the Management did have a risk register to mitigate against risks and no formal risk assessments was performed during the financial year under review. Lack of risk register, which is a central repository of identified risks and their associated

management actions, implies that the Fund might not be effectively tracking and addressing its risk profile.

In the circumstances, the effectiveness of risk management in the Fund 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 Financial Reporting Standards and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for 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

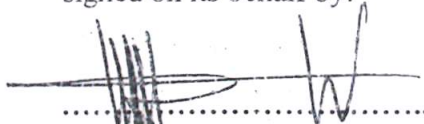
08 December, 2025

Health Facilities Improvement Fund (Kisii County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025


Statement of Financial Performance for The Year Ended 30 June 2025

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Revenue from exchange transactions			
Medical Service Income	1	275,101,145	156,464,211
Revenue from exchange transactions			
Total revenue		275,101,145	156,464,211
Expenses			
Medical/Clinical costs	2	130,493,133	50,476,994
Board of Management Expenses	3	1,745,120	2,431,300
Repairs and maintenance	4	14,283,635	6,643,047
General expenses	5	118,296,192	72,131,646
Total expenses		264,818,080	131,682,987
Net Surplus / (Deficit) for the year		10,283,065	24,781,224

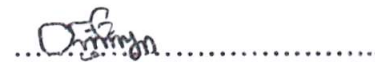
The Hospital's financial statements were approved by the Board on 16/09/2025 and signed on its behalf by:



Ronald Nyakweba
 Chairman
 Board of Management



CPA Kevin Oribu
 Head of Finance
 ICPAK No: 22784



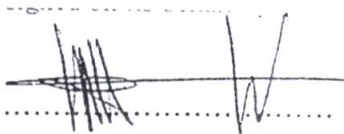
James Oenga
 Fund Administrator

*Kisii County Health Facilities Improvement Fund
Annual Report and Financial Statements for The Year Ended 30th June 2024*

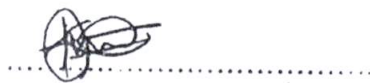
14. Statement of Financial Position As At 30th June 2024

Description	Note	2023-2024	2022-2023
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	6	19,323,816	10,182,441
Receivables from exchange transactions	7	61,265,409	48,116,140
Total Current Assets		80,589,225	58,298,581
Total assets (A)		80,589,225	58,298,581
Liabilities			
Current liabilities			
Trade and other payables	8	66,435,677	72,920,640
Total Current Liabilities		66,435,677	72,920,640
Total Liabilities (B)		66,435,677	72,920,640
Net assets (A-B)		14,153,548	(14,622,059)
Represented by:			
Accumulated surplus/Deficit		14,153,548	(20,106,774)
Net Assets		14,153,548	(20,106,774)

The Hospital's financial statements were approved by the Board on _____ and signed on its behalf by:



Ronald Nyakweba
Chairman
Board of Management



CPA Kevin Oribu
Head of Finance
ICPAK No: 22784



Caren Orori
Fund Administrator

15. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE 2024

Description	Revaluation	Accumulated surplus/Deficit	Capital	Total
	Reserve		Fund	
As at July 1, 2022	-	9,479,098	-	9,479,098
Surplus/(deficit) for the year		(20,106,774)		(20,106,774)
As at June 30, 2023	-	(10,627,676)	-	(10,627,676)
At July 1, 2023		(10,627,676)	-	(10,627,676)
Surplus/(deficit) for the year	-	24,781,224	-	24,781,224
At June 30, 2024	-	14,153,548	-	14,153,548

**16. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE
2024**

Description	Note	2023-2024	2022-2023
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Rendering of services- Medical Service Income		143,314,002	139,262,197
Total Receipts		143,314,002	139,262,197
Payments			
Medical/Clinical costs		53,259,964	61,959,264
Board of Management Expenses		2,581,300	5,597,290
Repairs and maintenance		6,162,794	12,412,687
General expenses		72,168,569	79,100,170
Total Payments		134,172,627	159,069,411
Adjusted for :			
Change in Receivables		-	(2,174,264)
Change in Payables		-	25,539,273
Net cash flows from operating activities		9,141,375	3,557,795
Net increase/(decrease) in cash and cash equivalents		9,141,375	3,557,795
Cash and cash equivalents as at 1 July		10,182,441	6,924,207
Cash and cash equivalents as at 30 June		19,323,816	10,182,441

*Kisii County Health Facilities Improvement Fund
Annual Report and Financial Statements for The Year Ended 30th June 2024*

**17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR
YEAR ENDED 30 JUNE 2024**

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	a	b	c=(a+b)	d	e=(c-d)	f=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue						
Rendering of services- Medical Service Income	276,087,827	-	276,087,827	156,464,211	119,623,616	56.67
Total income	276,087,827	-	276,087,827	156,464,211	119,623,616	56.67
Expenses					-	
Medical/Clinical costs	79,598,870	-	79,598,870	50,476,994	29,121,876	63.41
Remuneration of directors	29,157,648	-	29,157,648	2,431,300	26,726,348	8.34
Repairs and maintenance	48,054,700	-	48,054,700	6,643,047	41,411,653	13.82
General expenses	119,272,609	-	119,272,609	72,131,646	47,140,963	60.48
Total Expenses	276,083,827	-	276,083,827	131,682,987	144,400,840	47.70
Surplus for the period				24,781,224		
Capital expenditure	-		-	-		

18. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

Kisii County Health Facilities Improvement Fund entity is established by and derives its authority and accountability from the Kisii County Health Facilities Improvement Fund Act. The entity is wholly owned by the Kisii County Government and is domiciled in Kenya. The entity's principal activity is to provide for the additional funding for the management of health systems and public facilities improvement in the county, to enable sustainable operations of health facilities and for connected purposes

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant, and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Kisii county government'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 The financial statements have been prepared and presented in Kenya Shillings, which is the official functional and reporting currency. The financial statements have been prepared in accordance with the PFM Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2024

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 2024.

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</p>

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Standard	Effective date and impact:
	<p>satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
<p>IPSAS 46 Measurement</p>	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <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>

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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	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>

iii) Early adoption of standards

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

4. Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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.

Notes to the Financial Statements (Continued)

b. Budget information

The original budget for FY 2024 was approved by Board 18th December 2023 . 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. The FIF,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.

c. 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. 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.

d. 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.

e. 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.

f. 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.

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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)

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.

Financial liabilities

Classification

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

Notes to the Financial Statements (Continued)

g. 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.

h. 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.

Notes to the Financial Statements (Continued)

i. 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.

Notes to the Financial Statements (Continued)

j. 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.

k. 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

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 xx*.

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.

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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. (*Entity to state the reserves maintained and appropriate policies adopted.*)

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.

Notes to the Financial Statements (Continued)

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. *(the entity to retain information relating to defined benefits or contributions, where both schemes are managed full policy applies)*

s. **Foreign currency transactions**

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

t. **Borrowing costs**

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

construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

u. Related parties

The 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.

y. **Subsequent events**

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

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the 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.

Notes to Financial Statements Continued

6. Transfers from the County Government

Notes to Financial Statements Continued

1. Rendering of Services-Medical Service Income

Description	2024-2025	2023-2024
	Kshs	Kshs
user fee	198,607,709	156,464,211
nhif	76,493,436	-
Total	275,101,145	156,464,211

2. Medical/ Clinical Costs

Description	2024-2025	2023-2024
	Kshs	Kshs
Laboratory chemicals and reagents	25,224,459	7,984,207
Food and Ration	31,990,252	11,734,730
Dressing and Non-Pharmaceuticals	32,573,465	13,989,178
Pharmaceutical supplies	14,877,860	6,998,223
Health information stationery/medical records	8,663,638	3,686,648
Sanitary and cleansing Materials	10,207,188	3,341,334
Purchase of Industrial gases	674,367	432,454
Renal	131,600	
Purchase of oxygen	0	275,850
X-Ray/Radiology supplies	3,331,014	779,718
Anti Jigger Chemicals	0	-
Suppliments and theraputic foods	537,000	321,600
Linen	875,550	505,750
Medical and dental	1,406,740	427,302
Total medical/ clinical costs	130,493,133	50,476,994

3. Board of Management Expenses

Description	2023-2024	2023-2024
	Kshs	Kshs
Sitting allowance	1,630,120	2,431,300
Induction and training	115,000	
Total	1,745,120	2,431,300

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4. Repairs And Maintenance

Description	2024-2025	2023-2024
	Kshs	Kshs
Plant and Machinery	2,207,847	-
Medical equipment	3,133,125	9,725
Computers and Software	-	157,500
Motor vehicle expenses	3,532,180	999,030
Civil Works	389,776	524,276
Buildings and Stations	5,020,707	4,952,516
Total repairs and maintenance	14,283,635	6,643,047

5. General Expenses

Description	2024-2025	2023-2024
	Ksh	Kshs
Catering expenses	2,328,478	824,778
Household Items	868,400	264,505
Bank charges	47,097	71,137
Computer Accessories	4,386,750	1,616,065
Contracted services-Casual wages	34,396,584	24,086,199
Contracted Security	17,163,640	6,019,360
Contacted Professionals	-	174,000
Electricity expenses	11,730,740	11,150,587
Purchase of computers	1,664,370	323,410
Domestic Travel	-	8,015,800
Travel Costs	11,210,321	429,650
Daily subsistence Allowance	479,550	423,742
Field Allowance	-	24,000
Purchase of Furniture	238,230	-
Printing	1,334,332	431,028
Advertising	1,097,150	398,700
Stationery	8,634,546	4,137,168
Other gas fuel	3,780,798	2,127,930
Water and sewerage costs	1,710,273	1,114,180
Courier and Postal	-	-
Telephone and mobile phone services	7,855,550	3,420,794
Workshop tools & Materials	-	259,160
Broadcasting and information services	-	75,200
Outreaches	70,000	-

Refined Fuel	9,299,383.00	5,605,776
Staff training and development	-	1,138,477
Total General Expenses	118,296, 219	72,131,646

6. Cash And Cash Equivalents

Description	2024-2025	2023-2024
	KShs	KShs
Current account	7,026,326	5,547,894
Level 4 Facilities		13,775,922
Others(<i>specify</i>)- Mobile money	-	-
Total cash and cash equivalents	7,026,326	19,323,816

7. Receivables From Exchange Transactions

Description	2024-2025	2023-2024
	KShs	KShs
Medical services receivables	76,493,436	61,265,409
Less: impairment allowance	-	-
Total receivables	76,493,436	61,265,409

8. Trade and other Payables

Description	2024/25	2023/24
	KShs	KShs
Trade payables	67,688,802	66,435,677
Total trade and other payables	67,688,802	66,435,677