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REPORT

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MIGOSI SUB - COUNTY HOSPITAL

FOR THE YEAR ENDED  
30 JUNE, 2025

COUNTY GOVERNMENT OF KISUMU

7/8



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**MIGOSI SUB COUNTY HOSPITAL  
LEVEL 4 HOSPITAL  
(KISUMU COUNTY GOVERNMENT)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2025**

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

*Migosi Sub County Hospital (Kisumu County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

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## **1. Acronyms & Glossary of Terms**

CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
JOOUST	Jaramogi Oginga Oginga University of Science and Technology
Fiduciary Management	Key management personnel who have financial responsibility in the entity.
BOM	Board of management
FS	Financial Statements
FY	Financial Year
IPSAS	International Public Sector Accounting Standards
Ksh	Kenya Shillings
NT	National Treasury
OAG	Office of Attorney General
OCOB	Office of the Controller of Budget
PSASB	Public Sector Accounting Standard Board
PPE	Property Plant and Equipment
H.A. O	Health Administrative Officer
MSCH	Migosi Sub County Hospital
JOOTRH	Jaramogi Oginga Odinga Teaching and Referral Hospital
CGS	Corporate Government Statement
HMT	Health Management Team
KEMRI	Kenya Medical Research Institute

## **2. Key Entity Information and Management**

### **(a) Background information**

MSCH Hospital is a level 4 hospital and is licensed to operate as a level 4 with The Medical Practitioners and Dentist Act, Cap. 253 registration number GK-013560 and is domiciled in Kisumu County under the Health Department. The hospital is governed by a Board of Management and the Health Management Team.

### **(b) Principal Activities**

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

**MISSION:** To transform the livelihood of Kisumu County through responsive and sustainability technologically driven, evidence based and client centred health system for accelerated attainment of highest standards of health.

**VISION:** To develop MSCH to be an efficient and high-quality healthcare system that is accessible, equitable and affordable for every Kenyan.




### **(c) Key Management**

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

- County department of Medical Services, Public Health and Sanitation
- Board of Management
- Accounting Officer/ Medical Superintendent
- Health Management Team

**(d) Fiduciary Management**

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

No.	Designation	Name
1.	 <b>Mrs. Everlyne Metobwa</b>	<b>MEDICAL SUPERINTENDENT</b>
2.	 <b>Mr. Jonah Ochar</b>	<b>HEALTH ADMINISTRATIVE OFFICER</b>
3.	 <b>Mrs. Millicent Orwa</b>	<b>NURSING OFFICER</b>

(e) **Fiduciary Oversight Arrangements**

The fiduciary oversight arrangement of the hospital is done by;

**Quality Improvement Committee**

They oversight quality healthcare services to the patients and general clients' inquiries. The team ensures patients are given quality medical services while in the hospital for both inpatient and outpatient services. They observe time frame in which healthcare providers within the hospital take to serve patients.

**The anti-corruption Committee**

The oversight mandate of the anti-corruption committee is to ensure the hospital resources are properly utilized and that no corruption cases are observed or reported from either patients or staffs working within the hospital.

**Clinical Research and standard Committee**

This is a committee within the hospital responsible for doing clinical research to help the facility solve healthcare problems. They attend meetings and seminars organized by institutions doing clinical research such as KEMRI. It's headed by the clinical officers who are the focal persons in clinical research and standard setting. They conduct infection prevention control measures and emergency response strategies.

**County Executive Committee**

The County Executive Committee exercise executive authority in accordance with the constitution and county legislation.

**(f) Entity Headquarters**

P.O. Box 486 40100  
Kisumu, next to Kondele Primary School, Along Kibos Road  
Kisumu, Kenya

**(g) Entity Contacts**

Telephone: (+254) 706582268  
E-mail: migosihealthcentre@gmail.com  
Website: www.kisumucounty.go.ke

**(h) Entity Bankers**

Cooperative Bank of Kenya,  
Kisumu East Branch  
7199-40100  
Kisumu

**(i) Auditor General**

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




**(j) Principal Legal Adviser**





The Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya

**(k) County Attorney**




P.O. Box. 2738-40100  
Kisumu, Kenya




### 3. The Board of Management




Ref	Name	Details
1.	 <b>PROF. JANE KONDITI</b>	<p>Prof. Konditi is the chairperson of the board of management at the facility. She is 74 years old. She holds a PhD in Strategic Management and Leadership, M.B.A and B.B.A. She has taught at the University of Texas at Arlington, Texas. She is currently doing consultancy for SMEs. She is also a trustee of the Kenya National Chamber of Commerce &amp; Industries representing Nyanza region.</p>
2.	 <b>CPA. NELSON ADUL</b>	<p>Mr. Nelson is a member of the board of management and represents persons with disability. He is 43 years old and he B.B.A with IT, finance option, a Certified Public Accountant of Kenya with 20 years of work experience in finance, accountancy, taxation etc.</p>
3.	 <b>MR. FREDRICK OMITI</b>	<p>Mr. Omiti is a member of the board of management. He is 39 years old. He holds a bachelor's degree in public health from JOOUST and a diploma in clinical medicine from KMTC. He is currently a clinical research associate at Sinopharm East Africa.</p>




4.	 <p><b>MR. JOASH ODHIAMBO</b></p>	<p>Mr. Odhiambo is a member of the facility board of management. He is 66 years of age and he holds MBA, B.COM with CPA 2 as a Professional Course. He retired from the National Treasury as a Senior Accountant.</p>
5.	 <p><b>MR. GEORGE OMONDI</b></p>	<p>Mr. Omondi is a member of the facility board of management. He is 43 years old and holds a Master's degree Project Planning and Management from University of Nairobi (2017), bachelor's degree in basic sciences from Maseno University (2006). He is currently working with Skills Meducation Africa Ltd as an Operational Manager.</p>
6.	 <p><b>MRS. EASTER OKECH</b></p>	<p>Mrs. Okech is a member of the board. She is 51 years old. She holds bachelors of business administration, accounting option from the University of East Africa, Baraton. She is currently the Executive Director and Programs Coordinator of Kenya Female Advisory Organization (KEFEADO).</p>
7.	 <p><b>MRS. EVERLYNE METOBWA</b></p>	<p>Mrs. Everlyne is the facility in-charge. She holds a bachelor's degree in Education Arts (Psychology Option) and a Diploma Course in Clinical Medicine. She also holds a credit in senior management with 23 years of experience and 16 years in leadership position. She is the secretary to the board of management, not a member of ICS.</p>


**4. Key Management Team**

Ref	Management	Details
1.	 <p data-bbox="331 837 708 875"><b>Mrs. Everlyne Metobwa</b></p>	<p data-bbox="922 548 1310 586"><b>Medical Superintendent.</b></p> <p data-bbox="858 611 1374 813">She holds Bsc. Education Arts (Psychology), a Diploma Course in Clinical Medicine with 23 years of experience. Credit in Senior Management.</p>
2.	 <p data-bbox="384 1305 660 1344"><b>Mr. Jonah Ochar</b></p>	<p data-bbox="874 1032 1358 1070"><b>Health Administrative Officer.</b></p> <p data-bbox="815 1095 1417 1193">He holds Bsc in Information Technology with 3 years' work experience.</p>
3.	 <p data-bbox="359 1733 692 1771"><b>Mrs. Millicent Orwa.</b></p>	<p data-bbox="916 1487 1321 1525"><b>Nursing officer in-charge.</b></p> <p data-bbox="815 1550 1422 1637">She holds Bsc in Nursing with 29yrs experience in the nursing field.</p>

4.	 <p><b>Mrs. Tabither Adhiambo.</b></p>	<p><b>Laboratory In-charge.</b></p> <p>She holds higher diploma in haematology with work experience of 28yrs and is registered with KMLTTB.</p>
5.	 <p><b>Dr. Miriam Ouma.</b></p>	<p><b>Pharmacist In-charge.</b></p> <p>She is a professional pharmacist and holds a bachelor degree from University of Nairobi with 8yrs experience and 7yrs experience in a hospital set up.</p>
6.	 <p><b>Mr. Roy Ochieng</b></p>	<p><b>Occupational Therapist In-charge.</b></p> <p>He holds a Diploma Course in occupational therapy from KMTC with 10 years of work experience. He is licenced by the Occupational Therapy Council of Kenya and a registered member of the Kenya Occupational Therapy Association.</p>

<p>7.</p>	 <p><b>Mss. Millicent Atieno Ndai</b></p>	<p><b>Head of Clinical Department.</b> She holds BSc Public Health from JOOUST and a Diploma in Clinical Medicine and Surgery. She has 15 years of experience as a clinical officer. She is registered and licensed by the Clinical Officers.</p>
<p>8.</p>	 <p><b>Mrs. Belinda Ganda</b></p>	<p><b>Nutritionist Officer In-charge.</b> She holds a Diploma Course in Nutrition and Dietetics Management with 8 years of work experience. She is a registered member of Nutrition and Dietetics Union.</p>
<p>9.</p>	 <p><b>Mrs. Phelisters Achieng</b></p>	<p><b>Facility CHA In-charge.</b> She holds MPH in Public Health with 14 years of work experience.</p>

10.	 <p><b>Mrs. Patricia Livondo</b></p>	<p><b>Radiographer Officer In-charge.</b></p> <p>She holds a Diploma Course in Medical Imaging Sciences with 21 years of work experience. She is a member of Society of Radiographers of Kenya and Kenya Nuclear Regulatory Authority.</p>
11.	 <p><b>Mrs. Faith Onyango</b></p>	<p><b>Records and Information Officer.</b></p> <p>She holds a diploma in health records and information from Mount Kenya University with 13 years' work experience.</p>
12.	 <p><b>Mrs. Florence Nanjira</b></p>	<p><b>Public Health Officer.</b></p> <p>She holds a bachelors degree in Environment Health Sciences with 10 years of work experience.</p>

13.	 <p data-bbox="384 815 660 846"><b>Mrs. Jasmine Okore</b></p>	<p data-bbox="911 461 1321 497"><b>Head of CCC Department</b></p> <p data-bbox="818 521 1417 680">She holds a diploma in clinical medicine and surgery from KMTC with 9 years of work experience.</p>
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## **5. Chairman's Statement**

### **BACKGROUND**

MSCH main mandate is to transform the livelihood of Kisumu County through responsive and sustainability technologically driven, evidence based and client centred health system for accelerated attainment of highest standards of health. It serves as a centre for research activities through partner program activities, training for medical student and health workers. MSCH thrive to provide healthcare services as set out in its mandates and is ready for the dynamic healthcare and environmental changes. The financial statements present the financial performance of the fund in relation to ensuring affordable and quality healthcare provision.

### **STRATEGIC DIRECTION**

The overwhelming need and challenges provide opportunities for strategic thinking about the future of the facility outlook. It shaped the change process that the Board of Management suggested the face lifting of the facility to secure a sustainable future. The Board made radical decisions to restructure and rationalize the facility core business centers to optimize their performance. MSCH will implement a set of priority activities organized around the following eight key strategic choices in the period set in this strategic plan:

- ❖ Clinical services and products
- ❖ Healthcare financing and sustainability
- ❖ Quality improvement
- ❖ Leadership and governance
- ❖ Health information and research

### **ACHIEVEMENTS**

The Board of Management and hospital management realized great achievement in terms of revenue generation, which has grown compared to the previous financial year 2023/2024, infrastructural development including the renovation of the kitchen department, additional beds to increase bed capacity among other achievements.

**LOOKING INTO THE FUTURE**

The Board of Management is optimistic that the hospital will grow tremendously in the future. Consistent with our vision and mission, Board continues to invest in advance technology, infrastructural and specialized human resources to position MSCH as one of the best healthcare facility within Kisumu County. The Board's pledge is to ensure that our systems and human resources are effectively deployed to support the transformation of the facility into a sustainable, excellent institution of healthcare provision. I greatly appreciate the commitment and inclusive support of the County Government of Kisumu, Board of Management, Staff and Stakeholders to the vision and mission of the MSCH.

MIGOSI SUB-COUNTY HOSP.  
MEDICAL SUPERINTENDENT  
JANE KONDHI B.M. ©  
12 NOV 2025  
P.O. BOX 486 40100 KISUMU

**Name**

**Chairman to the Board**

## **6. Report of The Medical Superintendent**

### **BACKGROUND**

Migosi Sub County Hospital has been in existence for more than a century to cater for the health needs of the community of Migosi area, Kisumu Central and the entire Kisumu region. MSCH exists and operates within a broader socio-economic and political context. The understanding of this environment is critical in enabling the hospital to position itself to take advantage of emerging opportunities. As a public hospital, MSCH is governed by the policies and regulations set out by both the National and County government, department of Medical Services, Public Health and Sanitation. The main mandate of MSCH is to provide curative, preventive and promotive health services. It offers both inpatient and outpatient clinical services in various disciplines. It also serves as training for students and health workers. The hospital has 108 staff: consisting regular staffs, contracted county staffs, program staffs and support staffs.

### **FINANCE**

The facility revenue during the year was derived from Facility improvement funds (FIF) and the Kisumu County in kind contributions. FIF funds are generated from cash collection through user fees, NHIF scheme, the Social Health Authority (SHA), Madison Group Insurance among other medical contracts. During this financial year the hospital realized a good improvement of revenue compared to the last financial 2023/2024. The facility was able to collect Ksh. 18,017,888 (accrual). The amount received during the period amounted to Ksh.9,434,068. This resulted to receivables amounting to Ksh.8,583,820. A total of Ksh. 1,127,964 was still pending for the last financial as receivables from the defunct National Health Insurance Fund (NHIF). During the transition to the Social Health Authority, NHIF only paid Ksh.572,074 during the first quarter of FY2024/2025. The key drivers of our revenue included Radiology, Pharmacy, Laboratory and Maternity services.

### **Expenditure**

The total expenditures during the period amounted to Kshs. 9,485,926 of which Ksh.6,437,685 was paid out to the provider of goods and services. Most of the consumption of the budget were Medical drugs, Staff remunerations, Non-pharmaceuticals, patient's food, Laboratory, Contracted Services among others. The facility has tried to cut costs during the year to reduce its liabilities.

### **Deficit**

Despite the improvement in revenue collection, the facility still experienced deficits in its full implementation of the annual budget targets. The sent and approved claims to the insurance schemes were not fully paid up. The deficit of Ksh.8,583,820 that was not received during the year impacted the facility operations greatly as planned activities as per the budget estimates could not be realized at the end of the period.

### **STRATEGY**

This plan intends to sustain a competitive business like orientation to achieve improved client satisfaction, financial sustainability, and infrastructure development that reflects modern standards in medical practice. The strategy is characterized by both Growth and social responsibility and transformative initiatives that will see the facility scale higher.

### **ACHIEVEMENTS**

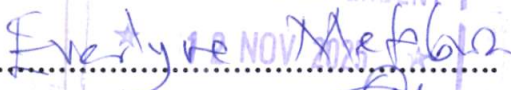
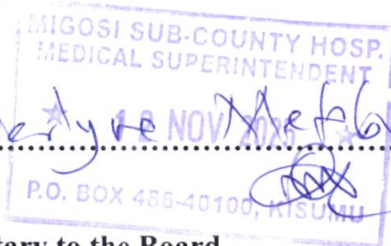
The Board of Management and facility management realized great achievement in terms of revenue generation, which has grown compared to the previous financial year 2023/2024, infrastructural development such the renovation of the kitchen department.

### **CHALLENGES**

MSCH has a number of challenges ranging from financial constraints, inadequate human resource to operate a complete 24 hour system where all departments are operational at night, power back up systems among other key challenges has remained unresolved over the periods.

### **APPRECIATION**

I take this opportunity to express my sincere gratitude and appreciation to the county government of Kisumu, development partners, stakeholders, management and staff for their continued support, which enabled the facility to achieve these results. I look forward to your continued support in the year 2025/2026.

  
Name   
**Secretary to the Board**

The official stamp is rectangular with a double border. The text inside reads: "MIGOSI SUB-COUNTY HOSP. MEDICAL SUPERINTENDENT" at the top, "NOV 2025" in the middle, and "P.O. BOX 466-40100, KISUMU" at the bottom. A handwritten signature is written across the stamp.

## 7. Statement of Performance Against Predetermined Objectives

MSCH has 4 strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2024- 2025. These strategic pillars/ themes/ issues are as follows:

1. Quality Improvement
2. Leadership and governance
3. Health information and research
4. Healthcare financing

MSCH develops its annual work plans based on the above 5 pillars/Themes/Issues. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The *hospital* achieved its performance targets set for the FY 2024/2025 period for its four strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Quality Improvement	Ensure quality is observed. Customer care services. Service timeframe.	Training committees. Customer care desk. Triaging services.	Customer care services. Triaging services. Training of staffs.	Triaging staffs trained. Increased number of triaging staffs. Continuous meetings to communicate challenges CHV posted at customer care desk
Leadership and governance	Policy formulation. Policy dissemination	Number of HMT meetings	Implementation of work plan	Board meetings achieved

*Migosi Sub County Hospital (Kisumu County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

	and implementation.	Med. Sup. Contract performance HAO meetings with support staffs	Monthly HMT meetings Board meetings	Support staff contract signed
Healthcare information and research	Strengthen health information Ethical research activities.	System maintenance register Health record documentation.	Proper record keeping Ease of retrieval of documents Observing ethics Promote internally driven research	Increase in health talks Committees in place and active
Healthcare financing	Increase revenue through user fees, NHIF, SHA, Madison among others	Revenue reports Percentage increase in revenue Financial reports Increase in resource allocations	Review user fees charge sheet Increase customer base Provide mpesa services through pay bills Increase use of financial and procurement policies	More enrolled NHIF/SHA patients Mpesa pay bill at all stages Financial and procurement policies in place Review of user fees More schools reached for eduafya

## **8. Corporate Governance Statement**

Corporate governance of the facility is the responsibility of the board of management of the hospital and is accountable to the department of medical services, public health and sanitation, Kisumu County for ensuring that the facility complies with the regulations and the standards of corporate governance and business ethics.

### **Board of Management**

The Board of Management is composed of non-executive members elected by the governor of Kisumu County. The Appointed Board of Management to be held accountable and responsible for the efficient and effective governance of the facility. Members of the Board have a range of skills and experience each bringing an independent judgment and considerable knowledge to the Board discussions. The board term is five years renewal subject to performance.

Summarized below are the key roles and responsibilities of the Board of management:

- ❖ Approve and adopt strategic plans and annual budgets, set objectives and review key risk and performance areas.
- ❖ Youths representation
- ❖ Resource Mobilization
- ❖ Determine overall policies and processes to ensure integrity of the facility management of risk and internal contracts
- ❖ Review at regular meetings Management performance against approved budget.

The Board meets at least four times that is on a quarterly basis in a year and the Chairperson has bi-weekly meetings/Consultations with the Medical Superintendent or the Health Administrative Officer. The Board members are given appropriate and timely information so that they can maintain full and effective control over strategic, financial, operational and compliance issues. Except for direction and guidance on general policy, the Board has delegated authority for conduct of day-to-day business to the Medical Superintendent.

#### Board Meetings

The Board as per the Annual work plan meets quarterly or additionally when necessary to consider matters of overall control of the facility. The Board agenda and work plan are prepared early in the year and adequate notice, agenda and Board papers are circulated within stipulated timelines. The Board of management held four meetings attended by selected members.

#### Board Remuneration

Non-Executive Members provide services to the facility to which they are entitled to an allowance; the allowance is paid as per the government of Kenya allowance circulars.

#### Committees of the Board

The Board has three standing committees, which meet regularly under the terms of reference set by the Board. The standing committees as follows:

- ❖ Finance sub-committee
- ❖ Quality and Development Committee
- ❖ Resource Mobilization Committee

## 9. Management Discussion and Analysis

The considerations in restructuring an organization are effective coordination of duties and responsibilities to avoid duplication of tasks and effort; clear accountability for results; enhanced teamwork and effective communication; and career development for staff. Appropriate structures also allow the organization to resource and sustain essential skills and expertise in the organization.

The leadership and governance of MSCH is vested in the Hospital Management Board. The Board members are appointed in accordance with the policies of the County Government of Kisumu. The day-to-day management of the facility is vested on the Medical Superintendent.

The Medical Superintendent is assisted in performing the functions of her position by the Health Management Team (HMT), which consists of the Medical Superintendent and the Hospital Management Team (HMT). The HMT is made up of the divisional heads and heads of departments. MSCH has developed a governance framework defining the respective roles of health management team.

### Clinical/operational performance

		FY 2023-2024	FY 2024-2025
Patients Attendance; Outpatient and inpatient attendance	Outpatient	192,943	11,461
	Inpatient/Admission	658	255
Bed Capacity		22	30
Accident and Emergency, emergency room attendance		2,422	26
Specialised Clinic Attendance			4,620
Average length of stay, inpatient		3.5days	3 days
Bed occupancy Rate		32%	53%
Mortality Rate		0.5%	1%
Maternity; Deliveries		354	383

**Financial performance that includes;**

**Revenue sources,**

MSCH revenue Sources Includes:

- ❖ Conditional Grants from the County Government of Kisumu;

This is through the issuance of recurrent funds or any other grand classified as conditional grants.

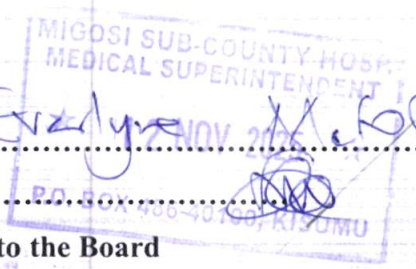
- ❖ User Fees Comprising of;

- Cash collection
- Nhif/SHA Collections
- Madison,
- Training fees
- Other medical contracts agreements

Name.....

Sign.....

Secretary to the Board



## **10. Environmental And Sustainability Reporting**

MSCH exists to transform lives. This is what guides us to deliver our strategy, putting the patients/clients a first priority, delivering health services, and improving operational excellence. Below is an outline of the facility policies and activities that promote sustainability

### ***i) Sustainability strategy and profile***

MSCH and its stakeholders are increasingly emphasizing on the need to ensure sustainability for both its investments and its resource mobilization and financing capabilities with an objective of ensuring that MSCH going concern is secured. The hospital has conducted a basic assessment of available options for feasible financing tools that would ensure the hospital of its long-term sustainability. The hospital has reviewed its current resource mobilization strategies and proposed feasible sustainability financing options that include:

- ❖ Face lifting of the hospital
- ❖ Enhancing Client satisfaction through quality service care
- ❖ Bringing on board more financial institutions i.e. lobbying for more engagement with other insurance firms

### ***ii) Environmental performance***

MSCH in collaboration with other health facilities within Kisumu Central is using the National Health Care Waste Management policy guideline which is guiding it in the management of the waste that it generate in the in the process of service delivery.

### ***iii) Successes***

- ❖ We are having color-coded bins at all generation points in the departments and within the hospital.
- ❖ There are segregation posters alongside the receptacles to guide in the segregation of waste.
- ❖ We have collaborated with JOOTRH that helps the facility to dispose of its waste especially the contaminated once through incineration.

### **Challenges**

- ❖ Lack of incineration equipment/machine for waste disposal
- ❖ Shortage of staff.
- ❖ Delay of funds disbursement.
- ❖ SHA system frequent downtime

### **Efforts to Reduce Environmental Impact of Waste Products**

- ❖ The waste passes through a microwave during the treatment process, which renders it harmless before they are taken to the dumpsite.
- ❖ The incinerator burns the waste at a very high temperature and the products is harmless

#### *iv) Employee welfare*

Hiring process involves bringing new employees on board. This is the mandate of the County Public Service Board reference made from the Public Service Commission Human Resource Manual and procedures May 2016, mentioned in section B which provides the rules governing recruitment and appointment of new officers.

Improvement of employee skills and career management is done through employee sponsorship to further their studies in line with their careers. This is done by sponsorship and supporting employees to attend short courses offered by the government institutions.

- ❖ Training programs are based on the identified needs from the training needs assessments and are emphasized for performance improvement addressing both individual and organizational goals.
- ❖ Performance management system is a process conducted by the employer to identify areas of weakness and support the individuals in order to get better results. It is an annual exercise intended to provide employees with clear understanding of job expectations, regular feedback on performance, advice and steps for improving performance, rewards for good performance and actions for poor performance. It helps to measure performance and ultimately the achievement of intended results for the organization.
- ❖ The Human Resource Manual procedures also provides for guidelines and standards for the prevention and protection of officer against accidents and occupational hazards arising at the work place. It provides for guidelines, procedures and

modalities for the administration and payment of compensation for work related injuries and accidents contracted while and in the course of employment.

**v) *Market place practices-***

***Responsible competition practice.***

This is effectively done through proper utilization of the available website (County Website) for advertisement purposes as well as making good use of the instituted internal committees to help minimize anticorruption.

**a) *Responsible Supply chain and supplier relations***

All suppliers are prequalified and shortlisted by the County Government at Kisumu County Referral hospital. The facility selects the suppliers from the list for supplies and deliveries to the hospital. We maintain our selected suppliers from the list and they have been supplying the facility with commodities promptly.

**vi) *Corporate Social Responsibility / Community Engagements***

- ❖ Support to adolescent leaving with HIV/Aids being trained on photography supported by partner program to ensure self-reliance.
- ❖ Based on assessment, patients have reduced medical cost including waivers given by the hospital.

## **11. Report of The Board of Management**

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

### **Principal activities**

The principal activities of the entity are to provide quality and affordable preventive, promotive, rehabilitative and curative health services.

### **Results**

The results of the entity for the year ended June 30 2025 are set out on pages 1 to 9

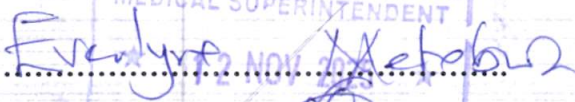

### **Board of Management**

The members of the Board who served during the year are shown on preliminary pages.

### **Auditors**

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

By Order of the Board

  
Name   
Secretary to the Board

MIGOSI SUB-COUNTY HOSP.  
MEDICAL SUPERINTENDENT  
NOV 2025  
P.O. BOX 486-40100, KISUMU



# REPUBLIC OF KENYA



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## **REPORT OF THE AUDITOR-GENERAL ON MIGOSI SUB - COUNTY HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 – COUNTY GOVERNMENT OF KISUMU**

### **PREAMBLE**

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

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

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

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of Migosi Sub County Hospital set out on pages 1 to 45, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Migosi Sub County Hospital as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Health Act, 2017, County Governments Act, 2012 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Overstated Trade and Other Payables**

The statement of financial position reflects Kshs.19,938,464 in respect of trade and other payables. However, a re-computation of the balance shows an amount of Kshs.17,940,227 resulting to a variance of Kshs.1,998,237. This is an indication that the payables have been overstated in the financial statements.

In the circumstances, the accuracy and completeness of the trade and other payables could not be confirmed.

#### **2. Long Outstanding Receivables from Exchange Transactions**

The statement of financial position and as disclosed in Note 13 to the financial statements reflects a balance of Ksh.10,342,792 in respect of receivables from exchange transactions, out of which an amount of Ksh.4,753,829 has been outstanding for more than 90 days as per the ageing analysis provided for audit. The Management did not demonstrate any efforts put in place to ensure the amounts due are received as budgeted.

In the circumstances, the recoverability of the outstanding receivables from exchange transactions balance of Kshs.4,753,829 could not be confirmed.

#### **3. Property, Plant and Equipment**

The statement of financial position and as disclosed in Note 15 to the financial statements reflects property, plant and equipment balance of Kshs.48,455,721, which includes balance of Kshs.15,800,000 relating to land. However, no ownership documents for the parcel of land occupied by the Hospital were provided for audit review. Further, the asset register indicates the size of the land occupied by the Hospital as approximately 1.4 hectares contrary to Kenya Quality Model for Health policy guidelines which requires size of land for level 4 hospital to be five (5) hectares.

In the circumstances, the ownership of the land balance of Kshs.15,800,000 could not be confirmed.

#### **4. Long Outstanding Payables**

The statement of financial position reflects an amount of Ksh.19,938,464 in respect of trade and other payables, out of which an amount of Ksh.18,661,703 has been outstanding for more than 90 days as per the ageing analysis provided for audit. Although Management explained that the non-payment was due to budgetary constraints, no measures were being put in place to increase their own source revenue to reduce the current exposure.

In the circumstances, Management may not be able to meet her obligations as and when they fall due.

#### **5. Material Uncertainty Related to Going Concern**

The statement of financial position reflects an amount of Kshs.16,865,241 in respect of total current assets and an amount of Kshs.19,938,464 relating to current liabilities, resulting to a net negative working capital of Kshs.3,073,223. This implies that the continued operations of the Hospital are dependent on the continued funding by the county government and the support of creditors. This fact has not been disclosed by the Hospital.

In the circumstances, the going concern of the Hospital is dependent on the goodwill of the government and creditors.

#### **6. Inaccuracies in the Disclosure and Recognition of FIF and SHIF Funds**

The statement of financial performance and as disclosed in Note 3 to the financial statements reflects an amount of Kshs.3,832,963 in respect of revenue from rendering of services, while records maintained by the Receiver of Revenue reflects an amount of Kshs.9,659,310 relating to rendering of services – medical service income, resulting to a variance of Kshs.5,826,347 that has not been reconciled or explained.

In addition, the statement of financial position reflects an amount of Kshs.14,184,925 in respect of medical services contract gains as disclosed in Note 11 to the financial statements. The amounts relate to amounts received from Social Health Insurance Fund (SHIF), TIKO, MAAYGO and Madison Insurance. However, the Receiver of Revenue revealed that the Hospital reported an amount of Kshs.7,544,000 in respect of revenue generated from Social Health Insurance Fund (SHIF), TIKO, MAAYGO and Madison Insurance resulting to unexplained and undisclosed variance of Kshs.6,640,925.

It is not clear and Management has not provided any reason for failure to reconcile the records between the Hospital and the Receiver of Revenue. It was further observed that the Hospital operates a Collection Account where all monies received by the Hospital should be credited. Withdrawal from the Account is authorized by the Chief Officer – Health. However, it was observed that Mpesa transactions are credited into a centralized County Account, where all monies are expected to be reimbursed to the Hospital in full. During the year under review, it was observed that there was delay in reimbursing the Hospital an amount of Kshs.270,825 that should have been reimbursed in the year but was instead reimbursed after year end.

In addition, the statement of financial position and as disclosed in Note 13 to the financial statements reflect a balance of Kshs.10,342,792 in respect of receivables from exchange transactions. However, review of Receiver of Revenue financial statements revealed that, the Hospital had outstanding receivables balance of Kshs.4,894,420 comprising of Kshs.1,053,140 and Kshs.3,841,280 in respect of SHIF and NHIF respectively resulting to unexplained variance of Kshs.5,448,372.

In the circumstances, the accuracy and completeness of own source revenue from FIF and SHA/NHIF could not be confirmed.

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

### **Emphasis of Matter**

#### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on a comparable basis of Kshs.21,163,617 and Kshs.10,654,668 respectively resulting to under collection of Ksh.10,508,949 or 49.7% of the budget.

Similarly, the Hospital expended Kshs.6,437,685 against an approved budget of Kshs.21,163,617 resulting to under-expenditure of Ksh.14,725,932 or 69.6 % of the budget.

The performance indicates that Management does not consider previous year performance when setting future budget expectations as they seem to be unrealistic.

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.

### **Other Matter**

#### **Unresolved Prior Year Matters**

In the prior year's 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 Migosi Sub-County Level 4 Hospital in 2024/2025 revealed that the following matters remained unresolved:

	<b>Financial Year</b>	<b>Audit Issue</b>
1	2023/2024	Inaccuracies in the Financial Statements
2	2023/2024	Unreconciled Cash and Cash Equivalents
3	2023/2024	Unsupported Comparative Revaluation Balance
4	2023/2024	Misclassification of Medical Contracts Gains/Losses
5	2023/2024	Unsupported Property, Plant and Equipment – Asset Management
6	2023/2024	Unsupported Revenue from Rendering of Medical Services
7	2023/2024	Unresolved prior year matters
8	2023/2024	Deficiencies in Implementation of Universal Health Coverage (UHC)
9	2023/2024	Failure to Establish an Audit Committee and Operationalize Internal Audit

### **Other Information**

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

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

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

### **REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES**

#### **Conclusion**

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

## Basis for Conclusion

### 1. Deficiency in Implementation of Universal Health Coverage (UHC)

Review of Hospital records and interviews on verification of services offered, equipment used and medical specialists in the hospital at the time of audit revealed that the hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to staff deficits by 83% of the authorized establishment.

Staff Requirement	Level 4 Requirement	In Post	Variance	Percentage %
Medical Officers	16	0	16	100
Anesthesiologists		0	2	100
General Surgeons	2	0	2	100
Gynecologists	2	0	2	100
Pediatrician's	2	0	2	100
Radiologists	2	0	2	100
Registered Community Health Nurses	75	17	58	77
<b>Total</b>	<b>101</b>	<b>17</b>	<b>84</b>	<b>83</b>

In addition, the Hospital did not provide required services and lacked the necessary equipment and machines outlined in the Health Policy Guidelines as detailed below;

Service	Level 4 Hospital Std	Actuals in the Hospital	Variance	Percentage %
Beds	150	33	117	78
Resuscitaire (2 in labour & 1 in theatre)	3	3	0	-
New born unit incubators	5	0	5	100
New born unit cots	5	0	5	100
Functional ICU beds	6	0	6	100
High Dependency unit (HDU) beds	6	0	6	100
Renal unit with at least 5 Dialysis machines	5	0	5	100
Two functional operational theatre maternity & general	2	1	1	50

These deficiencies contravene the First Schedule of Health Act, 2017 and imply that accessing the highest attainable standard of health, which includes the right to health care services, including reproductive health care as required by Article 43(1) of the Constitution of Kenya, 2010 may not be achieved.

In the circumstances, the Hospital may not be able to effectively discharge its mandate and this will hinder the realization of universal health care objectives.

## **2. Delay in Payment of Staff Salaries**

The statement of financial performance and as disclosed in Note 5 to the financial statements reflects an amount of Kshs.1,822,500 in respect of Employees Costs. However, review of the staff payroll provided indicate that the casual employees are paid once every quarter. This practice is inconsistent with statutory requirements as it may lead to statutory deductions such as NSSF being remitted in arrears and may attract penalties. This is contrary to Section 18(2)(c) of the Employment Act 2007 which states that Subject to subsection (1), wages or salaries shall be deemed to be due— in the case of an employee employed for a period exceeding one month, at the end of each month or part thereof.

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

## **3. Casuals Engaged Beyond Stipulated Period**

The statement of financial performance and as disclosed in Note 5 to the financial statements reflects an amount of Kshs.1,822,500 in respect of Employees Costs. However, review of the casual staff appointment letters revealed that the staff had continuously been contracted for three (3) months and have been engaged for the whole year. This is contrary to Section 37 of the Employment Act, 2007 which states that a casual employee who works continuously for more than one (1) month, or where the work is expected to last more than three (3) months, the contract automatically converts to a term contract.

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

## **4. Non-Compliance with Minimum Wage**

The statement of financial performance and as disclosed in Note 5 to the financial statements reflects an amount of Kshs.1,822,500 in respect of Employee. However, a review of the staff payroll revealed that the casual employees earn Kshs.13,500 which falls below the statutory minimum requirement contrary to Regulation of Wages (General) (Amendment) Order, 2024 (Legal Notice No.164) which states that the statutory minimum basic wage for a general labourer in Nairobi, Kisumu, Mombasa, Nakuru and Eldoret cities is Kshs.16,113.75 per month.

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

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

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

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effect of the matters described in the Basis for

Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

## **Basis for Conclusion**

### **1. Failure to Tag Acquired Assets**

The statement of financial position and as disclosed in Note 15 to the financial statements reflects a balance of Kshs.48,455,721 in respect of property, plant and equipment. However, a verification of the physical assets in the month of September, 2025 established an additional acquired assets amounting to Kshs.1,377,632 were yet to be tagged as required. There was no explanation from Management for the delay in tagging of the assets.

In the circumstances, ownership and the effectiveness of asset management by the Hospital during the year under review could not be confirmed.

### **2. Ineffective Internal Audit Function**

Review of the internal auditor's report for Migosi Sub County Level 4 Hospital for the year under review revealed that the internal audit function only did one (1) audit for the entire financial year yet internal audit is a continuous function. This is contrary to Regulation 153(a) of the Public Finance Management (County Government) Regulation requires that the Internal auditors shall review and evaluate budgetary performance, financial management, transparency and accountability mechanisms and processes in county government entities.

In the circumstances, the effectiveness of internal controls and risk management during the year under review 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 the Board of Management**

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

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

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

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

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

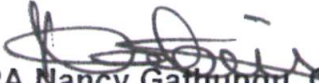
### **Auditor-General's Responsibilities for the Audit**

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

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

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

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

  
FCPA Nancy Gathungu, SBS  
AUDITOR-GENERAL

Nairobi

21 November, 2025

*Migosi Sub County Hospital (Kisumu County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

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

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from the County Government	1	0.00	1,744,578
In-kind contributions from the County Government	2	456,512	0.00
<b>Revenue from non-exchange transactions</b>		<b>456,512</b>	<b>1,744,578</b>
<b>Revenue from exchange transactions</b>			
Rendering of services- Medical Service Income	3	3,832,963	3,247,356
<b>Revenue from exchange transactions</b>		<b>3,832,963</b>	<b>3,247,356</b>
<b>Total revenue</b>		<b>4,289,475</b>	<b>4,991,934</b>
<b>Expenses</b>			
Medical/Clinical costs	4	3,007,056	1,921,788
Employee costs	5	1,822,500	1,836,000
Board of Management Expenses	6	100,000	116,000
Depreciation and amortization expense	7	2,405,367	6,418,212
Repairs and maintenance	8	155,000	264,650
General expenses	9	1,987,638	2,539,438
Finance costs	10	9,803	3,733
<b>Total expenses</b>		<b>9,487,364</b>	<b>13,099,821</b>
<b>Other gains</b>			
Medical services contracts Gains	11	14,184,925	2,568,630
<b>Total other gains</b>		<b>14,184,925</b>	<b>2,568,630</b>
<b>Net Surplus / (Deficit) for the year</b>		<b>8,987,036</b>	<b>(5,539,257)</b>

The Hospital's financial statements were approved by the Board on 12/11/2025 and signed on its behalf by:

JANE KONDHI BURE

**Chairman**

**Board of Management**

Cybertus

**Head of Finance**

**ICPAK No:**

Everlyne Matobos

**Medical Superintendent**

**Migosi Sub County Hospital (Kisumu County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

**15. Statement of Financial Position As At 30<sup>th</sup> June 2025**

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	12	4,071,263	1,074,781
Receivables from exchange transactions	13	10,342,792	1,758,972
Inventories	14	2,451,186	1,281,560
<b>Total Current Assets</b>		<b>16,865,241</b>	<b>4,115,313</b>
<b>Non-current assets</b>			
Property, plant, and equipment	15	48,455,721	49,460,956
Intangible assets	16	202,500	225,000
<b>Total Non-current Assets</b>		<b>48,658,221</b>	<b>49,685,956</b>
<b>Total assets (A)</b>		<b>65,523,462</b>	<b>53,801,269</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	17	19,938,464	17,203,307
<b>Total Current Liabilities</b>		<b>19,938,464</b>	<b>17,203,307</b>
<b>Non-current liabilities</b>			
<b>Total non-current liabilities</b>		<b>-</b>	<b>-</b>
<b>Total Liabilities (B)</b>		<b>19,938,464</b>	<b>17,203,307</b>
<b>Net assets (A-B)</b>		<b>45,584,998</b>	<b>36,597,962</b>
<b>Represented by:</b>			
Revaluation reserve		48,311,170	48,311,170
Accumulated Deficit		(2,726,172)	(11,713,208)
<b>Net Assets</b>		<b>45,584,998</b>	<b>36,597,962</b>

The Hospital's financial statements were approved by the Board on 26/06/2025 and signed on its behalf by:

JANE KONDITI BUNGI

**Chairman**  
Board of Management

[Signature]  
**Head of Finance**  
ICPAK No:

P.O. BOX

[Signature]  
**Medical Superintendent**

*Migosi Sub County Hospital (Kisumu County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

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

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
<b>As at July 1, 2023</b>	<b>48,311,170</b>	<b>(6,173,951)</b>	<b>0.00</b>	<b>42,137,951</b>
Revaluation gain		-	-	-
Deficit for the year	-	(5,539,257)	-	(5,539,257)
Capital/Development grants	-	-	-	-
<b>As at June 30, 2024</b>	<b>48,311,170</b>	<b>(11,713,208)</b>	<b>0.00</b>	<b>36,597,962</b>
<b>At July 1, 2024</b>	<b>48,311,170</b>	<b>(11,713,208)</b>	<b>0.00</b>	<b>36,597,962</b>
Revaluation gain	-	-	-	-
Surplus for the year	-	8,987,036	-	8,989,912
Capital/Development grants	-	-	-	-
<b>At June 30, 2025</b>	<b>48,311,170</b>	<b>(2,726,172)</b>	<b>0.0</b>	<b>45,587,874</b>

*The notes set out pages 7 to 34 form an integral part of the Annual Financial Statements.*

The Kenya Medical Supplies Authority (KEMSA) supplied the facility with program commodities during the financial year 2024-2025 amounting to Ksh. 5,202,920

*Migosi Sub County Hospital (Kisumu County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

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

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from the County Government		0.00	1,744,578
Rendering of services- Medical Service Income		9,434,168	4,057,014
<b>Total Receipts</b>		<b>9,434,168</b>	<b>5,801,592</b>
<b>Payments</b>			
Medical/Clinical costs		2,823,936	1,737,578
Employee costs		1,489,346	1,262,250
Board of Management Expenses		75,000	61,000
Repairs and maintenance		235,000	159,250
General expenses		1,712,000	1,503,000
Finance costs		9,803	3,733
<b>Total Payments</b>		<b>(6,345,085)</b>	<b>(4,726,811)</b>
<b>Net cash flows from operating activities</b>		<b>3,089,083</b>	<b>1,074,781</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment		92,600	0.00
<b>Net cash flows used in investing activities</b>		<b>(92,600)</b>	<b>0.00</b>
<b>Cash flows from financing activities</b>			
<b>Net cash flows used in financing activities</b>		<b>0.00</b>	<b>0.00</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>0.00</b>	<b>0.00</b>
Cash and cash equivalents as at 1 July 2024	12	1,074,781	1,074,781
<b>Cash and cash equivalents as at 30 June 2025</b>	12	<b>4,071,264</b>	<b>0.00</b>

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	<b>a</b>	<b>b</b>	<b>c=(a+b)</b>	<b>d</b>	<b>e=(c-d)</b>	<b>f=d/c%</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	
Budget carryovers from the previous year	-	-	1,074,781	1,074,781	-	0.0%
<b>Receipts</b>						
Rendering of services- Medical Service Income	20,088,836	0.00	20,088,836	9,434,168	10,654,768	46.96%
<b>Total receipts</b>	<b>20,088,836</b>	<b>0.00</b>	<b>21,163,617</b>	<b>10,508,949</b>	<b>10,654,668</b>	<b>46.96%</b>
<b>Payments</b>						
Medical/Clinical costs	13,027,396	0.00	14,102,177	2,916,536	11,185,641	20.68%
Employee costs	2,106,000	0.00	2,106,000	1,489,346	616,654	70.72%
Repairs and maintenance	657,040	0.00	657,040	235,000	422,040	35.77%
Board of Management	100,000	0.00	100,000	75,000	25,000	75.00%
General expenses	4,186,400	0.00	4,186,400	1,712,000	2,474,400	40.89%
Finance costs	12,000	0.00	12,000	9,803	2,197	81.69%
<b>Total Operational Expenditure paid</b>	<b>20,088,836</b>	<b>0.00</b>	<b>21,163,617</b>	<b>6,437,685</b>	<b>14,725,932</b>	<b>32.05%</b>
<b>Surplus</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>4,071,264</b>	<b>(4,074,264)</b>	<b>%</b>

**Budget notes**

The differences between actual and budgeted during the period under review amounts of Kshs 9,434,168 and Kshs. 21,163,617 respectively under receipts is as a result of the facility not able to receive its revenue targets as budgeted for as a result of failure by the insurance providers (NHIF and SHA to reimburse at 100% submitted and approved claims on time .As a consequence, the facility had to only utilize the available received funds of Ksh.9,434,168, spending Ksh.6,437,685 and committing to Ksh.4,074,264 which had not been paid by close of the financial year.

**Budget Reconciliation**

Description of Particulars	Amount in Kshs
Actual Surplus Amounts as per the statement of Budget	4,071,264
<b>Closing Cash and Cash Equivalent as per the statement of Cash flows</b>	<b>4,071,264</b>

## **19. Notes to the Financial Statements**

### **1. General Information**

MSCH entity is established by and derives its authority and accountability from PFM Act. The entity is wholly owned by the Kisumu County Government and is domiciled in Kisumu County in Kenya. The entity's principal activity is provision of health services

### **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 MSCH accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the MSCH. The financial statements have been prepared in accordance with the PFM Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

**3. Adoption of New and Revised Standards**

*i. New and amended standards and interpretations in issue effective in the year ended 30 June 2025*

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

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

<b>Standard</b>	<b>Effective date and impact:</b>
IPSAS 43	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></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><b><i>Applicable 1<sup>st</sup> January 2025</i></b></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><b><i>Applicable 1<sup>st</sup> January 2025</i></b></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><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
<p>IPSAS 47- Revenue</p>	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></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><b><i>Applicable 1<sup>st</sup> January 2026</i></b></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><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p><b><i>Applicable 1<sup>st</sup> January 2027</i></b></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> <li>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li> <li>ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.</li> <li>iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.</li> </ul>

***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 MSCH 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 FY2024-2025 was approved by Board on 03/05/2024. 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 to conclude the final budget. Accordingly, MSCH did not record additional appropriations on the FY 24/25 budget following the Board's approval of the initial budget. MSCH budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts, and the actuals as per the statement of cash flows.

**c. Taxes**

**Sales tax/ Value Added Tax**

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

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

*Notes to the Financial Statements (Continued)*

**d. Investment property**

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

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

**e. Property, plant and equipment**

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

<b>Land</b>	<b>0.00%</b>
<b>Building and civil works</b>	<b>2.50%</b>
<b>Furniture and fitting</b>	<b>12.50%</b>
<b>ICT equipment</b>	<b>30%</b>
<b>Plant and Medical equipment</b>	<b>12.50%</b>

*Notes to the Financial Statements (Continued)*

**f. Leases**

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

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

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

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

**g. Intangible assets**

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as 10 years.

*Notes to the Financial Statements (Continued)*

**h. Biological Assets**

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

**i. Research and development costs**

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

- The technical feasibility of completing the asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- The asset will generate future economic benefits or service potential
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development.

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

**j. Financial instruments**

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

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 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)

## **Financial liabilities**

### **Classification**

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

#### **k. Inventories**

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

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

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

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

#### **l. Provisions**

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

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

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

*Notes to the Financial Statements (Continued)*

**m. Social Benefits**

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

**n. Contingent liabilities**

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

**o. Contingent assets**

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

**p. Nature and purpose of reserves**

The entity creates and maintains reserves in terms of specific requirements. The hospital has created revaluation reserve for purposes of valuation of its property, plant and equipment. The costs attached to PPEs are estimates hence a need to create a reserve account which will either be credited or debited upon valuation of the assets.

**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.

**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. 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**

**1. Transfers from the County Government**

Description	2024/2025	2023/2024
	KShs	KShs
<b>Unconditional grants</b>		
Operational grant	0.00	1,744,578
<b>Total government grants and subsidies</b>	<b>0.00</b>	<b>1,744,578</b>

**1 b Transfers from The County Government**

Name of the Entity sending the grant	Amount recognized to Statement of financial performance* KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	Comparative Period
			KShs	KShs	KShs
Kisumu County Government	0.00	0.00	0.00	0.00	1,744,578
<b>Total</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1,744,578</b>

**2. In Kind Contributions from The County Government**

Description	2024/2025	2023/2024
	KShs	KShs
Medical supplies-Drawings Rights (KEMSA)	456,512	0.00
<b>Total grants in kind</b>	<b>456,512</b>	<b>0.00</b>

**3. Rendering of Services-Medical Service Income**

Description	2024/2025	2023/2024
	Kshs	Kshs
Pharmaceuticals	556,271	648,733
Laboratory	1,429,017	853,246
Radiology	717,503	889,810
Occupational therapy	4,850	6,020
Outpatient	234,768	395,408
Inpatient	202,360	265,559
Records	552,573	188,580
Maternity	116,653	0.00
Medical Examinations	18,968	0.00
<b>Total revenue from the rendering of services</b>	<b>3,832,963</b>	<b>3,247,356</b>

**Notes to the Financial Statements (Continued)**

**4. Medical/ Clinical Costs**

Description	2024/2025	2023/2024
	Kshs	Kshs
Laboratory, Pharmaceutical & Non-Pharm Supply	2,183,596	925,140
Food and Ration	362,280	471,700
Sanitary and cleansing Materials	59,100	89,300
Purchase of Medical gases	0.00	12,000
X-Ray/Radiology supplies	402,080	423,648
<b>Total medical/ clinical costs</b>	<b>3,007,056</b>	<b>1,921,788</b>

**5. Employee Costs**

Description	2024/2025	2023/2024
	Kshs	Kshs
Salaries, wages, and allowances	1,822,500	1,836,000
<b>Employee costs</b>	<b>1,822,500</b>	<b>1,836,000</b>

**6. Board of Management Expenses**

Description	2024/2025	2023/2024
	Kshs	Kshs
Sitting allowance	100,000	116,000
<b>Total</b>	<b>100,000</b>	<b>116,000</b>

**7. Depreciation and Amortization Expense**

Description	2024/2025	2023/2024
	Kshs	Kshs
Property, plant and equipment	2,382,867	6,393,212
Intangible assets	22,500	25,000
<b>Total depreciation and amortization</b>	<b>2,405,367</b>	<b>6,418,212</b>

**8. Repairs And Maintenance**

Description	2024/2025	2023/2024
	Kshs	Kshs
Property- Buildings	155,000	264,650
<b>Total repairs and maintenance</b>	<b>155,000</b>	<b>264,650</b>

**Notes to the Financial Statements (Continued)**

**9. General Expenses**

Description	2024/2025	2023/2024
	Kshs	Kshs
Contracted services	396,000	648,000
Electricity expenses	814,507	802,773
Fuel and Lubricants	40,000	30,000
Other fuels, Charcoal and cooking gas	22,500	27,500
Travel and Accommodation Allowance	0.00	89,100
Printing and Publication	223,000	532,725
Daily Subsistence Allowance	30,000	0.00
Water and sewerage costs	398,293	370,340
Telephone and mobile phone services	31,000	39,000
General Office Supplies	32,338	0.00
<b>Total General Expenses</b>	<b>1,987,638</b>	<b>2,539,438</b>

**10. Finance Costs**

Description	2024/2025	2023/2024
	KShs	KShs
Bank Charges	9,803	3,733
<b>Total finance costs</b>	<b>9,803</b>	<b>3,733</b>

**11. Medical Services Contracts Gains**

Description	2024/2025	2023/2024
	KShs	KShs
Comprehensive care contracts with NHIF/SHA	13,179,970	2,410,200
TIKO	919,355	19,900
MAAYGO	20,000	0.00
OLPS CONTRACT FOR RADIOLOGY SERV.	0.00	18,850
MARWA	0.00	119,680
MADISON INSURANCE	65,600	0.00
<b>Total Gain</b>	<b>14,184,925</b>	<b>2,568,630</b>

**12. Cash And Cash Equivalents**

Description	2024/2025	2023/2024
	KShs	KShs
Current accounts	4,071,264	1,074,781
<b>Total cash and cash equivalents</b>	<b>4,071,264</b>	<b>1,074,781</b>

**12 (a). Detailed Analysis of Cash and Cash Equivalents**

Description		2024/2025	2023/2024
Financial institution	Account number	KShs	KShs
<b>a) Current account</b>			
Cooperative Bank of Kenya	01141495253700	4,071,164	1,074,781
Cooperative Bank of Kenya	01141494613500	100	0.00
<b>Grand total</b>		<b>4,071,264</b>	<b>1,074,781</b>

**13. Receivables From Exchange Transactions**

Description	2024/2025	2023/2024
	KShs	KShs
Medical services receivables	10,342,792	1,758,972
<b>Total receivables</b>	<b>10,342,792</b>	<b>1,758,972</b>

**13 b Analysis of Receivables From Exchange Transactions**

Description	2024/2025		2023/2024	
	Kshs	% of the total	Kshs	% of the total
	2024/2025	% of the total	2023/2024	% of the total
Less than 1 year	8,583,820	82.99%	1,758,972	100%
Between 1- 2 years	1,758,972	17.01%	0.00	0.00%
<b>Total (a+b)</b>	<b>10,342,792</b>	<b>100%</b>	<b>1,758,972</b>	<b>100%</b>

**14. Inventories**

Description	2024/2025	2023/2024
	KShs	KShs
Pharmaceutical supplies	502,510	500,875
Laboratory Supplies	413,427	185,634
Food supplies	23,900	28,120
Non-pharmaceutical supplies	1,360,069	432,931
Cleaning materials supplies	4,800	1,000
General supplies	114,480	105,000
Radiology supplies	32,000	28,000
<b>Total</b>	<b>2,451,186</b>	<b>1,281,560</b>

**14 b Detailed disclosure on inventories**

	2024/2025	2023/2024
Opening balance	1,281,560	1,281,560
Additional Inventory in the year	3,230,056	0.00
Inventory expensed in the year	2,060,430	0.00
<b>Closing balance</b>	<b>2,451,186</b>	<b>1,281,560</b>

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*Notes to the Financial Statements (Continued)*

**15. Property, Plant and Equipment**

Description	Land	Buildings and Civil works	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
<b>Cost</b>						
At 1 July 2023	15,800,000	20,052,180	3,420,000	250,000	11,551,906	51,074,086.00
Additions	-	-	-	-	-	-
At 30 <sup>th</sup> Jun 2024	15,800,000	20,553,484	3,116,000	187,500	9,803,972	49,460,956.00
At 1 July 2024	15,800,000	20,553,484	3,116,000	187,500	9,803,972	49,460,956.00
Additions	-	-	-	1,230,512	147,120	1,377,632.00
At 30 <sup>th</sup> Jun 2025	15,800,000	20,039,647	2,726,500	1,171,439	8,718,135	48,455,721
<b>Depreciation and impairment</b>						
At 1 July 2023	-	5,013,045	855,000	-	2,878,602	8,746,647.00
Depreciation for the year	-	2,283,721	779,000	62,600	3,267,991	6,393,212
At 30 June 2024	-	7,296,766	1,634,000	62,500	6,146,593	15,139,859
At July 2024	-	7,296,766	1,634,000	62,500	6,146,593	15,139,859.00
Depreciation	-	513,837	389,500	246,573	1,232,957	2,382,867.00
At 30 <sup>th</sup> June 2025	-	7,810,603	2,023,500	309,073	7,379,550	17,522,726
<b>Net book values</b>						
At 30 <sup>th</sup> Jun 2024	15,800,000	20,553,484	3,116,000	187,500	9,803,972	49,460,956.00
At 30 <sup>th</sup> Jun 2025	15,800,000	20,039,647	2,726,500	1,171,439	8,718,135	48,455,721.00

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Notes to the Financial Statements (Continued)

**16. Intangible Assets-Software**

Description	2024/2025	2023/2024
	KShs	KShs
<b>Cost</b>		
At beginning of the year	250,000	250,000
Additions	-	-
<b>At end of the year</b>	<b>202,500</b>	<b>225,000</b>
<b>Amortization and impairment</b>		
At beginning of the year	25,000	-
Amortization for the period	22,500	25,000
<b>At end of the year</b>	<b>47,500</b>	<b>25,000</b>
<b>NBV</b>	<b>202,500</b>	<b>225,000</b>

**17. Trade and other Payables**

Description	2024/2025		2023/2024	
	KShs		KShs	
Trade payables	17,805,464		16,629,557	
Employee dues	2,133,000		573,750	
<b>Total trade and other payables</b>	<b>19,938,464</b>		<b>17,203,307</b>	
<b>Ageing analysis:</b>	<b>2024/2025</b>	<b>% of the Total</b>	<b>2023/2024</b>	<b>% of the total</b>
Under one year	642,874	3.33%	1,954,798	11.4%
1-2 years	3,413,164	17.68%	900,930	5.2%
2-3 years	1,379,960	7.15%	479,000	2.8%
Over 3 years	14,502,466	71.84%	13,868,579	80.6%
<b>Total</b>	<b>19,938,464</b>	<b>100%</b>	<b>17,203,307</b>	<b>100%</b>

**Notes to the Financial Statements (Continued)**

**6. Financial Risk Management**

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

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

**(i) Credit risk**

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2024</b>				
Receivables from exchange transactions	1,758,972	-	1,758,972	-
Bank balances	1,074,781	-	-	-
<b>Total</b>	<b>2,833,753</b>	<b>-</b>	<b>1,758,972</b>	<b>-</b>
<b>At 30 June 2025</b>				
Receivables from exchange transactions	10,342,792	10,342,792	-	-
Bank balances	4,071,264	4,071,264	-	-
<b>Total</b>	<b>14,414,056</b>	<b>14,414,056</b>	<b>-</b>	<b>-</b>

**Notes to the Financial Statements (Continued)**

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

**(ii) Liquidity risk management**

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2024</b>				
Trade payables	1,954,798	1,379,930	13,868,579	17,203,307
<b>Total</b>	<b>1,954,798</b>	<b>1,379,930</b>	<b>13,868,579</b>	<b>17,203,307</b>
<b>At 30 June 2025</b>				
Trade payables	642,874	4,793,124	14,502,466	19,938,464
<b>Total</b>	<b>642,874</b>	<b>4,793,124</b>	<b>14,502,466</b>	<b>19,938,464</b>

**Notes to the Financial Statements (Continued)**

**(iii) Market risk**

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

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

**a) Foreign currency risk**

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

**b) Foreign currency sensitivity analysis**

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

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

**Management of interest rate risk**

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

**Notes to the Financial Statements (Continued)**

**Sensitivity analysis**

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of financial performance if current floating interest rates increase/decrease by one percentage point as a decrease/increase.

**iv) Capital Risk Management**

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

Description	2024/2025	2023/2024
	Kshs	Kshs
Revaluation reserve	48,311,170	48,311,170
<b>Total funds</b>	<b>48,311,170</b>	<b>48,311,170</b>
Total borrowings	0.00	0.00
Less: cash and bank balances	4,071,264	1,074,781
Net debt/ ( <i>excess cash and cash equivalents</i> )	4,071,264	1,074,781
<b>Gearing</b>	<b>8.43%</b>	<b>2.22%</b>

**Notes to the Financial Statements (Continued)**

**7. Related Party Balances**

**Nature of related party relationships**

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

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

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

**8. Segment Information**

**9. Contingent Liabilities**

**10. Capital Commitments**

**11. Events after the Reporting Period**

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

**12. Ultimate and Holding Entity**

The entity is a County Corporation/ or a Semi- Autonomous Government Agency under the Department of Medical Services, Public Health and Sanitation. Its ultimate parent is the County Government of Kisumu.

**13. Currency**

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

**20. Appendices**

**Appendix 1: Progress on Follow Up of Auditor Recommendations**

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
1	Inaccuracies in the financial statements			
i	The face of the financial statement does not show the category of the level of the hospital as required by the template.	The financial statements had an error of omission on the category of the hospital. The facility is a level IV hospital.	Resolved	
ii	Statements of cash flow reflects the various components balances that could not be traced in the statements of financial performance and notes to the financial statements	The figure on medical costs, board of management expenses, repair and maintenance and general expenses as reported on the statements of cashflow, relates to actual expenditures as was appropriated and approved for spending through the issuance of authority to incur expenditures, AIEs.	Resolved	
iii	The cash flow reflects an amount of ksh1,074,781 in respect of cash and cash equivalents. However, a re-computation of the balance shows a balance of ksh1,443,058 resulting to unreconciled variance of ksh.368,277	The management takes note on the audit findings and wishes to state as follows; that cash and cash equivalents of Ksh.1,074,781 and Ksh.368,277 relates to bank balances as at 30 <sup>th</sup> June 2024 {closing	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
		balance} and as at 1 <sup>st</sup> June 2023 {opening balance} respectively. The opening balance of ksh368,277 were funds which had been committed and formed part of expenditure for the period 2022-2023		
iv	The statement of comparison of budget and actual amount for the year ended 30 June 2024 shows a figure of Kshs5815986 in respect of actual medical service income but the statement of financial performance reflects a figure of Kshs.3247356 leading to unreconciled variance of Kshs.2568630	The template for reporting financial statant provided, separated reporting format for income into two, that is cash and other medical income gains. That the figure of Kshs.5,815,986 is a sum cash of collection of Kshs.3,247,356 and other medical income gains of Kshs.2,568,630. So, in the statements of financial performance the figures are reported as separate but in the statements of comparison of budget and actual amounts, its reported as sum.	Resolved	
v	The statement of comparison of budget and actual amount reflects a deficit of Kshs.878,955. However, the statement of financial performance shows a	The variance is as a result of depreciation charges not included in the annual budget estimates. The sum of deficit in the statements of	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
	deficit of Kshs5539257 resulting to a variance of Kshs.4,660,302	comparison of budget against actual and the deficit in the statements of financial performance gives a sum total equivalent to depreciation and amortization charge in the statement of financial performance.		
vi	Note 8 to the financial statements reflects an amount of Kshs.2,099,322 in respect to general expenses. However, the recomputed figure shows a figure of Kshs.2,093,042.	The various was as a result of arithmetic error of printing and stationery, the right figure ought to be Kshs.368,270 and not Kshs.361,990	Resolved	
vii	Note 13 to the financial statements reflects an amount of Kshs.467,340 resulting to unreconciled variance of Kshs.100,000.	The variance was as a result of the error of original entry on pharmaceuticals, the correct figure ought to be Kshs.151,230.	Resolved	
viii	The notes to the financial statements do not disclose the rates used to depreciate and amortize assets.	The notes to the financial statement have been amended and the rates have subsequently been disclosed as was passed in the health management meeting.	Resolved	
ix	The statement of financial performance reflects a balance of Kshs.2,568,630 in respect of medical services contract gains. However, this figure is supported and overstates	The figure stated for medical gains of Kshs.2,568,630 relates to submitted NHIF claims of KSH 19,900 and OLPS submitted claims of Kshs.18,850. These	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
	surplus/deficit figure for the year.	are revenues collected during the year under review and not receivable. Part of the revenue that was not received is what was taken as the receivable.		
x	The hospital did not indicate the progress of the prior year audit report.	The progress of prior year audit report has been indicated on the amended annual financial statement.	Resolved	
xi	The hospital did not provide an approved trial balance to support the financial statements balance.	The trial balance was availed in soft copy during the audit period and that the approved trial balance was provided as required.	Resolved	
2	Cash and cash equivalents. The statement of financial position reflects a balance of ksh.1,074,781 in respect of cash and cash equivalent as disclosed under Note 11 to the financial statements. However, review of the cash and bank record together with supporting documents revealed that the closing balance hospital bank account maintained at cooperative bank of Kenya reflect a cashbook balance of ksh1,097,494 while the financial statement shows a balance of ksh.1,074,781 resulting to and	The management sought the attention of the bank on the matter and the bank admitted to have made an error while writing the statements of certificates of bank balance that the manager who wrote the certificate, indicated the bank balance as at the date the request for certificate was made {on 2 <sup>nd</sup> December 2024} and not as at 30 <sup>th</sup> June 2024. As at 30 <sup>th</sup> June, 2024, the bank statement shows a balance of kshs1,074,781. The variance figure of	Resolved.	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
	unreconciled variance of ksh22,713. Further, the certificate of bank balance on the same account reflects kshs.1,048,559. 59 while the other board of survey and the bank reconciliation statement reflect a bank balance of kshs.1, 074,781 leading to a unreconciled variance of kshs26,221	kshs.22,713, relates to daily subsistence allowance of payment of kshs.20,000 which had been reconciled in the bank reconciliation statements for the month of June, 2024 and bank charges amounting to kshs.2,713 indicated on note 9. Payment voucher for the daily subsistence allowance of kshs20,000 was provided during the audit exercise.		
3	Unsupported Comparative Revaluation Balance. The statement of financial position reflects a comparative balance of kshs.48,311,170 for revolution reserved. However, the audit financial statements for 2022/2023 reflex a balance of kshs.45,024,402 resulting to unreconciled and unexplained variance of kshs.3,286,768. Further, the statement of changes in net assets reflects revaluation reserve opening balance of kshs.47,687,668 while the closing balance kshs.48,311,170 leading	The observed variance are as a result of depreciation charges and new acquisitions {through donations and transfers} on PPEs and that the hospital is working on the process of valuing its assets.	Issue escalated to the county for action -not resolved.	Awaiting feedback from county

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
	to unexplained variance of kshs.623,502.			
4	Misclassification of Medical Contracts Gains/Losses	The management takes note of the audit findings and wishes to state as follows; that the figure of kshs.2,568,630 is not receivables rather are revenue collection on the accrual basis. The revenue reporting format on statement of financial is divided into two; cash collection under note 2 and all other claims to NHIF, MARWA, TIKO and OLPS under note 10. The figure relates to submitted NHIF claims of kshs.2,410,200 MARWA submitted claims of kshs.119,680, OLPS submitted claims of Kshs.18,850 and TIKO submitted claims of kshs.19,900.	Resolved.	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
5	<p>Property Plant and Equipment- Asset Management Observation.</p> <p>The statement of financial position and as disclosed in Note 14 of the financial statements reflects a balance of kshs.49,460,956 in respect of property plant and equipment comprising of land balance of kshs.15,800,000 building and civil works balance of kshs.20,553,484, furniture fittings and office equipment balance of kshs.3,116,000, ICT equipment balance of kshs.187,500, and plant and medical equipment balance of kshs.9,803,972. However, review of asset register revealed the following weakness.</p>	<p>Value of the land of kshs.15,800,00 was incorporated in the land register and was indicated under the column of accusation amount as 15.8 million and was availed during the audit exercise. The size of the land has not been ascertained as document of title\e deed are not available, however, the land is estimated in the asset register at appropriately 1.4 hectares. Land as an asset has the tendency of appreciating in value, hence cannot be depreciated. The value of plant and medical equipment of kshs.9,803,972 has been incorporated into the asset register accordingly. Depreciation rates have been indicated on depreciation policy to the financial statement. The management has since written a letter to the department of land requesting to the land documentation processing.</p>	Not resolved.	Awaiting feedback from department of lands

**Appendix I: Inter-Entity Confirmation Letter**

**REPUBLIC OF KENYA  
COUNTY GOVERNMENT OF KISUMU**

Office: 254-721820275

migosihealthcentre@gmail.com



Medical Superintendent,  
Migosi Sub County Hospital  
P.O. Box 486 – 40100,  
Kisumu.

**DEPARTMENT OF MEDICAL SERVICES, PUBLIC HEALTH AND SANITATION**

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**Migosi Sub County Hospital (Kisumu County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

**Appendix II: Inter-Entity Confirmation Letter**

Name of Transferring entity; County Government of Kisumu

Name of Beneficiary entity; Migosi Sub County Hospital

Confirmation of amounts received by Migosi Sub-County Hospital as at 30 <sup>th</sup> June 2025					
Reference Number	Date Disbursed	FIF/Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
77042	02/08/2024	1,474,080.00	0.00	1,474,080.00	
77134	31/10/2024	1,166,996.00	0.00	1,166,996.00	
76378	18/12/2024	542,750.00	0.00	542,750.00	
76255	27/01/2025	1,153,750.00	0.00	1,153,750.00	
76116	25/04/2025	1,955,000.00	0.00	1,955,000.00	
<b>Total</b>		<b>6,292,576.00</b>	<b>0.00</b>	<b>6,292,576.00</b>	

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

**Head of Accounts Department - Disbursing Entity:**  
 Name Ezekiel Onyiah Sign [Signature] Date 12/11/25

**Head of Accounts Department - Beneficiary Entity:**  
 Name Ezekiel Matar Sign [Signature] Date 12/11/25

