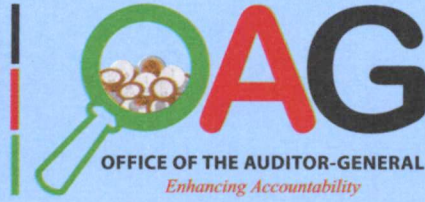


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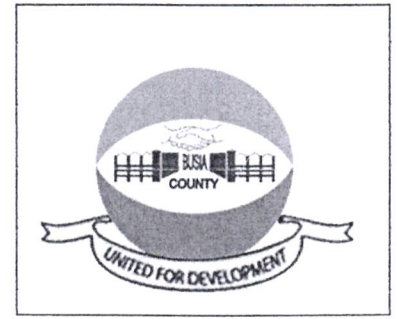
PORT VICTORIA SUB-COUNTY HOSPITAL

FOR THE YEAR ENDED
30 JUNE, 2025

COUNTY GOVERNMENT OF BUSIA

PAPERS LAID	
DATE	17/2/2026
TABLED BY	Munyira Whir
COMMITTEE	
CLERK AT THE TABLE	Angela

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**Port Victoria Sub-County Level 4 Hospital
(Busia County Government)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2025**

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

Port Victoria Sub-County Hospital (Busia County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

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1. Acronyms & Glossary of Terms

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

CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
Fiduciary Management	Key management personnel who have financial responsibility in the entity.
HMT	Hospital Management Team
FIF Act	Facility Improvement Financing Act
SRC	Salary and Remuneration Commission
CHMT	County Health Management Team
SOPs	Standard Operating Procedures
SHA	Social Health Authority
KISM	Kenya Institute of Supply Management
CHVs	Community Health Volunteers
IPC	infection prevention and control
PWD	Person Living with Disability
SDG	Sustainable Development goals
NGO	Non-Governmental Organisation
CIDP	County Integrated Development Plans

2. Key Entity Information and Management

(a) Background information

Port Victoria Sub-County Hospital is a level (4) hospital established under gazette notice volume 98 and is domiciled in Busia County under the Health and Sanitation Department. The hospital is governed by a Board of Management.

(b) Principal Activities

The principal activity of the hospital is to provide medical services.

The **vision** of the facility is promotion and participating in the provision of integrated and high quality curative and rehabilitative services to all Kenyans.

The facility's **mission** is to be an efficient and cost effective health care facility for a healthy nation.

The hospital mandate is in line with that department of Health and Sanitations.

(c) Key Management

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

- County department of health
- Board of Management
- Accounting Officer/ Medical Superintendent
- The Hospital Management Team
- The Hospital Executive Expenditure Committee

(d) Fiduciary Management

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

No.	Designation	Name
1.	Medical Superintendent	Dr Emase Bildad
2.	Head of finance	Kennedy Odaya
3.	Head of supply chain	Christopher Rokha
4.	Nursing Officer In-Charge	Christine Aseyo
5.	Health Administrative Officer	Bernard Onyango
6.	Head of Clinical	Collins Apadeet
7.	Head of Nutrition	Judith Agembo
8.	Head of Pharmacy	Dr Paul Mburugu
9.	Head of Medical Records	Evans Momanyi
10.	Biomedical Engineering	Samuel Mwangi
11.	Head of Laboratory	Gloria Auma
12.	Head of Physiotherapy	Chrispinus Etila

No.	Designation	Name
13.	Head of Orthopaedic	Joyce Oino
14.	Head Of Occupational Therapy	Loraene Kivairu
15.	Head of Public Health	Violet Wesonga
16.	Head of reporting Unit	CPA Feler Orido

(e) Fiduciary Oversight Arrangements

- Controller of Budget
- County Government of Busia Audit committee
- County Assembly of Busia
- Parliamentary committees.

(f) Entity Headquarters

P.O. Box 9-50410
Port Victoria Town.
Busia, Kenya

(g) Entity Contacts

Telephone: (+254) 703973806
E-mail: portvictoriasubcountyhospital@gmail.com
Website: www.busiacounty.go.ke

(h) Entity Bankers.

- 1.KENYA COMMERCIAL BANK, PORT VICTORIA BRANCH.
- 2.NATIONAL BANK OF KENYA, BUSIA BRANCH.

(i) Independent Auditors

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. Private bag
50400, Busia (Kenya)

3.The Board of Management

Ref	Directors	Details
1.		Mr Clement Ogomo. He is the facility's Board chair. He is a seasoned administrator having served as a teacher, curriculum developer as well as educational administrator with Kenya Institute of Curriculum development. He holds a master's degree in educational studies. He is 77 Years Old.
2.		Dr Emase Bildad He is the hospital's medical officer in-charge who doubles up as the board's secretary. He holds a bachelor of medicine and surgery degree from Egerton University. Dr Emase, aged 32, is an experienced medical doctor versed with medical procedures.
3.		Mary Makana. She is a Board Member. A teacher by profession. She holds a diploma in Early Child Development Education. She is 38 years old.
4.		Mr Paul Richard Osogo He is a Board Member. He holds a bachelor of arts as well as Masters of Arts from Tangaza University. He is the CEO Ignis innovation. Mr Osogo is an experienced consultant in matters clean energy. He is 54 years old.
5.		Charles Omuke. He is a Board Member who brings wealth of experience from procurement and supply chain having worked with National government in the supply chain field. He is aged 73.
6.		Johnstone Khabweri Ouma. He is a Board Member. He is the current sub-county Administrator for Bunyala Sub-County. He holds a masters degree in strategic management and has a lot of experience in education and public administration. He is 47 years.
7.		Douglas Kechula. He is a Board Member representing youth. He holds a bachelor of commerce degree specialising in marketing. He is a businessman. He is 27 years old.

8.		Joseph Abwoga. He is a Board Member representing the church. An experienced catechist with thirty years of service. He is 50 years old.
9.		Dr Kenneth Namunje. He is a Board Member. Dr Namunje is a medical consultant with vast experience in medical field.

4.Key Management Team

Ref	Management	Details.
1.		Dr Emase Bildad The facility's medical officer in-charge. He is a holder of Bachelor of Medicine and Surgery from Egerton University.
2.		Mr Bernard Onyango. He is the Hospital Administrator. He holds a Bachelor of Arts degree(Economics &Sociology) from the University of Nairobi.
3.		Kennedy Owino Odaya. The facility accountant. He is a holder of Bachelor of Commerce(Finance) from Multimedia University of Kenya.
4.		Mr. Christopher Rokha. The hospital procurement and supply chain management officer. He is a holder of diploma in procurement and materials management from Mombasa Polytechnic.
5.		Madam Christine Aseyo. The facility's nursing officer in-charge. She is a holder of Bachelor of Science in nursing from Masinde Muliro University of Science and Technology.
6.		CPA FELER ORIDO-REPORTING UNIT CPA Feler Orido is a seasoned accounting professional with extensive experience in public sector finance, particularly within the County Government of Busia, Kenya. He is the head of reporting unit. Feler Orido is a Certified Public Accountant (CPA) and a registered member of the Institute of Certified Public Accountants of Kenya (ICPAK). He holds a Master of Business Administration (MBA) in Finance from Mount Kenya University between 2017 and 2022. He also obtained his Bachelor of Commerce (Accounting option) from Technical University of Mombasa between 2012 and 2015.

5. Chairman's Statement

During the financial year under review the board of management approved implementation of the following; -

- Purchase of drugs and non-pharmaceuticals.
- Introduction of locums and employment of contractual technical staff.
- Repair of mortuary chilling plant.
- Purchase of sanitary and cleaning materials.
- Purchase of patient's food.
- Minor repair works amongst other recurrent items

Successes Consolidated; -

- Regular availability of drugs/non-pharms has facilitated access to quality and affordable care.
- There has been access to quality inpatient care.
- Improved services due to more staffs on contract.
- Regular payment of electricity bills has facilitated eradication of cases of power cuts by KPLC.
- Improved quality of medical care has attracted more people hence leading to improved revenue.
- Staff motivation has partly been addressed hence improved services.
- Collaboration with Care Kenya has facilitated reduction in cases of water shortages. Water tanks provided have helped in rain water harvesting.

Challenges; -

- Inadequate finances since the hospital has to work with the meagre resources.
- Board members are yet to get appointment letters.
- Inadequate finances as facility's financing mostly rely on revenue collected.
- Delay in disbursements from SHA hampers facility's operations.
- Cases of mental health are on rise among young people.
- The board of management is not fully aware of projects being implemented in the facility by the department. Supervision of the same by the board become very difficult as board is not privy to the procurement details.

Way Forward

- More departmental support is required as well as board empowerment.
- There is need for SHA to pay claims on time.
- Board of management ought to be involved in procurement of all projects in the facility.

.....*C. Ogomo*.....

Mr Clement Ogomo

Chairman to the Board

6. Report of The Medical Superintendent

It is with immense gratitude that I present the Medical Superintendent's report for the financial year 2024/2025.

Our commitment to the hospital's mission to provide progressive, sustainable, technologically driven, evidence-based, and client-centered healthcare has remained at the forefront of all our operations. Guided by the three strategic pillars in our current Strategic Plan Curative Health Services, Preventive and Promotive Health Services, and Universal Health Coverage (UHC) we made significant progress in achieving our objectives.

1. Service Delivery Performance

Curative Health Services

The hospital continued to deliver comprehensive inpatient, outpatient, maternity, theatre laboratory as well as farewell services to over 7,000 households within Bunyala and neighboring Sub-Counties

Preventive and Promotive Health Services

Community health outreach remained a key focus, with initiatives including:

- Public health inspections and environmental health campaigns.
- Disease surveillance and investigation to prevent outbreaks.

Universal Health Coverage (UHC)

The SHA programme remained a vital tool in increasing healthcare access and equity.

- Revenue from SHA & NHIF services amounted to **KShs 18,792,667** formed the biggest chunk of the total hospital income.
- **Kshs 4,813,577** was spent on grants and subsidies targeting vulnerable community members through Primary Healthcare Activities.
- Increased SHA awareness through targeted community sensitization campaigns.

2. Infrastructure and Development Projects

We made significant progress on several critical projects:

- Renovation of the outpatient block and Maternity– Replacement of the asbestos as well as wall painting is Complete enhancing quality of services as clinicians and other health workers have adequate working environment. Mothers seeking maternity services have adequate recovery space.
- Abolition Block – The works are ongoing scheduled for completion in the FY 2025/2026.
- Surgical Theatre Renovation– Renovation is complete thereby facilitating improved quality of theatre services.
- Oxygen Plant Installation – supported by an NGO, aimed at improving emergency care capacity and reducing dependency on external oxygen suppliers.
- Repair of the mortuary Chilling Plant-The repairs undertaken by the facility are to be complete by end of July 2025.The plant will enable improvement in quality of farewell services.
- Incinerator-The project undertaken by the county through the department of health will be game changer once complete. Apart from helping in disposal of harmful wastes, it will also be a source of revenue to the facility.
- Water Tanks –Care Kenya has facilitated setting up of water tanks thereby facilitating rain water harvesting. This has in turn reduced cases of water shortages.

These projects will significantly enhance our diagnostic, surgical, emergency care capacity as well as quality of farewell services once fully operational.

3. Financial Performance

In FY 2024/2025, the hospital demonstrated prudent financial management:

- Total Revenue: KShs 22,389,625 (This amount include receivable from SHA totaling Ksh. 3,304,880 and waived amounts of KShs 55,965).
- Total Expenditure: KShs 15,506,938.

Our financial strategy emphasized maximizing internally generated revenue (IGR) through efficiency, enhancing revenue supervision to enhance transparency and accountability.

4. Human Resources and Capacity Building

While we have a dedicated and competent workforce, gaps remain in specialized technical cadres, particularly for theatre and radiology operations. We continued to collaborate with the County Department of Health to address staffing needs and improve retention. Staff development initiatives included participation in technical trainings, governance workshops, and capacity-building forums to strengthen service delivery skills. Technical staff were also hired as a stop gap measure to staff shortage. Some employees were engaged on locum basis to enhance efficiency in service delivery.

5. Challenges Faced

Despite our progress, several challenges persisted:

- Inadequate infrastructure in certain clinical areas slowed service expansion.
- Human resource shortages in specialized departments constrained utilization of new facilities.
- Inconsistent supply of drugs and medical commodities required supplementary procurement under the Facility Improvement Financing (FIF).
- Funding limitations delayed completion of some development projects.

6. Future Outlook

For FY 2025/2026, the hospital will focus on:

1. Fully operationalizing the surgical theatre and oxygen plant to expand clinical capacity.
2. Addressing staffing gaps through advocacy with the County Government and targeted recruitment.
3. Completing the repair of the mortuary chilling plant.
4. Strengthening community outreach to enhance preventive healthcare and SHA uptake.
5. Leveraging digital health solutions to improve efficiency, patient record management, and service tracking.

Conclusion

Lastly, I wish to express my deep appreciation to the County Government of Busia, the Board of Management, our development partners, and the dedicated staff of Port Victoria Sub-County Hospital for their unwavering support and commitment to our mission. With sustained collaboration and continued investment, I have confidence that in the FY 2025/2026 we shall make greater steps in the journey of providing high quality services, in Bunyala Sub-County.



.....

Dr Emase Bildad

Secretary to the Board

7. Statement of Performance Against Predetermined Objectives

Port Victoria sub county hospital has 3 strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2024-2025: -

- Curative Health Services
- Preventive and Promotive Health Services
- Universal Health Coverage (UHC)

The facility develops its annual work plans based on the above 3 pillars/Themes/Issues. Assessment of the Board's performance against its annual work plan is done on a quarterly basis.

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Curative Health Services	Deliver comprehensive and timely clinical services	Total revenue from services - Number of patients served - Range of services offered	- Provision of outpatient, inpatient, maternity, laboratory, and theatre services - Diagnostic support services - Drug and non-pharms supply	- Provided maternity care worth ksh 295,1 - Conducted 492,200 worth of laboratory tests - Medical /clinical co had a budget of ksh 5,801,000
Preventive and Promotive Health Services	Promote community health and prevent disease outbreaks	- Number of community health interventions - Health education reach - Sanitation and surveillance activities	- Public health inspections -conducted outreaches	- Regular environmental and public health campai; conducted under the Public Health Department
Universal Health Coverage (UHC)	Enhance access, affordability, and equity in healthcare services	- Utilization of SHA program -Free/subsidized service beneficiaries - SHA uptake and community awareness	- Coordination of SHA services - Financial subsidies to indigents	- Revenue of Kshs 18,792,667 earned fr SHA (government-subsidized healthcare - Kshs 4,813,577 spe on grants and subsidi including education, social welfare, and support to indigent groups

Link to Performance Contracts

The performance indicators in each strategic pillar were integrated into departmental work plans and tracked through internal reporting systems. The facility's Medical Officer In-Charge signed annual performance contracts tied with the chief officer to measurable targets such as revenue generation, patient satisfaction, clinical efficiency, and outreach coverage.

8. Corporate Governance Statement

Port Victoria Sub County Hospital is committed to promoting effective, accountable, and transparent leadership guided by the principles of good corporate governance as enshrined in the Constitution of Kenya, the Public Finance Management (PFM) Act, 2012, and the Mwongozo Code of Governance for State Corporations. The governance framework of the hospital provides for the efficient oversight of institutional strategy, risk management, ethics, and stakeholder engagement, while upholding public sector values and accountability.

i. Appointment and Composition of the Board

The Board of Management of Port Victoria Sub County Hospital is constituted in accordance with Section 9 of the Public Health Act Cap 242 and operationalized through gazettelement by the County Executive Committee (CEC) for Health. Board members are appointed based on professional expertise, gender equity, regional representation, and inclusion of special interest groups. As at 30th June 2025, the Board comprised:

8 Independent Board Members, including representatives of women and youth.

1 Ex-Officio Member (Medical Superintendent/Secretary to the Board)

The current Chairperson, Mr Clement Ogomo, was appointed due to his leadership in finance and administration. The Board Charter adopted at the start of the financial year defines the responsibilities, powers, and code of conduct of members. Board members serve a three-year renewable term, and removal is conducted in accordance with relevant county policies and governance laws.

ii. Roles and Functions of the Board

The Board is responsible for:

- Approving strategic plans and performance targets
- Providing policy and fiduciary oversight
- Monitoring risk, compliance, and internal controls

- Overseeing financial planning and budgeting
- Evaluating performance of the management and the hospital as a whole

The Board delegates operational responsibilities to the Medical Superintendent, who also serves as the Accounting Officer in line with the PFM Act, 2012.

iii. Induction, Training, and Development

Newly appointed members undergo an induction program facilitated by the County Department of Health and hospital leadership. The Board further supports continuous professional development through exposure to governance forums, health sector briefings, and capacity-building workshops where budget permits.

iv. Board and Members' Performance

Board performance is reviewed annually against a scorecard that assesses attendance, strategic input, financial oversight, and contribution to hospital development. All members participated in at least one governance review during the reporting period. The Board Chair provided quarterly updates to the County Health Management Team (CHMT) on institutional progress and challenges.

v. Board Meetings and Attendance

In the 2024/2025 financial year, the Board convened four ordinary meetings and a few special sessions. Most members attended the meetings. All meetings were minuted, and decisions followed structured procedures in compliance with the Board Charter and Standing Orders.

vi. Succession Planning

Succession is guided by County Public Service policies and the Leadership and Integrity Act, 2012, which promote continuity and institutional memory. The hospital maintains an internal talent pipeline for critical roles and works closely with the County Health Department to ensure timely replacement of retiring or transitioning Board members.

vii. Conflict of Interest Policy

All Board members are required to declare personal and financial interests before engaging in deliberations as per Section 16 of the Leadership and Integrity Act, 2012. A conflict of interest register is maintained, and any member with a conflict recuses themselves from voting or participating in affected agenda items.

viii. Board Remuneration

Board remuneration is governed by the Salaries and Remuneration Commission (SRC) guidelines and comprises sitting allowances. No honoraria or other benefits were paid during the year.

ix. Ethics and Conduct

The Board upholds high standards of public service ethics, integrity, and professionalism. Members are subject to the Leadership and Integrity Act, the Mwongozo Code, and the hospital's internal code of conduct. Whistle blower mechanisms and feedback channels are in place to address ethical violations.

x. Governance Audit

Although a full governance audit was not conducted in FY 2024/2025, the hospital undertook internal governance assessments through the Hospital Management Team (HMT) and external oversight by the County Health Department. A formal governance audit is planned for the next financial period in line with Mwongozo best practices.

xi. Communication Policy

The hospital promotes open communication with stakeholders through public notice boards, community forums, suggestion boxes, and digital platforms (email: portvictoriasubcountyhospital@gmail.com). Communication is guided by public participation principles under Article 10 of the Constitution and hospital service charters displayed prominently at facility entrances.

9. Management Discussion and Analysis

Section A

The entity's operational and financial performance

During the reporting period, Port Victoria Sub-County Hospital continued to execute its mandate of providing accessible, affordable, and quality healthcare services in alignment with the Ministry of Health's strategic objectives and the broader goals of Kenya's Universal Health Coverage (UHC) program. The hospital remained a critical health service delivery point for the residents of Bunyala Sub-County and its environs. The hospital registered steady progress in the delivery of both preventive and curative services, with a notable increase in outpatient and inpatient attendance compared to the previous period. Maternal and child health indicators showed improvement, with increase in the number of hospital deliveries compared to the previous year indicating growing community trust in institutional care. There was also a reduction in the number of cases being referred due to the increase in the services offered and the quality of care being given.

Key performance indicators for the period include:

- Outpatient attendance: Increased by 32% compared to the previous period for the new visits.
- Skilled deliveries: Increased by 32.9% following targeted community outreach and referral strengthening.
- Specialised clinic attendance: Increased by 3% compared to the previous year. This was due to targeted community outreach and also proper follow up of patients post discharge
- HIV testing and counselling: Services reached over 4000 individuals, with linkages to care maintained.
- Number of Referrals: Increased compared to the previous year especially the period theatre was undergoing renovation.

From a financial standpoint, the hospital operated within a mixed financing environment, relying on two main sources: exchequer funding from county governments which were utilizing directly from the head office mainly between July 2024 to October 2024 and revenue generated from the facility through Facility Improvement Financing from November 2024.

xii. Terms of Reference of Committees

The hospital has established the following governance committees:

- Clinical Standards and Research Committee
- Audit and Risk Committee
- Human Resource Advisory Committee (through County linkage)

Each committee operates under defined Terms of Reference (ToRs), focusing on specialized areas including clinical quality, fiduciary compliance, and risk mitigation.

xiii. Related Party Transactions Policy

The Board ensures that all related party transactions are conducted transparently and at arm's length. The hospital discloses any dealings involving Board members or senior staff in the financial statements and Board records in accordance with IPSAS 20 and PFM regulations.

- Leveraging SHA UHC schemes to improve service access and cash flow.
- Expansion of community health strategy to reduce facility congestion.
- Training and retention initiatives for healthcare workers.

Section B

Entity's compliance with statutory requirements

During the reporting period, Port Victoria Sub-County Hospital adhered to most statutory and regulatory requirements as stipulated under the Public Finance Management (PFM) Act, Public Health Act, Employment Act, Public Procurement and Asset Disposal Act (PPADA), and guidelines issued by the Ministry of Health and Busia County Government.

Compliance Highlights

- Monthly reports were submitted to the department.
- Procurement activities were undertaken in accordance with the PPADA, with oversight provided by the Sub County Health Management Team (SCHMT). Standard procurement and disposal committees were operational and followed the prescribed thresholds and documentation protocols.
- Human resource practices complied with the Employment Act and County Public Service Board guidelines. Staff were recruited and remunerated in line with approved schemes of service.
- Regular inspections were conducted to ensure the safety and health of staff and patients, in line with the Occupational Safety and Health Act.
- The hospital maintained valid licenses for medical practice, laboratory operations, and pharmaceutical services from relevant regulatory bodies including the Kenya Medical Practitioners and Dentists Council (KMPDC), Kenya Pharmacy and Poisons Board, and Kenya Medical Laboratory Technicians and Technologists Board (KMLTTB).

To support service delivery and operational needs especially from November 2024, the facility has been utilizing monies generated and through the FIF, spending part of the monies for procurement of essential medical commodities, fuel, food, maintenance of infrastructure and staff welfare. The above figures demonstrate the facility's capacity to generate and utilize financial resources effectively in alignment with approved work plans.

The cash flow position remains stable, despite factors such as industrial strikes which directly affect revenue performance. Revenue collected is critical in funding priority areas such as procurement of medical supplies and infrastructure maintenance.

Industry Trends and Strategic Focus

The hospital continues to adapt to evolving healthcare delivery models, including the decentralization of primary healthcare, integration of digital health solutions, and the rising demand for specialized services. Strategic emphasis has been placed on:

- Strengthening primary healthcare and community strategy
- Enhancing infrastructure through phased renovation of the **OPD** and **Theatre**.

Financial Flexibility

Financial flexibility remains moderate. Since government support forms the backbone of the hospital's budget, the institution is exploring increased utilization of SHA reimbursement mechanisms, especially under the UHC framework, to reduce reliance on out-of-pocket payments.

Challenges and Opportunities

Challenges:

- Shortage of health personnel and high staff turnover.
- Equipment maintenance and infrastructural limitations.

Opportunities:

- Strengthening public-private partnerships for infrastructural development.

Non-compliance and contingent liabilities

There were no major instances of statutory non-compliance recorded during the period under review. However, the hospital did face the following issue that may pose potential risks. The facility is still in the process of formally acquiring its title deed for the hospital land.

Section C

Key projects and investment decisions the entity is planning/implementing.

During the reporting period, Port Victoria Sub-County Hospital identified and began implementing several key projects and investment initiatives aimed at strengthening service delivery, enhancing patient experience, and supporting the broader objectives of Universal Health Coverage (UHC) in line with Kenya's national and county-level health sector policies.

Key projects and their viability

During the reporting period, Port Victoria Sub-County Hospital continued to implement key infrastructure development projects aimed at strengthening the facility's capacity to deliver quality health services in alignment with the National Government's Universal Health Coverage (UHC) agenda, the Kenya Health Sector Strategic and Investment Plan, and Busia County Integrated Development Plan (CIDP).

1. Renovation of the Facility's Outpatient Wing

The project is complete. This has been very critical in enhancing service delivery, reducing patient wait time since personnel have adequate working space.

Project Status: Complete

- Financing: Funded by County Government of Busia.
- Viability: Highly viable as it will support the increase in number of patients attended to since it has clinician's room, minor theatre, MO's room as well as administrative office.

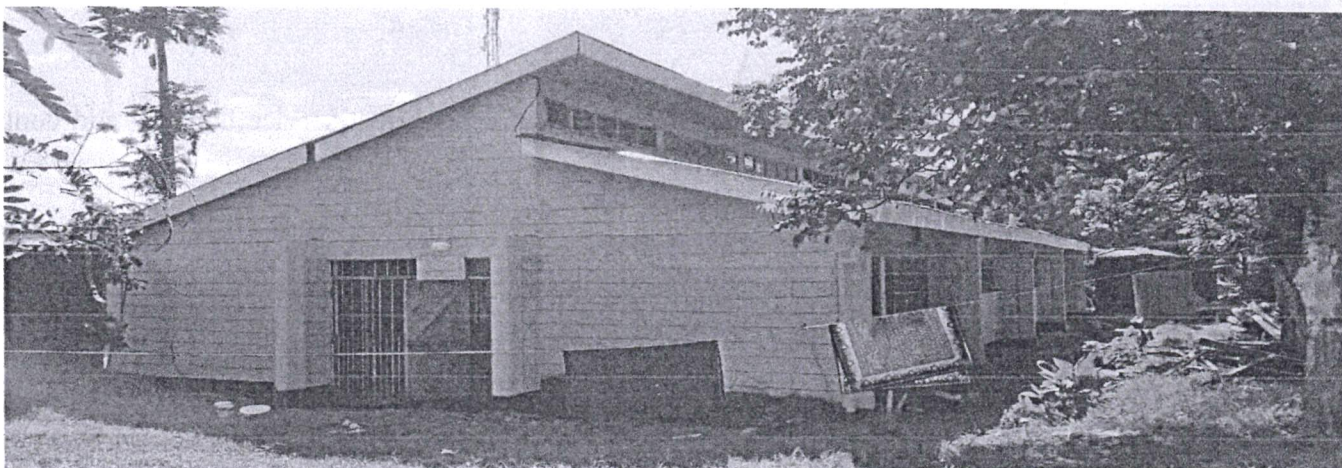
- Sustainability: The project is sustainable, with plans underway to generate revenue from outpatient services while ensuring affordability under SHA.



2. Renovation of Theatre

The renovation of the theatre is ongoing. This project is critical for provision of theatre services to our clients this include caesarean section, debridement of wounds etc.

- Project Status: Complete
- Financing: Funded entirely by County Government of Busia.
- Viability: High; will address persistent challenges related to referral of cases to Busia for theatre services.
- Sustainability: Long-term sustainability is assured through income generated from theatre services offered



Statement on Sustainability

The sustainability of these investments is grounded in the hospital's ability to generate consistent revenue through SHA reimbursements and user fees, combined with sound fiscal practices.

All projects have been designed with long-term sustainability in mind. Operational sustainability will be achieved through:

- Integration of recurrent costs (e.g., maintenance) into the hospital's annual budget.
- Capacity building of staff to manage new technologies and expanded services.
- Continued engagement with development partners and government to ensure timely disbursement of funds.
- Enhancing SHA enrolment and claim processing to boost internal revenue generation.

Section D

Major risks facing the entity.

Port Victoria Sub County Hospital operates within a dynamic healthcare environment that presents multiple risks across operational, financial, and strategic domains. The hospital has adopted a basic risk management framework, guided by county and national health sector policies, to identify, assess, and mitigate key risks that could impact the delivery of its mandate. Below are the major risks facing the hospital

1. Operational Risks

- Persistent staff shortages across all departments affect service delivery and contribute to staff burnout.
- Frequent breakdowns of essential medical equipment due to aging infrastructure and delayed maintenance lead to service interruptions and increased patient referrals.
- Security challenge due to lack of a fence.

Mitigation Measures:

- County government of Busia through the County Public Service Board to recruit staff
- Scheduled preventive maintenance plans and minor repairs financed through internally generated funds.

2. Financial and Liquidity Risks

- Irregular and delayed release of budgeted funds from both county and national governments affects operational continuity.
- Limited diversification of income sources exposes the hospital to financial stress in case of delayed or reduced exchequer support.

Mitigation Measures:

- Enhanced billing and claims recovery from SHA and other insurance providers.
- Exploring additional donor partnerships and expanding outpatient services to improve cost recovery.

3. Market Risks

- Growing competition from nearby private clinics and mission hospitals may lead to a shift in patient preferences, particularly where turnaround time and diagnostic services are faster.
- Negative community feedback related to delays, medicine shortages, or staff attitudes could impact patient turnout.

Mitigation Measures:

- Customer care training for frontline staff.
- Community health education and regular engagement forums to strengthen public trust.
- Ensure constant availability of medical supplies within the facility

4. Capital and Infrastructure Risks

- Many of the hospital's buildings and utility systems are aging and not fit for expanding service needs.
- Space constraints hinder expansion of essential departments such as laboratory, and emergency services.

Mitigation Measures:

- Inclusion of infrastructure upgrade projects in the County Integrated Development Plan (CIDP).

5. Credit Risk

- The hospital occasionally experiences delays in processing claims submitted to SHA, affecting cash flow and operations.
- Some patients are unable to clear medical bills, especially for non-insured services, leading to accumulation of unpaid balances.

Mitigation Measures:

- Regular follow-up and claims reconciliation with SHA offices.
- Counselling and early financial assessment of patients to manage expectations and promote enrolment in health insurance schemes.

6. Compliance and Regulatory Risks

- Risk of non-compliance due to evolving national health regulations and digital health reporting requirements.
- With digitization, there is an increasing risk of data breaches and poor handling of patient information.

Mitigation Measures:

- Regular updates and trainings on new health policies and standards.
- Rollout of health information systems with built-in security protocols and staff sensitization on data privacy.

Section E

Material arrears in statutory/financial obligations

During the reporting period, Port Victoria Sub-County Hospital did not incur any material arrears in statutory or financial obligations that would significantly affect its operations or expose it to legal or financial penalties.

Section F

Port Victoria Sub County Hospital upholds a strong commitment to financial integrity, transparency, and good governance in line with public sector financial management regulations and the ethical standards set by the Ministry of Health and Busia County Government.

Financial Probity

- The hospital adheres to the Public Finance Management (PFM) Act, 2012, and follows the financial reporting guidelines issued by the County Treasury and the Office of the Auditor General.
- All expenditure is aligned to approved budgets, and quarterly financial performance reports are submitted to the County Department of Health.

- Internally generated revenue (IGR), including SHA reimbursements and patient user fees, is receipted and banked through approved channels, with proper records maintained.
- The hospital is regularly audited by internal auditors from the County Health Department.

Governance Structure

- The facility is managed by a competent Health Management Team (HMT), headed by the Medical Superintendent and guided by the Sub County Health Management Team (SCHMT). Oversight is also provided by the County Health Management Team (CHMT).
- Functional committees such as the Health Facility Management Committee (HFMC), inspection committee, infection prevention committee, waiver committee are active and meet regularly to ensure compliance and performance tracking.
- The hospital maintains open channels of communication with the community through Health Facility Committee meetings and community health volunteers, ensuring transparency and accountability in service delivery.

Serious Governance Issues

During the reporting period, there were no reported cases of financial misappropriation, fraud, or gross mismanagement. However, the facility experienced the following.

- Although not a case of malpractice, the hospital's paper-based records present challenges in audit trail tracking, especially for procurement and stores management. Digitization is being pursued to address this.
- A need for enhanced training in public procurement, financial reporting, and governance for some staff has been noted.

10.Environmental and Sustainability Reporting

i) Sustainability strategy and profile

Port Victoria Sub-County Hospital integrates sustainability into its operations by aligning with global frameworks such as the Sustainable Development Goals (SDGs), particularly SDG 3 (Good Health and Well-being) and SDG 13 (Climate Action). The hospital prioritizes eco-friendly practices, community health, and efficient resource management to minimize its environmental footprint.

Key Achievements:

- **Waste Management:** Implemented a waste segregation system (biodegradable, non-biodegradable, and hazardous waste) with designated disposal bins.

Challenges & Mitigation:

- **Low community awareness on recycling** → There is need to conduct training sessions for staff and patients.

ii) Environmental performance

The hospital adheres to Kenya's Environmental Management and Coordination Act and Occupational Safety and Health Act (OSHA 2007).

Waste Management

- **Medical Waste:** Partnered with certified disposal with Alupe Sub County Hospital for safe incineration of hazardous waste.

Climate Action Initiatives

- **Tree planting:** Trees planted across hospital grounds to offset carbon emissions.

iii) Employee welfare

Port Victoria Sub County Hospital upholds inclusive, equitable, and merit-based employment practices in line with the Constitution of Kenya, the Employment Act, and the Occupational Safety and Health Act (OSHA), 2007. The hospital's human resource policies support a fair hiring process that considers gender balance, youth representation, and inclusion of Persons Living with Disabilities (PWDs).

Hiring Policies and Inclusion

The hospital has implemented structured recruitment procedures that ensure transparency and fairness. These procedures are aligned with county government guidelines and affirmative action provisions.

Stakeholder Engagement and Policy Review

Hiring and staffing policies are periodically reviewed by the County Department of Health and the Hospital Board to incorporate evolving needs, legal reforms, and stakeholder feedback. Through engagement forums and hospital management team (HMT) meetings, staff welfare issues and employment concerns are discussed and addressed, allowing continuous improvement in workforce management practices.

Career Development and Staff Motivation

Despite the limited resources, the hospital has continued to invest in professional growth of staff. A few staff members were supported to attend trainings.

Workplace Safety and OSHA Compliance

Port Victoria Sub County Hospital is committed to ensuring workplace safety in compliance with OSHA (2007). The hospital premises are routinely inspected for hazards, with appropriate signage, cleanliness, and ventilation maintained in critical areas such as laboratories, wards, and the pharmacy. No work-related injuries were reported during the financial year, a testament to the

hospital's proactive safety measures and training of staff on standard operating procedures (SOPs) and Infection Prevention and Control (IPC).

Market place practices-

Port Victoria Sub County Hospital operates in a highly regulated public health environment, where transparency, accountability, and equity are foundational to service delivery and resource management. The hospital has institutionalized a variety of marketplace practices to promote ethical governance, fair competition, responsible procurement, and citizen-focused engagement.

a) Responsible competition practice.

The hospital promotes responsible competition through strict adherence to public procurement laws and policies, including the Public Procurement and Asset Disposal Act. All procurement activities in FY 2024/2025 were conducted in line with Framework agreement as guided by the County Treasury. The procurement officer, ensures all processes meet compliance and integrity thresholds.

b) Responsible Supply chain and supplier relations

Port Victoria Sub County Hospital fosters responsible supplier relationships by maintaining ethical procurement practices and honoring contractual obligations within budget constraints.

c) Responsible marketing and advertisement or Responsible engagement with citizens

The hospital avoids unethical promotion by providing factual, verifiable health service information through its staff, public health officers, and community health volunteers. All communication emphasizes inclusivity, respect for cultural and gender diversity, and discouragement of misinformation or exaggerated promises. Patients and citizens are informed of service eligibility criteria, SHA coverage, and referral processes during health talks.

Product stewardship or Awareness Creation

Port Victoria Sub County Hospital is committed to protecting patient rights and ensuring safe, reliable, and informed access to healthcare services. This is demonstrated through:

- Health and safety: Implementation of infection prevention protocols and provision of clean, safe hospital environments.
 - Product information: Patients receive clear explanations of procedures, prescriptions, and treatment plans.
 - Complaint and redress mechanisms: A suggestion box and front-desk feedback systems allow patients to report grievances, which are reviewed by the Hospital Management Team (HMT) for resolution.
- iv) Citizen awareness: Community outreach teams educate citizens on rights to health, insurance options (SHA), immunization schedules, and access to specialized care such as maternity and pediatrics services.
- v) *Corporate Social Responsibility / Community Engagements*

During the financial year 2024/2025, Port Victoria Sub County Hospital actively engaged in a variety of Corporate Social Responsibility (CSR) initiatives aimed at enhancing community health and well-being, in alignment with its core mandate of delivering comprehensive primary healthcare services. These activities were focused on addressing pressing community health challenges, promoting inclusivity, and strengthening partnerships for sustainable development in Bunyala Sub-County.

1. Health Education and Public Sensitization:

Through coordinated efforts with community health volunteers (CHVs) and the public health department, the hospital held regular sensitization campaigns on hygiene, family planning, immunization, nutrition, cancer screening, and HIV/AIDS awareness. Civic education sessions also covered SHA registration, healthcare rights, and service charter awareness.

Impact

- Improved Access
- Enhanced Awareness
- Community Trust: Strengthened partnerships with local organizations, fostering long-term collaboration.

11. Report of the Board of Management

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

Principal activities

The principal activity of the entity is provision of health services by use of scientifically, professionally and socially acceptable technologies and ways. The facility's vision and mission are anchored on that of the department of Health and Sanitation, Busia County.

Results

The results of Port Victoria Sub-County Hospital for the year ended June 30 2025 are set out on pages 10 to 54.

Board of Management

The members of the Board who served during the year are shown on page v. During the year, no director(s) retired/ resigned, and no new director (s) was appointed during the financial year ended 30th June 2025

Auditors

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

By Order of the Board



.....
Dr Emase Bildad

Secretary to the Board

12. Statement of Board of Management's Responsibilities

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

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

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

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

Approval of the financial statements

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

.....
Name: Mr Clement Ogomo
Chairperson-Board of Management

.....
Name: Dr Emase Bildad
Accounting Officer

REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke
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HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON PORT VICTORIA SUB-COUNTY HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 - COUNTY GOVERNMENT OF BUSIA

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 Port Victoria Sub-County Hospital - County Government of Busia set out on pages 1 to 54, which comprise of the

Report of the Auditor-General on Port Victoria Sub-County Hospital for the year ended 30 June, 2025 - County Government of Busia

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 effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Port Victoria Sub-County Hospital - County Government of Busia 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 Busia County Health Services Act, 2016, the Health Act, 2017 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Unconfirmed Cash and Cash Equivalents Balance

The statement of financial position reflects cash and cash equivalents balance of Kshs.4,004,701, and as disclosed in Note 27 to the financial statements. However, the supporting cash books for the two bank accounts held indicate a total balance of Kshs.928,605 resulting in an unexplained variance of Kshs.3,076,096.

In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.4,004,701 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Port Victoria Sub-County Hospital -County Government of Busia's 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 receipts final budget and actual on comparable basis amounts of Kshs.29,505,110 and Kshs.22,389,625 respectively resulting to an under-funding of Kshs.7,115,484 or 24% of the budget. Similarly, the hospital expended Kshs.14,866,171 against an expenditure budget of

Kshs.16,518,674 resulting to an under expenditure of Kshs.1,651,868 or 10% of the budget. However, the actual total expenditure of Kshs.15,936,321 was erroneously stated at Kshs.14,866,171, resulting in an unexplained variance of Kshs.1,070,150.

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

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Information

The Management is responsible for the Other Information set out on page v to xxxv which comprise of Key Entity Information and Management, the Board of Management, 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 and Statement of Board of Management's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Hospital's, financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this Other Information and 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. Non-Compliance with International Public Sector Accounting Standards Board Financial Reporting Template

Review of the annual report and financial statements for the hospital for the year under review revealed the following anomalies:

- i. Report of the Board of Management indicates incorrect pages numbers where the financial statements are set out, and for Board of Management profile.
- ii. The statement of financial position indicates mismatched reference numbers for Notes to the financial statements for property, plant and equipment, and trade and other payables.
- iii. Note 32 to the financial statements for property, plant and equipment includes cost of furniture and fittings of Kshs.148,422, ICT equipment of Kshs.233,350, and plant and medical equipment of Kshs.258,995. However, the amounts were stated as total costs without corresponding additions and/or historical costs to show source of the assets.

This was contrary to Section 164 (1) of the Public Finance Management Act, 2012 which states at the end of each financial year, the accounting officer for a county government entity shall prepare financial statements in respect of the entity in formats to be prescribed by the Accounting Standards Board.

In the circumstances, the financial statements do not comply with the Public Finance Management Act, 2012.

2. Long Outstanding Receivables from Exchange Transactions

The statement of financial position reflects receivables from exchange transactions balance of Kshs.3,304,880, and as disclosed in Note 29 to the financial statements. The balance relates to receivables dues from Social Health Authority (SHA) out of which receivables totaling Kshs.1,479,880 had been outstanding for more than ninety (90) days. Failure to promptly recover receivables was contrary to Regulation 83(2)(f) of the Public Finance Management (County Governments) Regulations, 2015 which states that for purposes of this regulation, sound cash management includes (f) pursuing debtors with appropriate sensitivity and rigour to ensure that amounts receivable by the county government are collected and banked promptly.

In the circumstances, Management was in breach of law.

3. Failure to Prepare and Submit Quarterly Financial Reports

During the year under review, the Management did not prepare and submit quarterly financial reports in accordance with Section 166(3) of the Public Finance Management Act, 2012 which states that not later than fifteen days after the end of each quarter, the accounting officer shall submit the quarterly report to the County Treasury.

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

4. Failure to Submit Quarterly Reports of Procurements Through Framework Agreements

During the year under review, the hospital procurement unit entered into thirteen (13) framework contracts with suppliers. However, no evidence was provided to confirm that the procurement unit prepared and submitted to the accounting officer with a copy to the internal auditor quarterly reports detailing analysis of items procured through framework contracting. This was contrary to Section 114 (6) of Public Procurement and Disposal Act, 2015 which states that a procurement management unit shall prepare and submit to the accounting officer with a copy to the internal auditor quarterly reports detailing an analysis of items procured through framework agreements and these reports shall include, an analysis of pattern of usage, procurement costs in relation to the prevailing market rates and any recommendations.

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

5. Non-Compliance with Kenya Quality Model for Health Policy Guidelines on Staffing of Health Workers

Review of records maintained by the hospital and analysis of healthcare staffing, revealed inadequate staffing of health workers at the hospital. This was contrary to the requirement of the Kenya Quality Model for Health Policy Guidelines of a Level 4 health facility as follows:

No.	Item	Level 4 Standard	Number in Hospital	Understaffing	Understaffing Percentage (%)
1	Medical Officers	16	3	13	81
2	Anesthesiologists	2	0	2	100
3	General Surgeon	2	0	2	100
4	Gynecologists	2	0	2	100
5	Pediatricians	2	0	2	100
6	Radiologists	2	0	2	100
7	Registered Community Health Nurses	75	12	63	84
	Total	101	15	86	85

In addition, the hospital lacked the necessary equipment and machines indicated in the Health Policy Guidelines as detailed below:

No.	Equipment/Machine	Level 4 Hospital Standard	Actuals in the Hospital	Variance	Variance Percentage %
1	Beds	150	73	77	51
2	Resuscitative (2 in Labor and 1 in theatre)	2	1	1	50
3	New born unit incubators	5	0	5	100
4	New born unit cots	5	0	5	100
5	Functional ICU beds	6	0	6	100
6	High Dependency Unit (HDU) Beds	6	0	6	100
7	Renal Unit with at least 5 dialysis machines	5	0	5	100
8	Two Functional operational theatres- Maternity and General	2	1	1	50
	Total	181	75	106	59

This was contrary to the First Schedule of Health Act, 2017 and which implies that accessing highest attainable standard of health, which includes the right to healthcare services, including reproductive health care, and Article 43(1) of the Constitution of Kenya, 2010 states Every person has the right (a) to the highest attainable standard of health, which includes the right to health care services, including reproductive healthcare.

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

6. Failure to Open Facility Improvement Financing Bank Account

Review of the bank accounts documents revealed that the hospital had not opened a special purpose Facility Improvement Financing bank account. This was contrary to Section 5(2) of the Facilities Improvement Financing Act, 2023 which provides that there shall be opened a facility improvement financing account for each public health facility into which shall be paid all monies received by or on behalf of the respective public health facility.

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

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

them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Lack of Appointment and Acceptance Letters for Board of Management Members

During the year under review, the Board of Management members served without appointment and acceptance letters. This was contrary to Circular OP/CAB.9/1A from the Head of Public Service dated 18 October, 2019 and Circular OP/SCAC.9/73A (48) dated 4 May, 2015, which requires all Board Members including those Alternates or representatives of the permanent secretary to be appointed in writing. Further, Mwongozo Code of Governance, 2015 Parameter 1.1 (13) states that each Board member shall signify their acceptance of the appointment in writing.

In the circumstances, the appointment of Board of Management was irregular.

2. Lack of a Board Charter and Board Work Plan

During the year under review, the hospital Board did not have a Board charter and operated without an annual work plan contrary to the Mwongozo Code of Governance, 2015, Parameter No.1.9 which directs the Board to have in place an annual work plan which should at a minimum focus on review of management implementation of strategies, polices and plans, and budgeting and financial management.

In addition, the Governance and Parameter No.1.11 directs the Board to have in place a Board charter defining the role and responsibilities of the Board members.

In the circumstances, the effectiveness of governance at the hospital could not be confirmed.

3. Failure to Maintain a Fixed Asset Register

During the year under review, the hospital did not maintain an updated fixed asset register which includes assets details such as serial numbers, date of purchase, detail of the

asset, cost, supplier, accumulated depreciation, depreciation for the year, location/user of the asset, and net book values of assets. This was contrary to Regulation 136 (1) of the Public Finance Management (County Governments) Regulations, 2015 which states that the Accounting Officer shall be responsible for maintaining a register of assets under his or her control or possession as prescribed by the relevant laws.

In the circumstances, the effectiveness of assets management 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 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's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable 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 Hospital's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

11 December, 2025

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


Description	Note	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	-	-
In-kind contributions from the County Government	7	-	-
Grants from donors and development partners	8	-	-
Transfers from other Government entities	9	-	-
Public contributions and donations	10	-	-
		-	-
Revenue from exchange transactions			
Rendering of services- Medical Service Income	11	22,389,625.40	-
Revenue from rent of facilities	12	-	-
Finance /Interest Income	13	-	-
Miscellaneous Income	14	-	-
Revenue from exchange transactions		22,389,625.40	-
Total revenue		22,389,625.40	-
Expenses			
Medical/Clinical costs	15	5,184,277.00	-
Employee costs	16	932,324	-
Board of Management Expenses	17	224,670	-
Depreciation and amortization expense	18	42,734.65	-
Repairs and maintenance	19	541,718	-
Grants and subsidies	20	4,813,577	-
General expenses	21	3,169,605	-
Finance costs	22	-	-
Total expenses		14,908,905.65	-
Other gains/(losses)			
Gain/Loss on disposal of non-Current assets	23	-	-

Port Victoria Hospital (Busia County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025


Description	Note	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
Unrealized gain on fair value of investments	24	-	-
Medical services contracts Gains/Losses	25	(55,965.00)	-
Impairment loss	26	(-)	-
Gain on foreign exchange transactions		-	-
Total other gains/(losses)		(55,965.00)	-
Net Surplus / (Deficit) for the year		7,424,754.75	-

THE LOSS INDICATED IS THE WAIVER AMOUNT


The Hospital's financial statements were approved by the Board on 19/8/2025 and signed on its behalf by:



Mr Clement Ogomo.
Chairman
Board of Management



CPA Feler Orido
Head of Finance
ICPAK No:27084



Dr Emase Bildad
Medical Superintendent

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

Description	Note	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	27	4,004,701.40	-
Prepayments	28		
Receivables from exchange transactions	29	3,304,880.00	-
Receivables from non-exchange transactions	30	0.00	-
Inventories	31	-	-
Total Current Assets		7,309,581.40	-
Non-current assets			
Property, plant, and equipment	31	598,032.35	-
Intangible assets	32	-	-
Investment property	33	-	-
Biological Assets	34		
Total Non-current Assets		598,032.35	-
Total assets (A)		7,907,613.75	-
Liabilities			
Current liabilities			
Trade and other payables	35	482,519.00	-
Refundable deposits from Patients/Prepayments	36	-	-
Provisions	37	-	-
Finance lease obligation	38	-	-
Current portion of deferred income	39	-	-
Current portion of borrowings	40	-	-
Total Current Liabilities		482,519.00	-
Non-current liabilities			
Provisions	37	-	-
Non-Current Finance lease obligation	38	-	-
Non-Current portion of deferred income	39	-	-
Non - Current portion of borrowings	40	-	-

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Description	Note	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
Service concession Arrangements	41	-	-
Total non-current liabilities		-	-
Total Liabilities (B)		482,519.00	-
Net assets (A-B)		7,425,094.75	-
Represented by:			
Revaluation reserve		-	-
Accumulated surplus/Deficit		7,424,754.75	-
Capital Fund-BALANCE B/F 1 ST NOV 2024		340.00	-
Net Assets		7,425,094.75	-

(The notes on pages 10 to 53 form an integral part of the Annual Financial Statements.)

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



Mr Clement Ogomo.
Chairman
Board of Management



CPA Feler Orido
Head of Finance
ICPAK No:27084



Dr Emase Bildad
Medical Superintendent

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

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2024(previous year)	-	-	-	-
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	-	-	-
Capital/Development grants	-	-	-	-
As at June 30, 2024 (previous year)	-	-	-	-
At July 1, 2025 (current year)	-	-	-	-
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	7,424,754.75	-	7,424,754.75
BAL B/F AS AT 1 ST NOV 2024	-	-	340.00	340.00
At June 30, 2025 (current year)	-	7,424,754.75	340	7,425.094.75

THE KSH.340.00 WAS OUR OPENING BALANCE AT THE START OF FIF ON 1ST NOVEMBER 2024.

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

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government		-	-
Grants from donors and development partners		-	-
Transfers from other Government entities		-	-
Public contributions and donations		-	-
Rendering of services- Medical Service Income		19,028,780.40	-
Revenue from rent of facilities			-
Finance / interest income			-
Miscellaneous receipts(<i>specify</i>)			-
Total Receipts		19,028,780.40	-
Payments			
Medical/Clinical costs		4,730,258	-
Employee costs		932,324	-
Board of Management Expenses		224,670	-
Repairs and maintenance		541,718	-
Grants and subsidies		4,813,577	-
General expenses		3,141,105	-
Finance costs		-	-
Refunds paid out		-	-
Total Payments		14,383,652.00	-
Net cash flows from operating activities	43	4,645,128.40	-
Cash flows from investing activities			
Purchase of property, plant, equipment		(640,767)	(-)
Purchase of intangible assets		(-)	(-)
Proceeds from the sale of PPE		-	-
Acquisition of investments		(-)	(-)
Net cash flows used in investing activities		(640,767)	(-)
Cash flows from financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings		(-)	(-)
Capital grants received		-	-

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Net cash flows used in financing activities		(-)	(-)
Net increase/(decrease) in cash and cash equivalents		4,004,361.40	(-)
Cash and cash equivalents as at 1 st November 2024	27	340.00	-
Cash and cash equivalents as at 30 June	27	4,004,701.40	-

17.(b) Reconciliations Of Statement Of Statement of Financial Performance And Cashflow.

No	DETAILS	Statements of Financial Performance.	Statement of cashflows	Variances	Explanations
	Medical cost	5,184,277.00	4,730,258	454,019	Statement of financial performance considers all invoiced amounts whether paid or not while cash flow statement considers cash movements that is actuals. The variance of Ksh.454,019 are amounts of medical cost related payables as at 30 th June 2025
	General expenses	3,169,605	3,141,105	28,500	Statement of financial performance considers all invoiced amounts whether paid or not while cash flow statement considers cash movements that is actuals. The variance of Ksh.28,500 are amounts of internet cost invoiced and not yet paid as at 30 th June 2025

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
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget carryovers from the previous year	-	-	-	-	-	-
Receipts						
Transfers from the County Government	-	-	-	-	-	-
Grants from donors and development partners	-	-	-	-	-	-
Transfers from other Government entities	-	-	-	-	-	-
Public contributions and donations	-	-	-	-	-	-
Rendering of services- Medical Service Income	22,519,432	6,985,678	29,505,110	22,389,625.40	7,115,484.6	75.88 %
Revenue from rent of facilities	-	-	-	-	-	-
Finance / interest income	-	-	-	-	-	-
Miscellaneous receipts (<i>specify</i>)	-	-	-	-	-	-
Total receipts	22,519,432	6,985,678	29,505,110	22,389,625.40	7,115,484.6	75.69%
Payments						
Medical/Clinical costs	5,300,000	460,308	5,760,307	5,184,277	576,031	90%
Employee costs	1,000,000	35,916	1,035,915	932,324	103,592	90%
Remuneration of directors	200,000	49,633	249,633	224,670	24,963	90%
Repairs and maintenance	500,000	101,909	601,908	541,718	60,191	90%
Grants and subsidies	5,200,000	148,419	5,348,418	4,813,577	534,842	90%
General expenses	3,000,000	522,493	3,522,493	3,169,605	352,249	90%
Finance costs	-	-	-	-	-	-
Refunds	-	-	-	-	-	-
Total Operational Expenditure paid	15,200,000	1,318,678	16,518,674	14,866,171	1,651,868	90%
Capital Expenditure paid	707,432	8,542	715,974	640,767	75,327.0	90%
Surplus	6,612,000	5,658,458	12,270,462	6,882,687.40	5,388,289.60	56%

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Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	6,882,687.40
1	Less receivables from SHA which wasn't paid by year end and considered as actual receipt	(3,304,880.00)
2	Less receivables from WAIVERS which wasn't paid by year end and considered as actual receipt	(55,965.00)
3	Add payables as at Year end whose amount was still in the account and appear in Actual surplus of budget statement	482,519.00
4	Add the balance b/f (opening balance in the expenditure account at start of FIF ON 1 st November 2024)	340.00
	Closing Cash and Cash Equivalent as per the statement of Cash flows	4,004,701.40

18.(a) RECONCILLIATION OF STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT AND STATEMENT OF CASHFLOW.

	DETAILS	Statement of comparison of Budget and Actual Amount.	Statement of Cashflow.	Variance	Explanations For Variances
1	Medical/Clinical Cost.	5,184,277.00	4,730,258.00	454,019.00	Medical cost payables
2	General Expenses	3,169,605.00	3,141,105.00	28,500.00	Internet payables

19. Notes to the Financial Statements

1. General Information

This hospital is established by and derives its authority and accountability from County Governments Act. The entity is wholly owned by the Busia County Government and is domiciled in Busia County in Kenya. The Hospital'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 hospital's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in notes. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the hospital. The financial statements have been prepared in accordance with the PFM Act, *FIF Act 2024*, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

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

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

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

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

Standard	Effective date and impact:
	<p>criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
<p>IPSAS 46 Measurement</p>	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
<p>IPSAS 47- Revenue</p>	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
<p>IPSAS 48- Transfer Expenses</p>	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard</p>

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

iii) Early adoption of standards

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

4. Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Rental income

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

Notes to the Financial Statements (Continued)

b. Budget information

The original budget for FY 2024/2025 was approved by Board on 5TH DECEMBER 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 in order to conclude the final budget. Accordingly, the hospital recorded additional appropriations of KSH 3,100,000 on the FY2024/2025 budget following the Board's approval. The hospital's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

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

c. Taxes

Sales tax/ Value Added Tax

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

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

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 xxx years. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

e. Property, plant and equipment

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

Port Victoria Sub-County Hospital Depreciation Policy

Depreciation is calculated on straight line basis to write off the cost or valuation of fixed assets over the expected useful lives,

Port Victoria sub-county hospital uses the straight method of depreciation as outlined in the Busia County Health Financing manual. Time apportionment is done as shown in the depreciation schedule. Applicable annual rates are:

ITEM	DEPRECIATION RATE(%)
Buildings	2
Furniture and Fittings	20
Equipment and Vehicles	25
Computers and Accessories	33.3

Full depreciation will be charged in the year of acquisition and no depreciation in the year of disposal.

f. Leases

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

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

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

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

g. Intangible assets

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

Notes to the Financial Statements (Continued)

h. Biological Assets

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 entity 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 particular investments in equity instruments.

Subsequent measurement

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

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is

recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date.

Financial liabilities

Classification

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

k. Inventories

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

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

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

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

l. Provisions

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

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

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

Notes to the Financial Statements (Continued)

m. Social Benefits

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

n. Contingent liabilities

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

o. Contingent assets

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

p. Nature and purpose of reserves

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

q. Changes in accounting policies and estimates

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

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

w. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to 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 hospital's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note xxx. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Notes to Financial Statements Continued

6. Transfers from the County Government

Description	2024/2025	2023/2024
	KShs	KShs
Unconditional grants		
Operational grant	-	-
Level 4/5 grants	-	-
Unconditional development grants	-	-
Other grants (<i>specify</i>)	-	-
	-	-
Conditional grants		
User fee forgone	-	-
Transforming health services for Universal care project (THUCP)	-	-
DANIDA	-	-
Wards Development grant	-	-
Paediatric block grant	-	-
Administration block grant	-	-
Laboratory grant	-	-
Total government grants and subsidies	-	-

6. (a) 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
Busia County Government	-	-	-	-	-
Total	-	-	-	-	-

Notes to Financial Statements Continued

7. In Kind Contributions from The County Government

Description	2024/2025	2023/2024
	KShs	KShs
Salaries and wages	-	-
Medical supplies-Drawings Rights (KEMSA)	-	-
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	-	-
Utility bills	-	-
Total grants in kind	0	-

8. Grants from Donors and Development Partners

Description	2024/2025	2023/2024
	KShs	KShs
Cancer Centre grant- DANIDA	-	-
World Bank grants	-	-
Paediatric ward grant- JICA	-	-
Research grants	-	-
Other grants (<i>specify</i>)	-	-
Total grants from development partners	0	-

8.(a) Grants from donors and development partners (Classification)

Name of the Entity sending the grant	Amount recognized to Statement of financial performance	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year	Comparative Period
	KShs	KShs	KShs	KShs	KShs
Donor e.g., DANIDA	-	-	-	-	-
JICA	-	-	-	-	-
World Bank	-	-	-	-	-
Total	-	-	-	-	-

Notes to Financial Statements Continued

9. Transfers from Other Government Entities

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Transfer from National Government (Ministry of Health)	-	-
Transfer from National Hospital	-	-
Transfer from Institute	-	-
Total Transfers	-	-

10. Public Contributions and Donations

Description	2024/2025	FY 2024/2024
	KShs	KShs
Public donations	-	-
Donations from local leadership	-	-
Donations from religious institutions	-	-
Donations from other international organisations and individuals	-	-
Other donations(<i>specify</i>)	-	-
Donations in kind-amortised	-	-
Total donations and sponsorships	-	-

10. (a) Reconciliations of amortised grants

Description	2024/2025	2024/2025
	Kshs	Kshs
Balance unspent at beginning of year	-	-
Current year receipts	-	-
Amortised and transferred to revenue	-	-
Conditions to be met – remain liabilities	-	-

Notes to Financial Statements Continued

11. Rendering of Services-Medical Service Income

Description	FY 2024/2025	2023/2024
	Kshs	Kshs
Pharmaceuticals	351,795.00	-
Special Clinics	43,600.00	-
Laboratory	472,200.00	-
Radiology	273,350.00	-
Orthopedic and Trauma Technology	27,950.00	-
Theatre	114,500.00	-
Physiotherapy	137,250.00	-
Eye Clinic	22,250.00	-
Consultation fees	93,450.00	-
Nutrition service	49,850.00	-
Medical Exams	57,650.00	-
P3	1,500.00	-
Reproductive health –Maternity	295,150.00	-
Inpatient services	177,600.00	-
Farewell home services	944,300.00	-
Ambulance services	87,000.00	-
Occupational Therapy	10,800.00	-
Patients files and books	312,150.00	-
Medical Social Worker	11,680.00	-
Student Attachment Fees	16,000.00	-
Miscellaneous Cash collections	40,968.00	-
NHIF & SHA REIMBURSEMENTS	15,487,787.40	-
UN-REIMBURSED SHA CLAIMS	3,304,880.00	-
Cash Waivers	55,965.00	-
Total revenue from the rendering of services	22,389,625.40	-

Notes to the Financial Statements (Continued)

12. Revenue From Rent of Facilities

Description	FY 2024/2025	2023/2024
	Kshs	Kshs
Residential property	-	-
Commercial property	-	-
Total Revenue from rent of facilities	0	0

13. Finance /Interest Income

Description	FY 2024/2025	2023/2024
	Kshs	Kshs
Interest income from Cash investments and fixed deposits	-	-
Interest income from short- term/ current deposits	-	-
Interest income from Treasury Bills	-	-
Interest income from Treasury Bonds	-	-
Interest from outstanding debtors	-	-
Total finance income	0	-

14. Miscellaneous Income

Description	FY 2024/2025	2023/2024
	KShs	KShs
Insurance recoveries	-	-
Income from sale of tender	-	-
Services concession income	-	-
Sale of goods (water, publications, containers etc)	-	-
Write backs (Deposits, payments in advance etc)	-	-
Bad debts recovered	-	-
<i>Others (Specify)</i>	-	-
Total Miscellaneous income	0.00	-

Notes to the Financial Statements (Continued)

15. Medical/ Clinical Costs

Description	FY 2024/2025	2023/2024
	Kshs	Kshs
Dental costs/ materials	-	-
Laboratory chemicals and reagents	119,800.00	-
Public health activities	-	-
Food and Ration	1,115,492.00	-
Uniform, clothing, and linen	150,000.00	-
Dressing and Non-Pharmaceuticals	1,558,218.00	-
Pharmaceutical supplies	1,719,767.00	-
Health information stationery	-	-
Reproductive health materials	-	-
Sanitary and cleansing Materials	450,000.00	-
Purchase of Medical gases	20,000.00	-
X-Ray/Radiology supplies	51,000.00	-
Other medical related clinical costs (<i>specify</i>)	-	-
Total medical/ clinical costs	5,184,277.00	-

16. Employee Costs

Description	FY 2024/2025	2023/2024
	Kshs	Kshs
Salaries, wages, and allowances	932,324.00	-
Contributions to pension schemes	-	-
Service gratuity	-	-
Performance and other bonuses	-	-
Staff medical expenses and Insurance cover	-	-
Group personal accident insurance and WIBA	-	-
Social contribution	-	-
Other employee costs (<i>specify</i>)	-	-
Employee costs	932,324.00	-

Notes to the Financial Statements (Continued)

17. Board of Management Expenses

Description	FY 2024/2025	2023/2024
	Kshs	Kshs
Chairman's Honoraria	-	-
Sitting allowance	224,670.00	-
Mileage	-	-
Insurance expenses	-	-
Induction and training	-	-
Travel and accommodation allowance	-	-
Airtime allowances	-	-
Total	224,670.00	-

18. Depreciation and Amortization Expense

Description	FY 2024/2025	2023/2024
	Kshs	Kshs
Property, plant and equipment	42,734.65	-
Intangible assets	-	-
Investment property carried at cost	-	-
Total depreciation and amortization	42,734.65	-

19. Repairs And Maintenance

Description	FY 2024/2025	2023/2024
	Kshs	Kshs
Property- Buildings	250,668.00	-
Medical equipment	70,000.00	-
Office equipment	-	-
Furniture and fittings	211,300.00	-
Computers and accessories	9,750.00	-
Motor vehicle expenses	-	-
Maintenance of civil works	-	-
Total repairs and maintenance	541,718.00	-

Notes to the Financial Statements (Continued)

20. Grants And Subsidies

Description	FY 20024/2025	2023/2024
	Kshs	Kshs
Primary Healthcare services & Admin costs	4,813,577.00	-
Education initiatives and programs	-	-
Free/ subsidised medical camp	-	-
Disability programs	-	-
Free cancer screening	-	-
Social benefit expenses	-	-
Other grants and subsidies(<i>specify</i>)	-	-
Total grants and subsidies	4,813,577.00	-

21. General Expenses

Description	FY 2024/2025	2023/2024
	Kshs	Kshs
Advertising and publicity expenses	-	-
Catering expenses	97,240.00	-
Bank charges	73,025.00	-
Conferences and delegations	244,000.00	-
Consultancy fees	-	-
Contracted services-guards	165,000.00	-
Electricity expenses	480,000.00	-
Fuel and Lubricants	1,094,850.00	-
Insurance	-	-
Research and development expenses	-	-
Travel and accommodation allowance	207,000.00	-
Courier and postal services	200.00	-
Printing and stationery	398,125.00	-
Water and sewerage costs	126,140.00	-
Skills development levies	-	-
Telephone and mobile phone services	17,000.00	-
Internet expenses	99,000.00	-
Charcoal	148,925.00	-
Household Items	19,100.00	-
Total General Expenses	3,169,605.00	-

22. Finance Costs

Description	2024/2025	2023/2024
	KShs	KShs
Borrowings (amortized cost) *	-	-
Finance leases (amortized cost)	-	-
Interest on Bank overdrafts/Guarantees	-	-
Interest on loans from commercial banks	-	-
Total finance costs	-	-

23. Gain/Loss on Disposal of Non-Current Assets

Description	2024/2025	2023/2024
	KShs	KShs
Property, plant, and equipment	-	-
Intangible assets	-	-
Other assets not capitalised (<i>specify</i>)	-	-
Total gain on sale of assets	-	-

24. Unrealized Gain On Fair Value Investments

Description	2024/2025	2023/2024
	KShs	KShs
Investments at fair value	-	-
Total gain	-	-

Notes to the Financial Statements (Continued)

25. Medical Services Contracts Gains /Losses

Description	FY 2024/2025	2023/2024
	KShs	KShs
Comprehensive care contracts with NHIF/SHA	0.00	-
Non- Comprehensive contracts care with NHIF/SHA	0.00	-
Linda Mama Program	0.00	-
Waivers and Exemptions	55,965	-
Total Gain/Loss	(55,965)	-

26. Impairment Loss

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Property, plant, and equipment	-	-
Intangible assets	-	-
Investments	-	-
Total impairment loss	-	-

27. Cash and Cash Equivalents

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Current accounts	4,004,701.40	-
On - call deposits	-	-
Fixed deposits accounts	-	-
Cash in hand	-	-
Others(<i>specify</i>)- Mobile money	-	-
Total cash and cash equivalents	4,004,701.40	-

Notes to the Financial Statements (Continued)

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

Description		FY 2024/2025	FY 2023/2024
Financial institution	Account number	KShs	KShs
a) Current account			
Kenya Commercial bank	1263936253	3,954,941.00	0
National Bank Of Kenya	01001036646000	49,760.40	0
Sub- total		4,004,701.40	0
cash in hand		-	0
Mobile money- Mpesa, Airtel money		-	0
Sub- total		-	0
Grand total		4,004,701.40	0.00

28. Prepayments

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Insurance	-	-
Rent	-	-
Water	-	-
Internet	-	-
Others specify	-	-
Total	-	-

29. Receivables From Exchange Transactions

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Medical services receivables	3,360,845.00	-
Rent receivables	-	-
Other exchange debtors	-	-
Less: Waivers	(55,965.00)	(-)
Total receivables	3,304,880.00	0

Analysis of Receivables From Exchange Transactions

Description	FY 2024/2025		FY 2023/2024	
	Kshs		Kshs	
	2024/2025	% of the total	2023/2024	% of the total
Less than 1 year	3,304,880.00	100%	-	-
Between 1- 2 years	-	-	-	-
Between 2-3 years	-	-	-	-
Over 3 years	-	-	-	-
Total (a+b)	3,304,880.00	100%	-	-

30. Receivables From Non-Exchange Transactions

Description	2024/2025	2023/2025
	KShs	KShs
Transfers from the County Government	-	-
Undisbursed donor funds	-	-
Other debtors (<i>non-exchange transactions</i>)	-	-
Less: impairment allowance	(-)	(-)
Total	-	-

Analysis of Receivables From Non-Exchange Transactions

Description	2024/2025		2023/2024	
	Kshs		Kshs	
	2024/2025	% of the total	2023/2024	% of the total
Less than 1 year	-	-	-	-
Between 1- 2 years	-	-	-	-
Between 2-3 years	-	-	-	-
Over 3 years	-	-	-	-
Total (a+b)	-	-	-	-

31. Inventories

Description	2024/2025	2023/2024
	KShs	KShs
Pharmaceutical supplies	-	-
Maintenance supplies	-	-
Food supplies	-	-
Linen and clothing supplies	-	-
Cleaning materials supplies	-	-
General supplies-non-pharms	-	-
Less: provision for impairment of stocks	(-)	(-)
Total	0	0

Detailed disclosure on inventories

	2024/2025	2023/2024
Opening balance	0.00	-
Additional Inventory in the year	0.00	-
Inventory expensed in the year	0.00	-
Write-downs in the year	0.00	-
Others specify	0.00	-
Closing balance	0.00	-

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Notes to the Financial Statements (Continued)

32. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (specify)	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh	Ksh
Cost									
At 1 July 2024 (previous year)	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-	-	-	-
At 30th Jun 2025	-	-	-	-	-	-	-	-	-
At 1 July 2025 (current year)	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-	-	-	-
At 30th Jun 2025	-	-	-	148,422	233,350	258,995	-	-	640,767
Depreciation and impairment									
At 1 July 2024 (previous year)		-	-	-	-	-	-	-	-
Depreciation for the year		-	-	-	-	-	-	-	-

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Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (specify)	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh	Ksh
Disposals	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-
At 30 June 2025		-	-	-	-	-	-	-	-
At July 2025 (current year)	-	-	-	-	-	-	-	-	-
Depreciation	-			6,184.25	25,758.94	10,791.46	-	-	42,734.65
Disposals	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-
Transfer/adjustment	-	--	-		-	-	-	-	-
At 30th June 2025	-	-	-	6,184.25	25,758.94	10,791.46	-	-	42,734.65
Net book values									
At 30 th Jun 2024 (previous)	-	-	-	-	-	-	-	-	-
At 30 th Jun 2025 (current)	-	-	-	142,237.75	207,591.06	248,203.54	-	-	598,032.35

Notes to the Financial Statements (Continued)

33. Intangible Assets-Software

Description	2024/2025	2023/2024
	KShs	KShs
Cost		
At beginning of the year	-	-
Additions	-	-
Additions-Internal development	-	-
Disposal	(-)	(-)
At end of the year	-	-
Amortization and impairment		
At beginning of the year	-	-
Amortization for the period	-	-
Impairment loss	-	-
At end of the year	-	-
NBV	-	-

34. Investment Property

Description	2024/2025	2023/2024
	KShs	KShs
At beginning of the year	-	-
Additions	-	-
Disposals during the year	-	-
Fair value gain	-	-
Depreciation (<i>where investment property is at cost</i>)	-	-
Impairment	-	-
At end of the year	-	-

Notes to the Financial Statements (Continued)

35. Biological Assets

Description	2024/2025	2023/2024
	Kshs	Kshs
Trees in a plantation forest	0	0
Animals: Dairy Cattle, Pigs, Sheep	0	0
Others specify	0	0
Total	0	0

36. Trade and other Payables

Description	2024/2025		2023/2024	
	KShs		KShs	
Trade payables	482,519.00		0.00	
Employee dues	-		-	
Third-party payments (e.g. unremitted payroll deductions)	-		-	
Audit fee	-		-	
Doctors' fee	-		-	
Total trade and other payables	482,519.00		0.00	
Ageing analysis:	2024/2025	% of the Total	2023/2024	% of the total
Under one year	482,519.00	100%	-	-
1-2 years	-	-	-	-
2-3 years	-	-	-	-
Over 3 years	-	-	-	-
Total	482,519.00	100%	-	-

37. Refundable Deposits from Customers/Patients

Description	2024/2025		2023/2024	
	KShs		KShs	
Medical fees paid in advance	-		-	
Credit facility deposit	-		-	
Rent deposits	-		-	
Others (specify)	-		-	
Total deposits	0		0	
Ageing analysis:	2024/2025	% of the Total	Comparative FY	% of the Total
Under one year	-	-	-	-
1-2 years	-	-	-	-

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2-3 years	-	-	-	-
Over 3 years	-	-	-	-
Total	-	-	-	-

38. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	KShs	KShs	KShs	KShs
Balance at the beginning of the year	-	-	-	-
Additional Provisions	-	-	-	-
Provision utilised	-	-	-	-
Change due to discount & time value for money	-	-	-	-
Total provisions	-	-	-	-
Current Provisions	-	-	-	-
Non-Current Provisions	-	-	-	-
Total Provisions	-	-	-	-

39. Finance Lease Obligation

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Current Lease obligation	-	-
Long term lease obligation	-	-
Total	-	-

40. Deferred Income

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Current Portion	-	-
Non-Current Portion	-	-
Total	-	-

Notes to the Financial Statements (Continued)

40. (a) The deferred income movement is as follows:

Description	National government	International funders/ donors	Public contributions and donations	Total
Balance b/f	-	-	-	-
Additions during the year	-	-	-	-
Transfers to Capital fund	-	-	-	-
Transfers to statement of financial performance	-	-	-	-
Other transfers (<i>Specify</i>)	-	-	-	-
Balance C/F	-	-	-	-

41. Borrowings

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Balance at beginning of the period	0	0
External borrowings during the year	-	-
Domestic borrowings during the year	-	-
Repayments of external borrowings during the year	-	-
Repayments of domestic borrowings during the year	-	-
Balance at end of the period	0	0

41. (a) Breakdown of Long- and Short-Term Borrowings

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Current Obligation	0	-
Non-Current Obligation	0	-
Total	0	-

Notes to the Financial Statements (Continued)

42. Service Concession Arrangements

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Fair value of service concession assets recognized under PPE	-	-
Accumulated depreciation to date	(-)	-
Net carrying amount	=	=
Service concession liability at beginning of the year	-	-
Service concession revenue recognized	(-)	(-)
Service concession liability at end of the year	=	=

43. Cash Generated from Operations

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Surplus for the year before tax	7,424,754.75	-
Adjusted for:		
Depreciation	42,734.65	-
Non-cash grants received	(-)	(-)
Impairment	-	-
Gains and losses on disposal of assets	(-)	(-)
Contribution to provisions	-	-
Contribution to impairment allowance		-
Working Capital adjustments		
Increase in inventory	(-)	(-)
Increase in receivables	(3,304,880)	(-)
Increase in deferred income	-	-
Increase in payables	482,519.00	-
Increase in payments received in advance	-	-
Net cash flow from operating activities	4,645,128.40	-

Notes to the Financial Statements (Continued)

44. Financial Risk Management

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

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

(i) Credit risk

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024 (previous year)				
Receivables from exchange transactions	-	-	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-
At 30 June 2025(current year)				
Receivables from exchange transactions	3,304,880.00	-	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	4,004,701.40	-	-	-
Total	7,309,581.40	-	-	-

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 hospital has significant concentration of credit risk on amounts due from SHA. The board of management sets the hospital's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(ii) Liquidity risk management

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2025				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total				
At 30 June 2025				
Trade payables	482,519.00	-	-	482,519.00
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	482,519.00	-	-	482,519.00

Notes to the Financial Statements (Continued)

(iii) Market risk

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

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

a) Foreign currency risk

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

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

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

Notes to the Financial Statements (Continued)

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

Foreign currency sensitivity analysis

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

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

b) Interest rate risk

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

Management of interest rate risk

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

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.

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	-	-
Retained earnings	-	-
Capital reserve	-	-
Total funds	-	-
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/ <i>(excess cash and cash equivalents)</i>	-	-
Gearing	0	0

Notes to the Financial Statements (Continued)

45. 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.

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

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

46. Contingent Liabilities

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

47. Capital Commitments

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

48. Events after the Reporting Period

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

49. Ultimate and Holding Entity

The entity is a County Corporation/ or a Semi- Autonomous Government Agency under the Department of Health. Its ultimate parent is the County Government of Busia.

50. Currency

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

Port Victoria Hospital (Busia County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

20. Appendices

Appendix 1: Progress on Follow Up of Auditor Recommendations

There were no prior year audit recommendations.

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


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Accounting Office