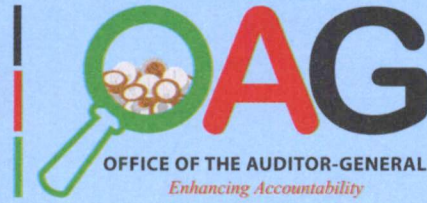


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REPORT

OF

51

THE AUDITOR-GENERAL

ON

CHWELE SUB COUNTY HOSPITAL

FOR THE YEAR ENDED  
30 JUNE, 2025

COUNTY GOVERNMENT OF BUNGOMA

PAPERS LAID	
DATE	19/2/2026
TABLED BY	Minority Whip
COMMITTEE	
CLERK AT THE TABLE	

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Revised 30<sup>th</sup> June 2025



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# CHWELE SUBCOUNTY HOSPITAL (Bungoma County Government)

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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

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**1. Acronyms & Glossary of Terms**

CSR	Corporate Social Responsibility
CPA-K	certified public account- Kenya
KHIS	Kenya health information system
SHA	social health authority
HMC	Health Management committee
CCC	comprehensive care clinic
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent

Fiduciary Management Key management personnel who have financial responsibility in the entity.

PHYSIO                      Physiotherapy

**2. Key Entity Information and Management**

**(a) Background information**

Chwele Sub-county Hospital is a level 4 hospital established under gazette notice number 786 of February 2020 and is domiciled in Bungoma County under the Health Department. The hospital is governed by a Board of Management. The main services offered include: curative, preventive, promoting and rehabilitative services.

**(b) Principal Activities**

The principal activity/mission/ mandate of the *hospital* is to offer curative, preventive, promotive and rehabilitative services.

**Vision:** An efficient and high quality health care system that is accessible, equitable and affordable for all our clients.

**Mission:** To promote and participate in the provision of integrated and high quality promotive, preventive, curative and rehabilitative health care service to all our clients.

**Mandate:** To formulate policies set standards, provide health services, create enabling environment and regulate provision of health services delivery.

**(c) Key Management**

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

- County department of health
- Board of Management
- Accounting Officer/ Medical Superintendent
- Management
- Others (*specify*)

**(d) Fiduciary Management**

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

No.	Designation	Name
1.	Medical Superintendent	<b>Dr. Graham Masika</b>
2.	Head of finance	<b>Mrs. Mosii Getura</b>
3.	Head of supply chain	<b>Mrs Rose Mukhisa</b>
4.	Head of Nursing	<b>Mrs. Catherine Mulwale</b>
5.	Head of administration	<b>Mrs Carolyn Nalinya</b>
6	Head of Clinical	<b>Mr. Robert Wanyonyi</b>

No.	Designation	Name
7	Head of Records Information	<b>Ms Pauline Shilako</b>
8	Head of Sanitation	<b>Mr Mark Okumu</b>
9	Head of Pharmacy	<b>Dr Elizabeth Kariuki</b>
10	Head of Laboratory	<b>Mrs Noreen Joseph</b>
11	Medical Officer	<b>Dr Alex Ndiwa</b>
12	Head of Maintenance Unit	<b>Mr Caleb Webo</b>
13	Head of Nutrition	<b>Mr. Nickson Boiyo</b>
14	Head of orthopaedic	<b>Mr. Stephen Wamalwa</b>
15	Head of physiotherapy	<b>Mrs Joan Wangila</b>
16	Head of radiology services	<b>Mr. Kevin wakoli</b>

**(e) Fiduciary Oversight Arrangements**

***Quality of health Committee.***

The Committee which comprised of five members is charged with the responsibility of advising the Board on clinical services in the hospital. The Committee is tasked with ensuring that health care services are affordable, accessible and sustainable. Review any changes on policy issues, standards, quality assurance and undertake comprehensive quarterly evaluation of standards, quality assurance programs in the hospital based on health professional's handbook on quality management in health care in Kenya. The Committee held four (4) meetings during the year under review as shown in the table below:

SNO:	NAME	POSITION	ATTENDANCE
1	Milsane Kiplai	Chairperson	4/4
2	Andrew Kunusia	Secretary	4/4
3	Catherine Mulwale	"	4/4
4	Violet Mabonga	"	4/4
5	Dr. Graham Masika	"	4/4

***Audit sub-committee***

The Risk and Audit Committee assists the Board with the oversight of the financial reporting process, audit process, internal control systems, risk management and compliance with laws and regulations. The Committee comprises 4 members. The Audit Committee is tasked with monitoring and reviewing the effectiveness of the hospital's internal audit function; provision of general oversight in risk and compliance matters; and ensuring quality, integrity,

**Chwele Subcounty Hospital (Bungoma County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

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effectiveness and reliability of the Hospital's risk management framework. The Committee held four (4) meeting during the year under review as shown in the table below

S NO:	NAME	POSITION	ATTENDANCE
1	Aggrey Wakuloba	Chair	4/4
2	Bishop Naomi Wasike	Member	4/4
3	Herbert Wanyembi	Secretary	4/4
4	Getura Mosii	Member	4/4

**Finance subcommittee**

The Committee is responsible for considering and making recommendations to the Board on the following: Quarterly budgets and procurement plan; review financial management reports and policies, formulating human resource policies and remuneration structure for the support staff, succession planning among others  
The Committee held four (4) meeting during the year under review as shown in the table below:

S NO:	NAME	POSITION	ATTENDANCE
1	Nahashon Ombeka	Chair	4/4
2	Jane Kusienya	Member	4/4
3	Alfred Kukali	Secretary	4/4
4	Catherine Simiyu	Member	4/4
5	Getura Mosii	Member	4/4

**(f) Entity Headquarters**

Chief Officer of Health  
P.O. Box 347-50200  
Bungoma County Government

**(g) Entity Contacts**

Telephone: (+254) 769591995  
E-mail: [chwelesubcountyhospital@gmail.com](mailto:chwelesubcountyhospital@gmail.com)  
Website: [www.bungomacounty.go.ke](http://www.bungomacounty.go.ke)

**(h) Entity Bankers**

Kenya Commercial Bank

**(i) Independent Auditors**

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



**(j) Principal Legal Adviser**



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

**(k) County Attorney**

Bungoma county government  
P.O. Box.347  
50200, Kenya

**3. The Board of Management**

Ref	Directors	Details
1.		<p><b>Madam Catherine Nakuti Simiyu</b> <b>Board chairlady;</b> She is 60 years of age and holds a diploma in education from kibabii university and a diploma in management from Kenya management institute Nairobi. She retired as a principal in June 2014.</p>
2.		<p><b>Mr. Andrew Kunusia</b> <b>Board member;</b> He is a 70 yr old retired teacher,</p>

3.		<p><b>Mrs. Milsane Kiplai.</b> <b>Board member</b></p> <p>She holds a Diploma in Kenya Registered Community Health Nursing, Bachelor of Science in Nursing and Masters of Science in Midwifery from Masinde Muliro University.</p> <p>She is also a CHMT representative.</p>
4.		<p><b>Mr. Aggrey wakuloba</b> <b>Board member</b></p> <p>He is 44 years old. He holds a diploma in land survey. Worked at Thika as a surveyor for 3yrs, was a college tutor for 2yrs and has been in business for over 13yrs.</p>

5.





**Dr. Graham Masika Makokha**



**Medical superintendent/board secretary**


He holds a bachelor's degree in Medicine and surgery from Nairobi University. He was the medsup/SCMOH of Bumula sub county before being transferred to kabuchai sub county where he currently serves in the same position.

**4. Key Management Team**

	<b>Management</b>	<b>Details</b>
i.		<p><b>Dr. Graham Masika Makokha</b>  <b>Medical superintendent</b></p> <p>He holds a bachelor’s degree in Medicine and surgery from Nairobi University. He was the medsup/SCMOH of Bumula sub county before being transferred to kabuchai sub county where he currently serves in the same position.</p> <p><b>Responsibilities;</b></p> <ul style="list-style-type: none"> <li>• Providing administrative and clinical leadership.</li> <li>• He oversees the implementation of Board resolutions.</li> <li>• Ensures efficient hospital operations and quality patient care.</li> <li>• Formulation of long term strategies and evidence based health planning</li> <li>• Participating in various committees</li> <li>• He is the Accounting Officer hence a Mandatory signatory to facility account.</li> <li>• He is the Chairperson to Hospital Management Team (HMT) and facility Executive Expenditure Committee (EEC).</li> </ul>

ii.		<p><b>Mrs. Carolyn Nalianya</b></p> <p><b>Health administrative officer</b></p> <p>She is aged 56years with a diploma in Business administration. she worked at webuye county hospital before being transferred to chwele sub county hospital</p> <p><b>Responsibilities;</b></p> <ul style="list-style-type: none"><li>• Coordination of services within the hospital while liaising with fellow team members.</li><li>• Estate management in liaison with the public health officer(s).</li><li>• Supervision of non-medical staff,</li><li>• Offers secretarial duties to various committees in the establishment and</li><li>• Ensures security of staff, patients and hospital property.</li><li>• She is the alternative signatory to facility account.</li><li>• She is a Secretary to Hospital Management Team and facility Executive Expenditure Committee.</li><li>• A co-opted member of the board.</li></ul>
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<p>iii.</p>		<p><b>Mrs. Mosii Getura</b> <b>Accountant</b></p> <p>She holds a bachelor's degree in finance. CPA-K.</p> <p><b>Responsibilities;</b></p> <ul style="list-style-type: none"> <li>• Preparing analysing and reporting financial information of the hospital.</li> <li>• Maintaining ledgers, journals, Bank reconciliation and other financial records.</li> <li>• Preparing financial statements.</li> <li>• Ensuring adherence to accounting standards and regulations</li> <li>• Preparation and monitoring of budget performance.</li> <li>• Alternate signatory to the facility account</li> <li>• A member of finance and audit sub-committee.</li> <li>• A co-opted member of the board.</li> </ul>
<p>iv.</p>		<p><b>Mrs. Catherine Mulwale</b> <b>Nursing officer incharge</b></p> <p>She holds a degree in bachelor of science in Nursing from Baraton University. She was the in charge of maternity unit at bungoma county referral before being transferred to Chwele sub county hospital as the nursing officer in charge</p> <p><b>Responsibilities;</b></p> <ul style="list-style-type: none"> <li>• Formulation, review and interpretation of health care policies relating to nursing services.</li> <li>• Ensuring adherence to Nursing Statutory and regulatory requirements.</li> <li>• Facilitating development and review of training programs for nurses in the Hospital.</li> <li>• She is also a member of the Hospital Management Team (HMT) and facility Executive Expenditure Committee (EEC).</li> <li>• She is a co-opted member of the board as well as quality of care sub committee</li> </ul>

v.		<p><b>Ms Pauline Shilako;</b> <b>Health Records and Information Officer</b></p> <p>She holds a Bachelor's Degree in Health Records and Information Management from Kenyatta University and a Diploma in the same from Kenya Medical Training College Nairobi Campus. She has 10 years working experience.</p> <p><b>Responsibilities:</b></p> <ul style="list-style-type: none"><li>• Compiling monthly reports and uploading to KHIS</li><li>• Organize, maintain and protect confidentiality of medical records.</li><li>• Coding and uploading of inpatient morbidity and mortality data</li><li>• Processing of birth notification and death permits for generation of birth certificate and death certificate respectively.</li><li>• Conducting periodic data reviews</li><li>• Generating, maintaining, disseminating and archiving health records</li><li>• Analyse clinical data for research, processes improvement and reporting.</li><li>• Participate in developing facility work and strategic plans and setting performance targets.</li><li>• Participating in various committees in the Institution.</li><li>• She is also a member of the Hospital Management Team (HMT)</li></ul>
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## **5. Chairperson's Statement**

On behalf of the entire Chwele sub county hospital fraternity I would like to thank the almighty God for the opportunity to see a new financial year. I also extend my gratitude to Chwele team for their collective effort and sacrifice to make sure we are where we are.

The role of the Hospital Management Board is outlined under Section 10 of the Health Act, 2019, which includes:

1. Providing guidance and oversight on the administration of the hospital.
2. Approving plans and programs for implementing county health strategies in the hospital.
3. Approving budget estimates before submission to the County Executive Committee.
4. Performing any other functions assigned by the Executive Member for Health.

## **Key Activities and Achievements**

We sincerely thank the County Health Department for posting additional manpower to the facility. This has significantly reduced workload and improved service delivery.

As reported by the key sub-committees during the 4th Board Meeting, the following achievements were noted:

### **Improved Quality of General Services**

- Bed capacity increased from 30 to 43.
- X-ray and Ultrasound machines are operational.
- The Dental Chair is available and fully functional.

### **Finance**

A quarterly board meeting was held on 20th June 2025, during which the following resolutions were made:

- Deployment of 37 new staff members, significantly improving service delivery.
- Partial clearance of pending bills.
- Improved revenue collection, especially through SHA reimbursements.
- Purchases are now done systematically, and finance records are properly maintained.
- Renovation of the Paediatric and Female Wards is ongoing.

## **Challenges**

Despite the progress made, the facility is still facing the following challenges:

- Outstanding Claims: (NHIF: Ksh 6 million and SHA: Ksh 5,252,590.)

- Infrastructure and Utility Needs:
- Need for a spacious Male Ward.
- Drilling of a borehole to reduce reliance on BWASCO, whose rates are reportedly high.
- Introduction of solar panels in various departments to lower electricity costs.
- Acquisition of a utility vehicle (currently using an ambulance for administrative errands).
- Need for a functioning Theatre to reduce patient referrals.
- Construction of a Mortuary.
- Flooding issues during heavy rains.
- Need for a modern kitchen to enhance food preparation and hygiene.

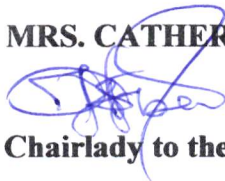
### **Way Forward**

1. Strengthen resource mobilization through Public-Private Partnerships (PPPs).
2. Construct and upgrade critical departments including:
  - Theatre
  - Laboratory
  - Kitchen
  - Laundry
  - Mental and Child Health Centre
3. Engage County Government and MCAs to support hospital facelift and infrastructure development.

### **Conclusion**

Special appreciation goes to Dr. Graham Masika Makokha, the Medical Superintendent, and the entire Hospital Management Team (HMT), including the Board Members, for their tireless dedication and unwavering commitment to the facility. Your continued support and availability have been instrumental in every success. Together, we can achieve even more.

**MRS. CATHERINE SIMIYU**



**Chairlady to the Board**

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

It is my pleasure to present this report for the financial year ending June 30<sup>th</sup> 2025, outlying the key operational activities, financial and services delivery achievements, challenges experienced and proposed strategies for the coming year.

### **KEY ACTIVITIES AND ACHIEVEMENTS**

#### **Service delivery.**

- Despite industrial action by health care workers outpatient and inpatient services were sustained throughout the year.
- Launched orthopedic department which is now fully functional with one staff.
- Piloted the integration of CCC department with two outpatient departments in a bid to provide sustainability after reducing funds from USAID.
- Introduced sealing services in addition to extraction in a bid to improve dental services
- Oversaw the smooth transition of social Health Insurance from the NHIF
- During the year I oversaw the updating of hospital service charters in all departments in line with the county government of Bungoma and the ministry of Health
- Held all required meetings as per the Kenyan laws
  - i. Health Management Committee
  - ii. Hospital management team (monthly),,,,,
  - iii. Monday morning briefings
  - iv. EEC
  - v. Sub-committee meetings

#### **Infrastructure and equipment.**

- 1) Renovation of pediatric ward and Female ward where the floor were repaired, walls painted and curtains put-up
- 2) Oversaw repair of hospital plumbing works improving sewage system
- 3) Repair and maintenance of various equipment including the X-ray machines, laboratory equipment, ultrasound and regular servicing of the ambulance.
- 4) Installation of water tanks in the inpatient department.

#### **Human resource.**

The facility was supported by the county government by deployment of a total of 37 employees in a bid to reduce workload and fatigue among the existing Fstaff. among them were 6 clinicians, 4 nurses, 2 HRIOS, 1 physio, 1 orthopedic, 1 ICT, 1 driver, 3 pharm technicians, 3 lab, 10 support staff, 1 cook, 1 cateress. 24 nurses and clinicians were also trained on points of care ultrasound.

#### **ICT and health information.**

The county supported the facility with Jumbo soft a health management information system which is fully functional.

**KEY SUCCESSES.**

- Increased patient satisfaction due to improved drug availability and reduced waiting time.
- Strengthened governance & leadership and accountability through regular departmental and board meetings.

**CHALLENGES.**

- Erratic reimbursement from social Health Authority crapping the facility with debts hence financial burdens
- Staff shortage hence not being able to achieve patients to doctors or patients to nurses ratio as per WHO standards
- Limited support from the County Government on the supply of drugs and non-pharmaceutical
- Flooding in the facility during heavy rainy season.
- Staff industrial action hence not being able to provide the required services.
- Key departments are not available this includes functional theatre, a male ward and the biochemistry services.
- Loss of staff through natural attrition.

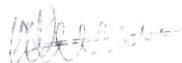
**WAY FORWARD.**

1. Prioritize new staff recruitment, continuous training and performance management
2. Strengthen resources mobilization through public private partnership
3. Advocate for timely SHA reimbursements as per the claims submitted, this will ensure funds are available to allow for smooth service delivery
4. Construct and upgrade critical departments i.e. a well-equipped theatre, a laboratory, maternal child health unit, a laundry and a kitchen.
5. Enhance community engagement.

**CONCLUSION.**

Despite the challenges encountered the facility made commendable progress in service delivery and infrastructure improvement. I send my appreciation to the county Government of Bungoma , Chwele Sub county staff, partners and hospital board for their tireless dedication. We are optimistic about achieving more in delivery of quality health care services in the coming year.

**DR PHEDELIS WAKOLI**



**Secretary to the Board/medical superintendent**

26 AUG 2025

**7. Statement of Performance Against Predetermined Objectives**

Chwele Sub county Hospital has six strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2024/2025. These strategic pillars/ themes/ issues are as follows:

- i. Health service delivery
- ii. Infrastructure
- iii. Availability of pharmaceuticals and non-pharmaceuticals
- iv. Health information
- v. Health financing
- vi. Leadership and governance

Chwele Sub County Hospital develops its annual work plans based on the above six pillars/Themes/Issues. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The facility achieved its performance targets set for the FY 2024/2025 period for its six strategic pillars, as indicated in the diagram below:

<b>Strategic Pillar/Theme/Issues</b>	<b>Objective</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
Health Service delivery	To improve general services <b>availability and accessibility</b>	Number of outpatient visits per year. Services offered at outpatient. Number of admissions in the ward. Number of patients registered on SHA	Expanded services eg orthopaedic/plaster services Registration of patients to SHA -linkages with private hospitals. -public private partnership	<b>Orthopaedic services now available</b> <b>More patients registered to SHA</b>

*Chwele Subcounty Hospital (Bungoma County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

Infrastructure	To improve space in the hospital  To improve ambulance services	Available space in the hospital  To make sure that ambulance services are readily available.	Creation of more services delivery points.  Timely commitment of ambulance fuel.	<b>Orthopaedic room available and partially equipped</b>  <b>Timely referral of patients</b>
Availability of pharmaceuticals and non pharmaceuticals	To ensure availability of essential drugs	To ensure availability of 14 selected essential medicines per month	-timely ordering of drugs -monthly physical stocktaking/E MR -efficient and effective budget allocations.	<b>Routine physical stocks done</b>
Health information	To assess capacity for analysis and synthesis and validation of data	Availability and use of indicators with targets and monthly reporting to inform health sector reviews and planning cycles	Daily and monthly updating of daily reports Regular data reviews	<b>-monthly reports done and uploaded into KHIS</b>  <b>Monthly dissemination of data during HMT</b>
Health financing	To raise sufficient funds for the hospital from external and internal sources	-amount of revenue collected -SHA reimbursements -	Introduction of new services Sensitization of community to register of SHA	<b>-improvement in revenue collection</b>

*Chwele Subcounty Hospital (Bungoma County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

			-Daily audit of collected funds.  Marketing of available services	
Leadership and governance	To improve accountability to service providers in terms of service delivery, financial management and maintenance of infrastructure.  -To carry out biannual hospital inventory status  To measure patients satisfaction.	Number of HMT meetings held  Number of HMC meetings held  Number of financial reports prepared  Number of monthly reports submitted  -availability of updated hospital inventory  Opening of suggestion boxes	-quarterly HMC meetings -monthly HMT meetings -quarterly supportive supervision and review meetings conducted.  -quarterly opening of suggestion boxes to review clients' feedback	<b>-4 HMC meetings conducted 12 HMT meetings conducted.</b>

## **8. Corporate Governance Statement**

Provide the corporate governance statement as guided below:

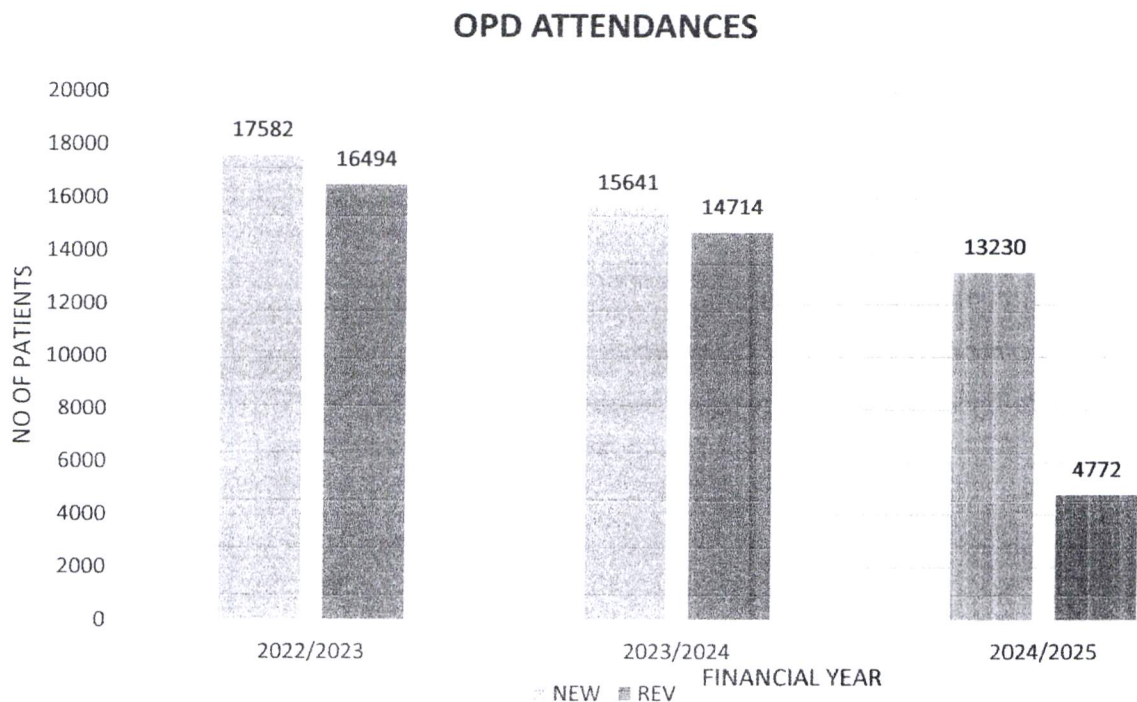
- i. Appointment of Board members, Process of appointment and removal of directors, The size, diversity, and demographics of the Board, Existence of the board charter*
- ii. Roles and functions of the board*
- iii. Induction, training, and development*
- iv. Board and members' performance*
- v. Number of Board meetings held and the attendance to those meetings by members*
- vi. Succession plan*
- vii. Policy to manage conflict of interest.*
- viii. Board remuneration*
- ix. Ethics and Conduct*
- x. Governance audit*
- xi. Communication policy*
- xii. Terms of Reference of Committees*
- xiii. Policy on related party transactions*

## 9. Management Discussion and Analysis

### Clinical/operational performance

Chwele Subcounty hospital offers various services including outpatient, inpatient maternal child health services, physiotherapy, orthopaedic services among others. The facility is located along the highway thus it serves clients from the neighbouring sub counties i.e Sirisia, cheptais and webuye west It also receives clients from the neighbouring country, Uganda. The facility does not have an accident and emergent(casualty) department thus all patients are seen at one area. Triaging is properly done for critically ill patients to be attended to first.

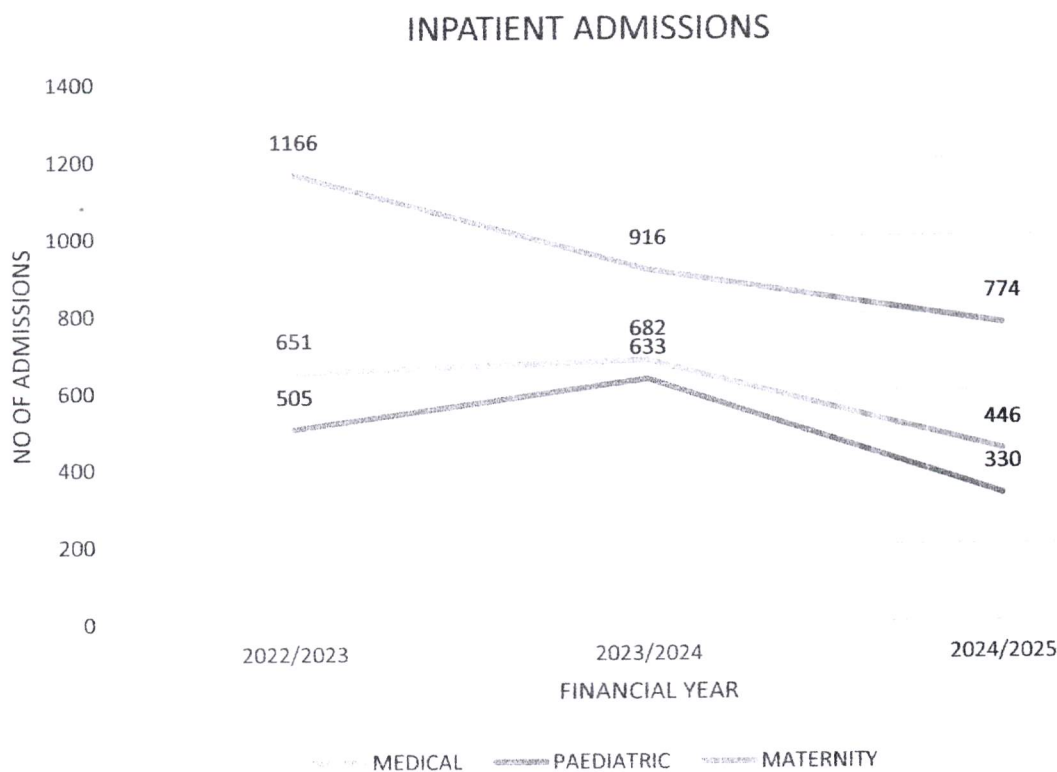
The chart below shows opd attendances for the last three financial years



The above data shows the number of outpatient attendances has been reducing for the past three financial years. This can be attributed to various factors like the economic hardships and competition from the neighbouring private health facilities

**INPATIENT ACTIVITIES**

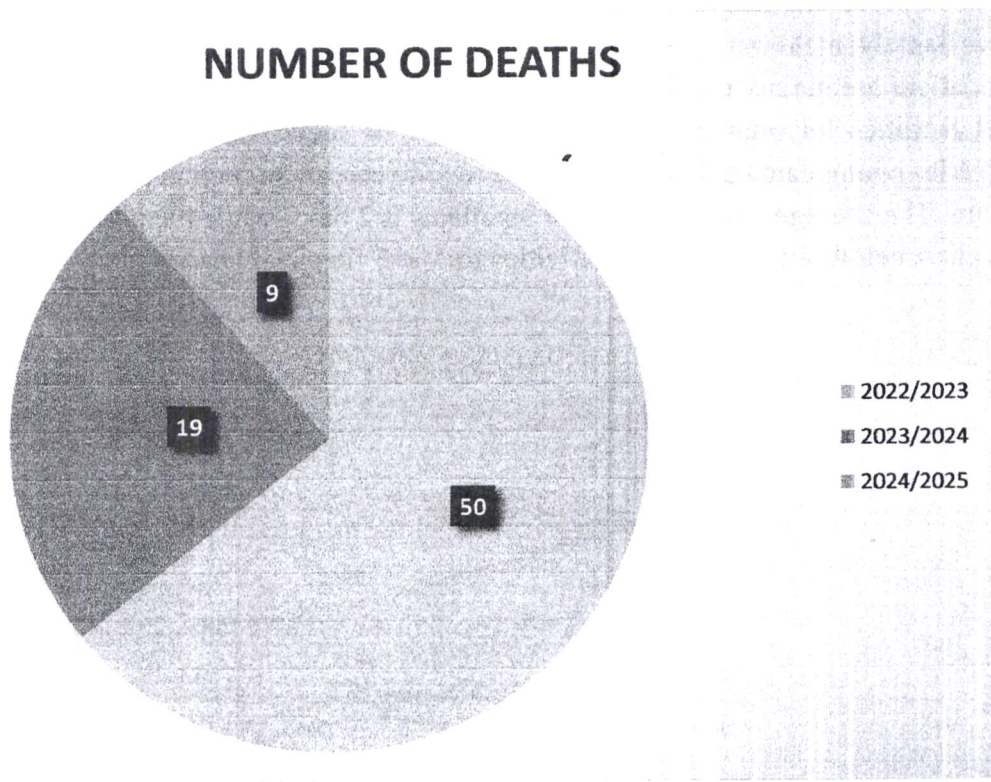
Chwele Sub county hospital has a bed capacity of 43(37 beds, 6 cots). The facility has five main wards namely; male ward, female ward, paediatric, maternity and NBU. The cases that are managed at inpatient are mainly medical cases, surgical and other complicated cases are referred to higher level facilities for intervention because of lack of specialists. Maternity only conducts normal deliveries complicated deliveries that may require caesarean section are referred to facilities with a theatre. The average length of stay for inpatients is 2 days, while the percentage occupancy is 36% The chart below shows inpatient activities for the 3 financial years



The above graph shows admission trends across the three financial years. In 2024/2025 the number of admissions dropped just as it for the outpatient section. This can be attributed to various reasons including financial constraints and competition from the neighbouring private facilities.

**MORTALITY**

The chart below demonstrates mortalities for the three financial years

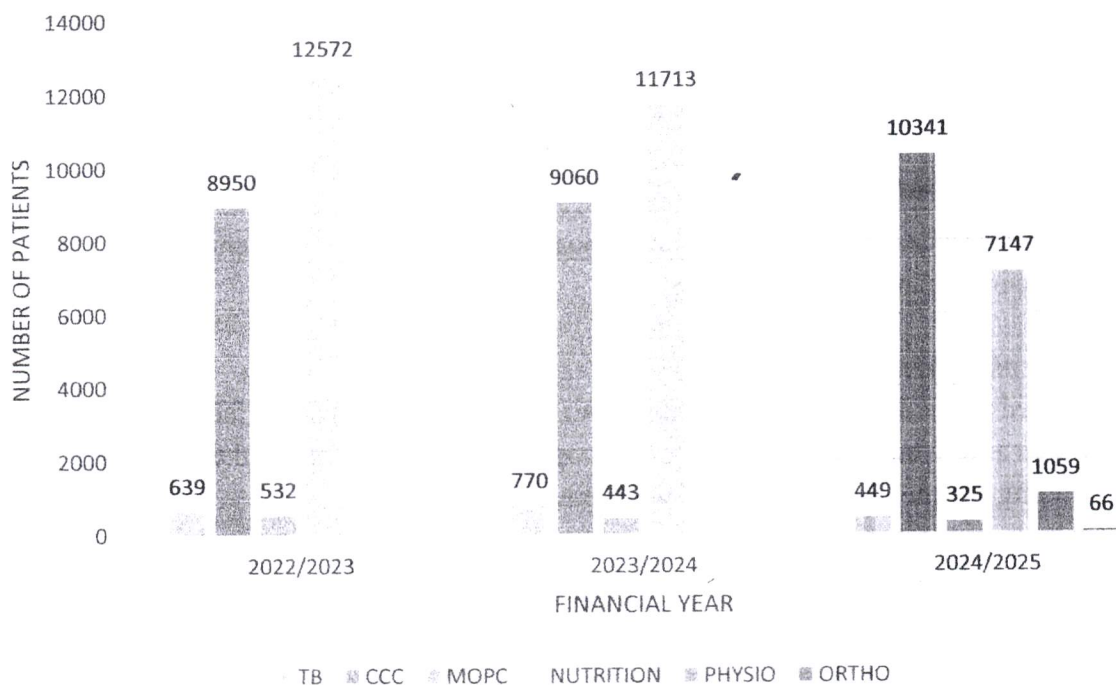


The above chart represents the number of deaths for the three financial years and its evident that the numbers have been on a reducing trend same to inpatient and outpatient. Most of the mortality cases are from inpatient, critical cases received at outpatient especially from RTA or OPP are referred out. The mortality rate for FY 2024/2025 is 0.6%

**SPECIALISED CLINIC ATTENDANCE**

Chwele sub county hospital has only 6 specialised clinics. Most of the clinics are not operational because of lack of specialists. The clinics in place are TB, CCC, MOPC, NUTRITION, PHYSIO and lately ORTHOPAEDIC/PLASTER. CCC clinic is being supported by USAID but since they are almost withdrawing their support has to be integrated with other clinics for continuity of care. The chart below demonstrates the attendances across the three financial years

**SPECIALISED CLINIC ATTENDANCE**



**TOP 10 MORBIDITIES FOR <5YRS-FY 2024/2025**

1. Upper respiratory tract infection-	1394
2. Confirmed malaria-	394
3. Gastroenteritis-	145
4. Diseases of the skin-	108
5. Diarrhoea with no dehydration	66
6. Lower respiratory tract infection-	63
7. Urinary tract infection-	30
8. Tonsillitis-	26
9. Diarrhoea with dehydration-	21
10. Anemia-	17

**TOP 10 MORBIDITIES >5YRS FY 2024/2025**

1. Upper respiratory tract infection-	682
2. Musculoskeletal conditions-	602
3. Hypertention-	510
4. Confirmed malaria-	515
5. Other injuries-	261
6. Diabetes-	198
7. Pneumonia-	195
8. Urinary tract infection-	160
9. Diarrhoea-	97
10. Eye infection-	70

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

Chwele sub county hospital exists to transform lives. It's what guides us to deliver our strategy, putting the client/Citizen first, delivering health services, and improving operational excellence. Below is an outline of the organisation's policies and activities that promote sustainability.

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

In a bid to sustain the services at Chwele sub county hospital, the facility management has come up with a number of policies with regard to the following;

#### ***a) Revenue/ re ploughed back***

All revenue collected at facility is budgeted and spent within the hospital for facility improvement and service delivery. We aim to ensure availability of appropriate health products and technologies, expansion of services, upgrading of amenities to improve work environment etc.

During budgeting funds are also allocated to non-collecting departments such a social work and maintenance to ensure sustainability of services.

#### ***b) Minimise corruption***

While it has not been easy to completely eradicate corruption. The hospital has come up various strategies to minimise corruption. These includes strengthening of internal control mechanisms like clear segregation of duties with roles, strengthening the hospital advisory and disciplinary committee whose recommendations have been fully implemented. There is openness and team work in accountability. The facility regularly opens suggestion boxes where corruption cases once reported are addressed.

#### ***c) Political affiliations***

The Hospital management does not have any political affiliation hence independence in decision making.

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

*Outline clearly the environmental policy guiding the organization and provide evidence of implementation of the policy. Outline successes, shortcomings, and mitigation measures, efforts to manage biodiversity, effective waste management (reduce, reuse, recycle, disposal methods) and efforts to reduce the environmental impact of the organization's products (e.g. automation of systems-paperless offices, reduced use of plastic bottles, provision of bins for segregation of waste in the compound, packaging that is biodegradable, maintaining vehicles to reduce Co2 emissions). Discuss initiatives around climate change (e.g. climate smart technologies- drought resistant crop varieties, eco-toilets, eco jikos, green buildings- designed with automated lightings, open areas with natural lights, solar lighting and heating system)*

**iii) Employee welfare**

The employees are mainly hired and posted by the County Public Service Board. The hospital management role is to raise concern on shortages and needs. It engages casual employees through a competitive process and puts into consideration gender ratio. The hospital management encourages and supports its staff members to train and capacity build in various courses, both technical and professional to improve service delivery. Some of the trainings include Kenya School of Government leadership courses, seminars, Continuous Medical Education, and defence driving. The facility observes the policy on safety and compliance with occupational and safety health act of 2007 (OSHA). The hospital also observes safety and adherence to HIV Policy on Post Exposure Prophylaxis, testing and treatment for HIV. It also adheres to the guidelines on occupational health and safety.

**iv) Market place practices-**

**a) Responsible competition practice.**

The hospital management insists on the following with regard to responsible competition

- 1) Serving only clients within our catchment unless referred from outside
- 2) Ensure quality, affordable accessible services to all clients.
- 3) Strict anticorruption policies in force.
- 4) Regular hospital outreaches to the community.

The hospital has adopted an anti-corruption crusade messaging and interventions. It only engages in responsible political engagement. As a government entity it involves in fair competition and respects its competitors. The hospital offers quality health care services in collaboration with its partners. It adheres to EACC guidelines which applies to all staff. The hospital has a disciplinary and advisory committee which handles all corruption cases appropriately.

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

Chwele sub county hospital offers fair competition to all its suppliers. It practices fairness by honouring contracts and respecting timely payments. The facility has opened up business to all who qualify as per public procurement and disposal act through prequalification award and payment. All suppliers are paid within stipulated time line

**c) Responsible marketing and advertisement or Responsible engagement with citizens**

As a facility one way of marketing our services is through sensitization meetings as well as outreaches.

***d) Product stewardship or Awareness Creation***

The hospital observes patient rights and offers patient centred care. Patient service charters are available clearly outlining services available, timelines and cost. The patients are also provided with information about the national health insurance (SHA) that will help them get treatment once one has registered. The hospital also helps the clients to register for the insurance.

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

The hospital in the year ended June 2025 did not engage in Corporate Social Responsibility activities however it provided exemptions to the vulnerable members in the community i.e gender based violence cases. It has also carried out home based care to its clients. The hospital offers subsidised hospital cost services to its clients to prevent catastrophic events.

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

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

### **Principal activities**

The principal activities of the entity are offering curative, promotive and rehabilitative services.

### **Results**

The results of the entity for the year ended June 30 2025 are set out on pages 1 to 49.

### **Board of Management**

The members of the Board who served during the year are shown on page vii. During the year, No director(s) retired/ resigned, and No director (s) was appointed.

### **Auditors**

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

By Order of the Board

Dr. Phidelis Wakoli

..... 21 JUN 2025

**Name**

**Secretary to the Board**

## **12. Statement of Board of Management's Responsibilities**

Section 164 of the Public Finance Management Act, 2012 (*entities should quote the applicable legislation under which they are regulated*) requires the Board of Management to prepare financial statements in respect of that *entity*, which give a true and fair view of the state of affairs of the *entity* at the end of the financial year/period and the operating results of the *entity* for that year/period. The Board of Management is also required to ensure that the *entity* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *entity*. The council members are also responsible for safeguarding the assets of the *entity*.

The Board of Management is responsible for the preparation and presentation of the *entity's* financial statements, which give a true and fair view of the state of affairs of the *entity* 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 *entity*; (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 *entity's* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (*– entities should quote applicable legislation as indicated under*). The Board members are of the opinion that the *entity's* financial statements give a true and fair view of the state of *entity's* transactions during the financial year ended June 30, 20xx, and of the *entity's* financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the *entity*, which have been relied upon in the preparation of the *entity's* financial statements as well as the adequacy of the systems of internal financial control.


In preparing the financial statements, the Directors have assessed the Fund's ability to continue as a going concern (*disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements*) OR

Nothing has come to the attention of the 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 26 JUN 2025 and signed on its behalf by:

  
.....  
**Name:**  
**Chairperson**  
**Board of Management**

  
.....  
**Name:**  
**Accounting Officer**

26 JUN 2025

# REPUBLIC OF KENYA

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

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

### 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 Chwele Sub County Hospital – County Government of Bungoma set out on pages 1 to 46, which comprise of the

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*Report of the Auditor-General on Chwele Sub County Hospital for the year ended 30 June, 2025 – County Government of Bungoma*

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Chwele Sub County Hospital – County Government of Bungoma as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012, the Health Act, 2017 and the Bungoma County Health Service Act, 2019.

### **Basis for Qualified Opinion**

#### **1. Unsupported Receivables from Exchange Transactions**

The statement of financial position reflects receivables from exchange transactions balance of Kshs.11,252,590 as disclosed in Note 29 to the financial statements. Included in this balance are receivables of Kshs.6,000,000 and Kshs.5,252,590 which are due from the National Hospital Insurance Fund (NHIF) and the Social Health Authority (SHA) respectively. However, the amounts had been outstanding for more than ninety (90) days. Further, debtor's management policy and ageing analysis in support of the receivables were provided for audit review.

In the circumstances, the accuracy, completeness and full recoverability of receivables from exchange transactions balance of Kshs.11,252,590 could not be confirmed.

#### **2. Unvalued Property, Plant and Equipment**

The statement of financial position reflects property, plant and equipment balance of Kshs.3,713,000 as disclosed in Note 32 to the financial statements. However, review of the Hospital records and physical inspection revealed that the Hospital had plant, property and equipment in the nature of freehold land, capital work in progress, ICT equipment, furniture and fittings, buildings and motor vehicles that were not valued for inclusion in the financial statements.

Further, motor vehicles, the land on which the Hospital is built, and the developments therein did not have ownership documents. In addition, the Hospital did not have an updated asset register in the format prescribed by the Guidelines from The National Treasury.

In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.3,713,000 could not be confirmed.

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

## **Emphasis of Matter**

### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis of Kshs.28,559,421 and Kshs.17,833,808 respectively, resulting to an under-funding of Kshs.10,725,613 or 38% of the budget. Similarly, the hospital expended Kshs.19,618,298 against a final budget of Kshs.28,559,421 resulting to an under-expenditure of Kshs.8,941,123 or 31% of the budget.

In the circumstances, the under-funding and under-expenditure affected the planned activities 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 effect of the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

## **Other Matter**

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

In the audit report for the previous year, issues were raised under Report on the Financial Statements, Emphasis of Matter, Report on Lawfulness and Effectiveness in the Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance as detailed in **Appendix I**. However, the status of implementation of Auditor-General's recommendations was not disclosed in the financial statements as required by the reporting template prescribed by the Public Sector Accounting Standards Board.

In the circumstances, the issues remain unresolved.

## **Other Information**

Management is responsible for the Other Information set out on page iii to xxx which comprise of Key Entity Information and Management, the Board of Management, Key

Management Team, Chairperson’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 Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

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

### Conclusion

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

### Basis for Conclusion

#### 1. Failure to Meet Level 4 Hospital Requirements

Review of records maintained by the Hospital and analysis of healthcare staffing, and physical verification of medical equipment at the facility revealed the following shortfalls against what was required by the Kenya Quality Model for Health Policy Guidelines of a Level 4 Facility as analyzed below.

Item	Level 4 standard	Number in Hospital	Variance	Percentage (%)
Medical officers	16	3	13	81%
Anesthesiologists	2	0	2	100%
General Surgeon	2	0	2	100%
Gynecologists	2	0	2	100%
Pediatricians	2	1	1	50%
Radiologists	2	1	1	50%
Registered Community Health Nurses	75	17	58	77%

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

<b>Services</b>	<b>Level 4 Standard</b>	<b>Actuals in Hospital</b>	<b>Variance</b>	<b>Percentage (%)</b>
Resuscitative in Labour Ward	2	1	1	50%
New Born Unit incubators	5	2	3	60%
Functional ICU Beds	6	0	6	100%
High Dependency Units (HDU) Beds	6	0	6	100%
Renal Units with at Least 5 Dialysis Machines	5	0	5	100%
Functional operating theaters maternity and general	2	0	2	100%

The absence of these essential components implies that the Hospital is operating below the prescribed standards for a Level 4 Hospital.

In the circumstances, the public may not efficiently get the required medical services that are expected to be offered by a level 4 hospital.

## **2. Long Outstanding Trade and Other Payables**

The statement of financial position reflects trade and other payables balance of Kshs.8,177,178 as disclosed in Note 35 to the financial statements. However, the ageing analysis of the payables revealed that Kshs.5,245,878 had been outstanding for more than one year. Management did not explain why old trade payables had not been paid as a first charge. This was contrary to Section 41 (2) of the Public Finance Management (County Governments) Regulations, 2015 which provides that debt service payments shall be a first charge on the County Revenue Fund and the Accounting Officer shall ensure this is done to the extent possible that the County Government does not default on debt obligations.

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

## **3. Failure to Gazette Hospital Board Members**

Review of records provided for audit revealed that the Hospital Board of Management members had not been formally gazetted and their appointment letters were not provided for audit review. This was contrary to Part 1.11 of Mwongozo Code of Governance, 2015 which provides that each Board member shall be formally appointed to the Board through a Gazette Notice and thereafter an appointment letter.

In the circumstances, the regularity of appointment of Board members could not be confirmed.

#### **4. Failure to Undertake Safety and Health Audits**

Review of the documents provided for audit verification revealed that, there were no safety and health audits carried out by the Hospital during the year under review. This was contrary to Section 11 (1) of the Occupational Safety and Health Act, 2007, which states that the occupier of a workplace shall cause a thorough safety and health audit of his workplace to be carried out at least once in every period of twelve months by a safety and health advisor, who shall issue a report of such an audit containing the prescribed particulars to the occupier on payment of a prescribed fee and shall send a copy of the report to the Director.

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

#### **5. Operating without Approved Strategic Plan**

During the year under review, the Hospital did not have a strategic plan. This was contrary to Section 149(2)(g) of the Public Finance Management Act, 2012 which states that an Accounting Officer designated for a County Government entity shall prepare a strategic plan for the entity in conformity with the medium-term fiscal framework and financial objectives of the County Government.

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. Failure to Establish Internal Audit Unit and Audit Committee**

It was observed that the Hospital has not established an Internal Audit function and Audit Committee. This was contrary to Regulation 167(1) of the Public Finance Management (County Governments) Regulations, 2015 which requires County Government entities to establish audit committees in accordance with prescribed regulations to monitor the

*Report of the Auditor-General on Chwele Sub County Hospital for the year ended 30 June, 2025 – County Government of Bungoma*

entities' governance process, accountability process and control systems, offer objective advice on issues concerning internal control, regulatory requirements and governance.

In the circumstances, Management was in breach of law and the effectiveness of internal controls and risk management could not be confirmed.

## **2. Lack of Risk Management Policy and Risk Registers**

Review of documents provided for audit revealed that the Hospital did not have a risk management policy and risk registers. This was contrary to Regulation 158 of the Public Finance Management (County Governments) Regulations, 2015, which states that, the Accounting Officer shall ensure that the County Government entity develops risk management strategies, which include fraud prevention mechanism and that the entity develops a system of risk management and internal control that builds robust business operations.

In the circumstances, the effectiveness of risk management could not be confirmed.

## **3. Weaknesses in Inventory Management**

Physical verification conducted on 3 October, 2025 at the pharmaceutical, non-pharmaceutical, and laboratory stores revealed the storage areas lacked air conditioning systems necessary for preserving the quality of pharmaceuticals and the pharmaceutical stores and laboratory stores had inadequate refrigerators for storage of drugs and blood. Further, all stores lacked shelving, resulting in inventories being stored in disorganized boxes. Although stock cards were in use, they did not capture batch numbers or expiry dates. The disarray in storage made it difficult to confirm whether the First Expiry, First Out (FEFO) principle was being applied.

In addition, expired drugs of undetermined value were stored together with usable stock and there were no established plans for proper disposal of expired drugs. This posed a risk of expired drugs being mistakenly used.

In the circumstances, internal control over the pharmaceutical, non-pharmaceutical, and laboratory stores is weak and may lead to loss of stores either due to fraud, error or poor conditions.

## **4. Inadequate Controls in Revenue Collection System**

Review of the billing system at Chwele Sub-County Hospital revealed significant weaknesses in the internal control environment. The hospital operated under a partially automated billing system, which lacked essential safeguards necessary for effective revenue management. Staff roles within the revenue collection process were not properly segregated, increasing the risk of manipulation. The system was unable to capture all relevant event logs, failed to adequately bill for some services rendered, and allowed for unauthorized bill reversals. Further, the system lacked the functionality to generate comprehensive user activity reports, thereby hindering the ability to monitor and audit user actions within the system.

In the circumstances, there is risk of the revenue collection system being manipulated and may not deliver the intended correct output reports.

## **5. Weaknesses in Information Communication Technology (ICT) Internal Control Environment**

Review of the ICT internal controls revealed that the Hospital did not have an approved ICT policy, ICT security policy, policy on physical access to ICT environment and ICT continuity and disaster recovery plan to guide ICT operations.

Further, the Hospital did not have an approved ICT Strategic Committee and Steering Committee, which are important in performing the oversight function and formulation of policies to ensure that ICT department functions properly to assist in achievement of organizational objectives in an economic, efficient and effective way.

In the circumstances, the ICT environment internal controls are ineffective and there is risk of data and information loss in the event of a disaster.

## **6. Lack of Proper Waste Management System**

Review of the Hospital records revealed that the facility did not have a documented waste management policy to guide on the disposal of Hospital waste. Further, visit to the waste burning chamber revealed that the burning chamber was in a dilapidated state and needed urgent renovation. This puts the health of the patients and the whole Hospital community at risk.

In the circumstances, there is risk to health and environment of the Hospital community.

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

## **Responsibilities of the Management and the Board of Management**

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

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

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

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

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

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

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

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

02 December, 2025

## Appendix I

### Appendix 1: Unresolved Prior Year Audit Matters

Reference No. of the Auditor-General's Audit Report	Title of Audit Issue
	<b>REPORT ON THE FINANCIAL STATEMENTS</b>
1	Unsupported Comparative Year balances
2.	Variances of the Revenue from Non-Exchange Transactions
3.	Inaccuracies of the Statement of Comparison of Budget and Actual Amounts
4.	Lack of Trial Balance
5.	Variances Between Financial Statements and Supporting Schedules
6.	Unsupported Receivables from Exchange Transactions
7.	Unvalued Property, Plant and Equipment
8.	Unsupported Long Outstanding Trade Payables
9.	Anomalies in Accuracy, Presentation and Disclosure of Financial Statements
10.	Unconfirmed Inventories Balance
	<b>REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES</b>
1	Deficiencies in Implementation of Universal Health Coverage
2	Anomalies on Operations of Board of Management
3	Failure to Undertake Safety and Health Audits
4	Late Submission of Financial Statements
5	Operating without an Approved Strategic Plan
	<b>REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE</b>
1	Failure to Establish Internal Audit Unit and Audit Committee
2	Lack of Information Communication Technology (ICT) Policy
3	Poor Waste Management System
4	Lack of Risk Management Policy

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

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

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from the County Government	6	-	-
In-kind contributions from the County Government	7	3,331,580.00	7,447,500.00
Grants from donors and development partners	8	-	-
Transfers from other Government entities	9	-	-
Public contributions and donations	10	-	-
		<b>3,331,580.00</b>	<b>7,447,500.00</b>
<b>Revenue from exchange transactions</b>			
Rendering of services- Medical Service Income	11	18,443,133.63	20,418,793.50
Revenue from rent of facilities	12	13,780.00	16,000.00
Finance /Interest Income	13	-	-
Miscellaneous Income	14	391,870.00	449,920.00
<b>Revenue from exchange transactions</b>		<b>18,848,783.63</b>	<b>20,884,713.50</b>
<b>Total revenue</b>		<b>22,180,363.63</b>	<b>28,332,213.50</b>
<b>Expenses</b>			
Medical/Clinical costs	15	9,986,205.00	11,407,051.00
Employee costs	16	3,331,580.00	7,447,500.00
Board of Management Expenses	17	1,733,680.00	508,500.00
Depreciation and amortization expense	18	-	-
Repairs and maintenance	19	2,251,251.00	1,959,921.00
Grants and subsidies	20	-	-
General expenses	21	5,647,162.00	7,475,493.00
Finance costs	22	-	-
<b>Total expenses</b>		<b>22,949,878.00</b>	<b>28,798,465.00</b>
<b>Other gains/(losses)</b>			
Gain/Loss on disposal of non-Current assets	23	-	-
Unrealized gain on fair value of investments	24	-	-
Medical services contracts Gains/Losses	25	(272,329.00)	-
Impairment loss	26	-	-
Gain on foreign exchange transactions		-	-
<b>Total other gains/(losses)</b>		<b>(272,329.00)</b>	<b>-</b>
<b>Net Surplus / (Deficit) for the year</b>		<b>(1,041,843.37)</b>	<b>(466,251.50)</b>

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

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The Hospital's financial statements were approved by the Board on 26/08/2025 and signed on its behalf by:



.....  
**Chairman**

**Board of Management**



.....  
**Head of Finance**

**ICPAK No: 34230**



.....  
**Medical Superintendent**

26 AUG 2025

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

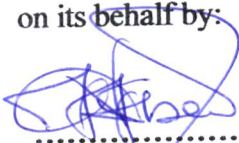
**15. Statement of Financial Position As At 30<sup>th</sup> June 2025**

<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	27	280,807.13	2,065,298.48
Prepayments	28	-	-
Receivables from exchange transactions	29	11,252,590.00	10,509,942.02
Receivables from non-exchange transactions	30	-	-
Inventories	31	507,629.00	-
<b>Total Current Assets</b>		<b>12,041,026.13</b>	<b>12,575,240.50</b>
<b>Non-current assets</b>			
Property, plant, and equipment	32	3,713,000.00	3,713,000.00
Intangible assets	33	-	-
Investment property	34	-	-
Biological Assets	35	-	-
<b>Total Non-current Assets</b>		<b>3,713,000.00</b>	<b>3,713,000.00</b>
<b>Total assets (A)</b>		<b>15,754,026.13</b>	<b>16,288,240.50</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	36	8,177,178.00	7,669,549.00
Refundable deposits from Patients/Prepayments	37	-	-
Provisions	38	-	-
Finance lease obligation	39	-	-
Current portion of deferred income	40	-	-
Current portion of borrowings	41	-	-
<b>Total Current Liabilities</b>		<b>8,177,178.00</b>	<b>7,669,549.00</b>
<b>Non-current liabilities</b>			
Provisions	38	-	-
Non-Current Finance lease obligation	39	-	-
Non-Current portion of deferred income	40	-	-
Non - Current portion of borrowings	41	-	-
Service concession Arrangements	42	-	-
<b>Total non-current liabilities</b>		<b>-</b>	<b>-</b>
<b>Total Liabilities (B)</b>		<b>8,177,178.00</b>	<b>7,669,549.00</b>
<b>Net assets (A-B)</b>		<b><u>7,576,848.13</u></b>	<b><u>8,618,691.50</u></b>
<b>Represented by:</b>			
Revaluation reserve		-	-
Accumulated surplus/Deficit		7,576,848.13	8,618,691.50
Capital Fund		-	-
<b>Net Assets</b>		<b><u>7,576,848.13</u></b>	<b><u>8,618,691.50</u></b>

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

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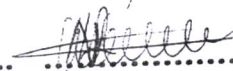
The Hospital's financial statements were approved by the Board on 26/08/2025 and signed on its behalf by:



.....  
**Chairman**  
**Board of Management**



.....  
**Head of Finance**  
**ICPAK No: 34830**



.....  
**Medical Superintendent**

26 AUG 2025

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

As at July 1, 2023 (previous year)	0	-	-	-
Revaluation gain	0	9,084,943.00	-	9,084,943.00
Surplus/(deficit) for the year	-	(466,251.50)	-	(466,251.50)
Capital/Development grants	-	-	-	-
As at June 30, 2024 (previous year)	0	8,618,691.50	-	8,618,691.50
At July 1, 2024 (current year)	0	8,618,691.50	-	8,618,691.50
Revaluation gain	0	-	-	-
Surplus/(deficit) for the year	-	(1,041,843.37)	-	(1,041,843.37)
Capital/Development grants	-	-	-	-
At June 30, 2025 (current year)	0	7,576,848.13	-	7,576,848.13

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

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

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from the County Government		-	-
Grants from donors and development partners		-	-
Transfers from other Government entities		-	-
Public contributions and donations		-	-
Rendering of services- Medical Service Income		17,428,156.65	20,418,793.50
Revenue from rent of facilities		13,780.00	16,000.00
Finance / interest income		-	-
Miscellaneous receipts( <i>specify</i> )		391,870.00	449,920.00
<b>Total Receipts</b>		<b>17,833,806.65</b>	<b>20,884,713.50</b>
<b>Payments</b>			
Medical/Clinical costs		9,986,205.00	8,899,521.00
Employee costs		-	-
Board of Management Expenses		1,733,680.00	508,500.00
Repairs and maintenance		2,251,251.00	1,959,921.00
Grants and subsidies		-	-
General expenses		5,647,162.00	7,475,493.00
Finance costs		-	-
Refunds paid out		-	-
<b>Total Payments</b>		<b>19,618,298.00</b>	<b>18,843,435.00</b>
<b>Net cash flows from operating activities</b>	43	<b>(1,784,491.35)</b>	<b>2,041,278.50</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment		-	-
Purchase of intangible assets		-	-
Proceeds from the sale of PPE		-	-
Acquisition of investments		-	-
<b>Net cash flows used in investing activities</b>		<b>-</b>	<b>-</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Capital grants received		-	-
<b>Net cash flows used in financing activities</b>		<b>-</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(1,784,491.35)</b>	<b>2,041,278.50</b>
Cash and cash equivalents as at 1 July	27	2,065,298.48	24,020.00
Cash and cash equivalents as at 30 June	27	280,807.13	2,065,298.48

*Chwele Subcounty Hospital (Bungoma County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> 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		2,065,298.48	2,065,298.48	-	2,065,298.48	0%
<b>Receipts</b>			-		-	#DIV/0!
Transfers from the County Government	-	-	-		-	#DIV/0!
Grants from donors and development partners	-	-	-		-	#DIV/0!
Transfers from other Government entities	-	-	-		-	#DIV/0!
Public contributions and donations	-	-	-		-	#DIV/0!
Rendering of services- Medical Service Income	26,494,123.00	-	26,494,123.00	17,428,156.7	9,065,966.35	66%
Revenue from rent of facilities		-	-	13,780.0	(13,780.00)	#DIV/0!
Finance / interest income		-	-	-	-	#DIV/0!
Miscellaneous receipts ( <i>specify</i> )		-	-	391,870.0	(391,870.00)	#DIV/0!
<b>Total receipts</b>	<b>26,494,123.00</b>	<b>2,065,298.48</b>	<b>28,559,421.48</b>	<b>17,833,806.7</b>	<b>10,725,614.83</b>	<b>62%</b>
<b>Payments</b>			-		-	#DIV/0!
Medical/Clinical costs	26,494,123.00	2,065,298.48	28,559,421.48	9,986,205.0	18,573,216.48	35%
Employee costs		-	-	-	-	#DIV/0!
Remuneration of directors		-	-	1,733,680.0	(1,733,680.00)	#DIV/0!
Repairs and maintenance		-	-	2,251,251.0	(2,251,251.00)	#DIV/0!
Grants and subsidies		-	-	-	-	#DIV/0!
General expenses		-	-	5,647,162.0	(5,647,162.00)	#DIV/0!
Finance costs		-	-	-	-	#DIV/0!
Refunds		-	-	-	-	#DIV/0!
<b>Total Operational Expenditure paid</b>	<b>26,494,123.00</b>	<b>2,065,298.48</b>	<b>28,559,421.48</b>	<b>19,618,298.00</b>	<b>8,941,123.48</b>	<b>69%</b>
<b>Capital Expenditure paid</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>#DIV/0!</b>
<b>Surplus</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,784,491.35)</b>	<b>1,784,491.35</b>	<b>#DIV/0!</b>

**Budget Reconciliation**

Description of Particulars	Amount in Kshs
Actual Surplus Amounts as per the statement of Budget	(1,784,491.35)
opening bank balances	2,065,298.48
Reason for differences	
Reason for differences	
Reason for differences	
Closing Cash and Cash Equivalent as per the statement of Cash flows	280,807.13

## **Notes to the Financial Statements**

### **1. General Information**

Chwele Sub-County Hospital is established by and derives its authority and accountability from PFM Act. The entity is wholly owned by the Bungoma County Government and is domiciled in Bungoma County in Kenya. The entity's principal activity is to provide optimal primary healthcare.

### **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 *entity'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 *entity*. The financial statements have been prepared in accordance with the PFM Act, and (*include any other applicable legislation*), and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

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

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

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

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

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

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

Standard	Effective date and impact:
	statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS 49- Retirement Benefit Plans	<b><i>Applicable 1<sup>st</sup> January 2026</i></b> 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	<b><i>Applicable 1<sup>st</sup> January 2027</i></b> 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"> <li data-bbox="432 1010 1396 1099">i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li> <li data-bbox="432 1122 1396 1256">ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.</li> <li data-bbox="432 1279 1396 1525">iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.</li> </ul>

***iii) Early adoption of standards***

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

## **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. 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 *entity* recorded additional appropriations of **ksh. 2,065,298.00** on the FY 2024/2025 budget following the Board's approval. The *entity'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.

*Notes to the Financial Statements (Continued)*

**f. Leases**

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

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

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

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

**g. Intangible assets**

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

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

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

*Notes to the Financial Statements (Continued)*

is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Fair value through net assets/ equity**

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

**Fair value through surplus or deficit**

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

**Trade and other receivables**

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

**Impairment**

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

*Notes to the Financial Statements (Continued)*

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

**q. Changes in accounting policies and estimates**

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

*Notes to the Financial Statements (Continued)*

**r. Employee benefits**

**Retirement benefit plans**

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

**s. Foreign currency transactions**

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

**t. Borrowing costs**

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

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

**u. Related parties**

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

**v. Service concession arrangements**

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

**w. Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**x. Comparative figures**

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

*Notes to the Financial Statements (Continued)*

**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.

**4. Significant Judgments and Sources of Estimation Uncertainty**

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

**Estimates and assumptions.**

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

**Useful lives and residual values**

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

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

**Provisions**

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

*Notes to Financial Statements Continued*

**6. Transfers from the County Government**

<i>Description</i>	<i>2024/2025</i>	<i>2023/2024</i>
	<i>KShs</i>	<i>KShs</i>
<i>Unconditional grants</i>		
<i>Operational grant</i>		
<i>Level 4/5 grants</i>		
<i>Unconditional development grants</i>		
<i>Other grants (specify)</i>		
	<i>0</i>	<i>0</i>
<i>Conditional grants</i>		
<i>User fee forgone</i>		
<i>Transforming health services for Universal care project (THUCP)</i>		
<i>DANIDA</i>		
<i>Wards Development grant</i>		
<i>Paediatric block grant</i>		
<i>Administration block grant</i>		
<i>Laboratory grant</i>		
<i>Total government grants and subsidies</i>	<i>0</i>	<i>0</i>

**6 b Transfers from The County Government**

<b>Name of the Entity sending the grant</b>	<b>Amount recognized to Statement of financial performance*</b>	<b>Amount deferred under deferred income</b>	<b>Amount recognised in capital fund.</b>	<b>Total grant income during the year</b>	<b>Comparative Period</b>
	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>
<b>Bungoma County Government</b>					
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total</b>					

Notes to Financial Statements Continued

7. In Kind Contributions from The County Government

Description	2024/2025	2023/2024
	KShs	KShs
Salaries and wages	3,331,580.00	7,447,500.00
Medical supplies-Drawings Rights (KEMSA)		
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)		
Utility bills		
<b>Total grants in kind</b>	<b>3,331,580.00</b>	<b>7,447,500.00</b>

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 (specify)		
<b>Total grants from development partners</b>	<b>0</b>	<b>0</b>

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

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

*Notes to Financial Statements Continued*

9. **Transfers From Other Government Entities**

Description	2024/2025	2023/2024
	KShs	KShs
Transfer from National Government (Ministry of Health)		
Transfer from xxx National Hospital		
Transfer from xxx Institute		
<b>Total Transfers</b>	<b>0</b>	<b>0</b>

10. **Public Contributions and Donations**

Description	2024/2025	2023/2024
	Kshs	Kshs
Balance unspent at beginning of year		
Current year receipts		
Amortised and transferred to revenue		
<b>Conditions to be met – remain liabilities</b>	<b>0</b>	<b>0</b>

**10 (a) Reconciliations of amortised grants**

Description	2024/2025	2023/2024
	Kshs	Kshs
<i>Balance unspent at beginning of year</i>		
<i>Current year receipts</i>		
<i>Amortised and transferred to revenue</i>		
<b><i>Conditions to be met – remain liabilities</i></b>	<b>0</b>	<b>0</b>

Notes to Financial Statements Continued

11. Rendering of Services-Medical Service Income

Description	2024/2025	2023/2024
	Kshs	Kshs
Pharmaceuticals	1,760,903.00	2,091,228.00
Non-Pharmaceuticals	113,937.00	149,792.00
Laboratory	1,200,562.00	1,169,884.00
Radiology	407,701.00	75,400.00
Orthopedic and Trauma Technology	55,300.00	328,290.00
In patient Theatre	678,864.00	1,212,605.00
Accident and Emergency Service		
Out patient	1,149,160.00	950,320.00
Nutrition service	670.00	4,805.00
Cancer centre service		
Dental services	87,800.00	54,920.00
Reproductive health		
Paediatrics services		
Farewell home services		
Ear Nose and Throat service		
Public health	65,800.00	
Anesthesia Service		
Physiotherapy	298,650.00	
Maternity	66,550.00	
Medical exams	71,000.00	
Oxygen	5,500.00	
Other medical services income (specify)-SHA	12,208,407.65	14,381,549.50
Waivers & Exemptions	272,329.00	
<b>Total revenue from the rendering of services</b>	<b>18,443,133.65</b>	<b>20,418,793.50</b>

12. Revenue from Rent of Facilities

Description	2024/2025	2023/2024
	Kshs	Kshs
Residential property		
Commercial property	13,780.00	16,000.00
<b>Total Revenue from rent of facilities</b>	<b>13,780.00</b>	<b>16,000.00</b>

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

*Notes to the Financial Statements (Continued)*

**13. Finance /Interest Income**

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

**14. Miscellaneous Income**

<i>Description</i>	<i>2024/2025</i>	<i>2023/2024</i>
	<i>Kshs</i>	<i>Kshs</i>
<i>Insurance recoveries</i>		
<i>Income from sale of tender</i>		
<i>Services concession income</i>		
<i>Sale of goods (water, publications, containers etc)</i>		
<i>Write backs (Deposits, payments in advance etc)</i>		
<i>Attachment fee from students</i>		<i>164,600.00</i>
<i>Medical expenses</i>	<i>236,670.00</i>	<i>187,370.00</i>
<i>Ambulance services</i>	<i>48,740.00</i>	<i>97,950.00</i>
<i>Bad debts recovered</i>	<i>106,460.00</i>	
<i>Others (Specify)</i>		
<b><i>Total Miscellaneous income</i></b>	<b><i>391,870.00</i></b>	<b><i>449,920.00</i></b>

**15. Medical/ Clinical Costs**

<b><i>Description</i></b>	<b><i>2024/2025</i></b>	<b><i>2023/2024</i></b>
	<b><i>Kshs</i></b>	<b><i>Kshs</i></b>
<i>Dental costs/ materials</i>	<i>136,200.00</i>	<i>87,950.00</i>
<i>Laboratory chemicals and reagents</i>	<i>668,500.00</i>	<i>528,250.00</i>
<i>Public health activities</i>		
<i>Food and Ration</i>	<i>2,887,746.00</i>	<i>2,837,196.00</i>
<i>Uniform, clothing, and linen</i>		
<i>Dressing and Non-Pharmaceuticals</i>	<i>2,417,750.00</i>	<i>1,098,259.00</i>
<i>Pharmaceutical supplies</i>	<i>1,821,284.00</i>	<i>2,524,196.00</i>
<i>Health information stationery</i>		
<i>Reproductive health materials</i>		
<i>Sanitary and cleansing Materials</i>	<i>1,297,225.00</i>	<i>1,112,670.00</i>
<i>Purchase of Medical gases</i>		<i>8,000.00</i>
<i>X-Ray/Radiology supplies</i>	<i>132,500.00</i>	<i>34,000.00</i>
<i>Pending bills related expenses</i>		<i>2,507,530.00</i>
<i>Other medical related clinical costs (specify)</i>		
<i>Medical records expenses</i>	<i>625,000.00</i>	<i>669,000.00</i>
<b><i>Total medical/ clinical costs</i></b>	<b><i>9,986,205.00</i></b>	<b><i>11,407,051.00</i></b>

Notes to the Financial Statements (Continued)

16. Employee Costs

Description	2024/2025	2023/2024
	Kshs	Kshs
Salaries, wages, and allowances	2,839,220.00	6,521,500.00
Contributions to pension schemes		
Service gratuity		
Performance and other bonuses		
Staff medical expenses and Insurance cover		
Group personal accident insurance and WIBA		
Social contribution	492,360.00	926,000.00
Other employee costs ( <i>specify</i> )		
<b>Employee costs</b>	<b>3,331,580.00</b>	<b>7,447,500.00</b>

17. Board of Management Expenses

Description	2024/2025	2023/2024
	Kshs	Kshs
Chairman's Honoraria		
Sitting allowance	1,733,680.00	
Mileage		
Insurance expenses		
Induction and training		
Travel and accommodation allowance		508,500.00
Airtime allowances		
<b>Total</b>	<b>1,733,680.00</b>	<b>508,500.00</b>

18. Depreciation and Amortization Expense

Description	2024/2025	2023/2024
	Kshs	Kshs
Property, plant and equipment		
Intangible assets		
Investment property carried at cost		
<b>Total depreciation and amortization</b>	<b>0</b>	<b>0</b>

19. Repairs And Maintenance

Description	2024/2025	2023/2024
	Kshs	Kshs
Property- Buildings	1,272,380.00	854,170.00
Medical equipment	69,500.00	221,340.00
Office equipment		
Furniture and fittings	45,000.00	8,000.00
Computers and accessories	332,000.00	600,230.00
Motor vehicle expenses	254,221.00	123,410.00
plant, machinery & equipment	78,150.00	-
Maintenance household items	200,000.00	152,771.00
Maintenance of civil works		
<b>Total repairs and maintenance</b>	<b>2,251,251.00</b>	<b>1,959,921.00</b>

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

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

**20. Grants And Subsidies**

Description	2024/2025	2023/2024
	Kshs	Kshs
Community development and social work		
Education initiatives and programs		
Free/ subsidised medical camp		
Disability programs		
Free cancer screening		
Social benefit expenses		
Other grants and subsidies( <i>specify</i> )		
<b>Total grants and subsidies</b>	<b>0</b>	<b>0</b>

**21. General Expenses**

Description	2024/2025	2023/2024
	Kshs	Kshs
Advertising and publicity expenses		
Catering expenses	164,500.00	804,745.00
Waste management expenses		
Insecticides and rodenticides	97,100.00	57,000.00
Audit fees		
Bank charges	47,215.00	21,048.00
Conferences and delegations		
Consultancy fees		
Contracted services	307,630.00	
Electricity expenses	844,068.00	1,023,585.00
Fuel and Lubricants	1,190,000.00	2,602,500.00
Other fuels	413,000.00	-
Insurance		6,000.00
Research and development expenses		
Travel and accommodation allowance	1,796,700.00	1,554,585.00
General office supplies	99,500.00	675,025.00
Legal expenses		
Licenses and permits		
Courier and postal services		
Printing and stationery	20,044.00	59,000.00
Hire charges		
Rent expenses		
Water and sewerage costs	339,365.00	167,347.00
Skills development levies		
Telephone and mobile phone services	69,000.00	128,000.00
Internet expenses	67,990.00	313,458.00
Staff training and development		63,200.00
Subscriptions to professional bodies		
Subscriptions to newspapers periodical, magazines, and gazette notices		
Library books/Materials		
Purchase ICT	68,600.00	
Purchase computers	122,450.00	
Parking charges		
<b>Total General Expenses</b>	<b>5,647,162.00</b>	<b>7,475,493.00</b>

*Notes to the Financial Statements (Continued)*

**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		
<b>Total finance costs</b>	<b>0</b>	<b>0</b>

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

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		
<b>Total finance costs</b>	<b>0</b>	<b>0</b>

**24. Unrealized Gain On Fair Value Investments**

Description	2024/2025	2023/2024
	Kshs	Kshs
Investments at fair value		
<b>Total gain</b>	<b>0</b>	<b>0</b>

**25. Medical Services Contracts Gains /Losses**

Description	2024/2025	2023/2024
	Kshs	Kshs
Comprehensive care contracts with NHIF/SHA		
Non- Comprehensive contracts care with NHIF/SHA		
Linda Mama Program		
Waivers and Exemptions	272,329.00	
<b>Total Gain/Loss</b>	<b>272,329.00</b>	<b>0</b>

**26. Impairment Loss**

Description	2024/2025	2023/2024
	Kshs	Kshs
Property, plant, and equipment		
Intangible assets		

Investments		
Total impairment loss	0	0

Notes to the Financial Statements (Continued)

#### 27. Cash And Cash Equivalents

Description	2024/2025	2023/2024
	Kshs	Kshs
Current accounts	280,807.13	2,065,298.48
On - call deposits	-	-
Fixed deposits accounts	-	-
Cash in hand		
Others( <i>specify</i> )- Mobile money	-	-
<b>Total cash and cash equivalents</b>	<b>280,807.13</b>	<b>2,065,298.48</b>

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

Description		2024/2025	2023/2024
Financial institution	Account number	Kshs	Kshs
a) Current account	1132517745		
Kenya Commercial bank		280,807.13	2,065,298.48
Equity Bank, etc		-	
Sub- total		280,807.13	2,065,298.48
b) On - call deposits			
Kenya Commercial bank			
Equity Bank – etc			
Sub- total		-	-
c) Fixed deposits account			
Bank Name		-	-
Sub- total		-	-
d) Others( <i>specify</i> )			
cash in hand			
Mobile money- Mpesa, Airtel money			
Sub- total		-	-
<b>Grand total</b>		<b>280,807.13</b>	<b>2,065,298.48</b>

*Notes to the Financial Statements (Continued)*

28. Prepayments

Description	2024/2025	2023/2024
	Kshs	Kshs
Insurance		
Rent		
Water		
Internet		
Others specify		
<b>Total</b>	<b>0</b>	<b>0</b>

29. Receivables From Exchange Transactions

Description	2024/2025	2023/2024
	KShs	KShs
Medical services receivables	11,252,590.00	10,509,942.00
Rent receivables		
Other exchange debtors		
Less: impairment allowance		
<b>Total receivables</b>	<b>11,252,590.00</b>	<b>10,509,942.00</b>

Analysis of Receivables From Exchange Transactions

Description	2024/2025		2023/2024	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	5,252,590.00	%	xxx	%
Between 1- 2 years	-	%	xxx	%
Between 2-3 years	6,000,000.00	%	xxx	%
Over 3 years	-	%	xxx	%
<b>Total (a+b)</b>	<b>11,252,590</b>	<b>%</b>	<b>10,509,942</b>	<b>%</b>

*Notes to the Financial Statements (Continued)*

**30. Receivables From Non-Exchange Transactions**

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

**Analysis of Receivables From Non-Exchange Transactions**

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

*Notes to the Financial Statements (Continued)*

**31. Inventories**

Description	2024/2025	2023/2024
	KShs	KShs
Pharmaceutical supplies	84,749.00	-
Non-Pharmaceutical supplies	52,550.00	
Laboratory supplies	77,600.00	
Maintenance supplies	31,500.00	
Food supplies	34,460.00	
Linen and clothing supplies	96,300.00	
Cleaning materials supplies	19,460.00	
Medical records	37,440.00	
Purchase X-ray supplies	37,000.00	
General office supplies	36,570.00	
<b>Total</b>	<b>507,629.00</b>	<b>-</b>

**Detailed disclosure on inventories**

	2024/2025	2023/2024
	KShs	KShs
Opening balance	-	-
Additional Inventory in the year	12,761,805	
Inventory expensed in the year	12,254,176	
Write-downs in the year		
Others specify		
<b>Closing balance</b>	<b>507,629</b>	<b>-</b>

**Inventories**

Description	FY 2024/2025	FY 2024/2025	FY 2024/2025
	Additional inventory	Inventory expensed in the year	Closing balance
Pharmaceutical supplies	1,849,534.00	1,764,785.00	84,749.00
Non-Pharmaceutical supplies	3,325,565.00	3,273,015.00	52,550.00
Laboratory supplies	1,055,650.00	978,050.00	77,600.00
Dental materials	237,200.00	205,700.00	31,500.00
Food supplies	3,442,031.00	3,407,571.00	34,460.00
Linen and clothing supplies	296,500.00	200,200.00	96,300.00
Cleaning materials supplies	1,297,225.00	1,277,765.00	19,460.00
Medical records	1,012,100.00	974,660.00	37,440.00
Purchase X-ray supplies	132,500.00	95,500.00	37,000.00
General office supplies	113,500.00	76,930.00	36,570.00
<b>Total</b>	<b>12,761,805.00</b>	<b>12,254,176.00</b>	<b>507,629.00</b>

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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	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Work in progress	Ksh	
<b>Cost</b>									
At 1 July 2023 (previous year)								3,713,000	3,713,000
Additions									-
Disposals									-
Transfers/adjustments									-
Revaluation Adjustments									-
At 30 <sup>th</sup> Jun 2024	0	0	0	0	0	0	0	3,713,000	3,713,000
									-
At 1 July 2024 (current year)	0	0	0	0	0	0	0	3,713,000	3,713,000
Additions									-
Disposals									-
Transfer/adjustments									-
Revaluation Adjustments									-
At 30 <sup>th</sup> Jun 2025	0	0	0	0	0	0	0	3,713,000	3,713,000
									-
<b>Depreciation and impairment</b>									
At 1 July 2023 (previous year)		0	0	0	0	0	0	-	-
Depreciation for the year								-	-
Disposals								-	-
Impairment								-	-

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At 30 June 2024		0	0	0	0	0	0	-	-
At July 2024 (current year)		0	0	0	0	0	0	-	-
Depreciation									-
Disposals									-
Impairment									-
Transfer/adjustment									-
At 30 <sup>th</sup> June 2025		0	0	0	0	0	0	-	-
									-
<b>Net book values</b>									
At 30 <sup>th</sup> Jun 2024 (previous)	0	0	0	0	0	0	0	3,713,000	3,713,000
At 30 <sup>th</sup> Jun 2025 (current)	0	0	0	0	0	0	0	3,713,000	3,713,000

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*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	0	0
Amortization and impairment		
At beginning of the year		
Amortization for the period		
Impairment loss		
At end of the year	0	0
NBV	0	0

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Notes to the Financial Statements (Continued)

34. Investment Property

Description	2024/2025	2023/2024
	KShs	KShs
At beginning of the year	0	0
Additions		
Disposals during the year		
Fair value gain		
Depreciation ( <i>where investment property is at cost</i> )		
Impairment		
At end of the year	0	0

35. Biological Assets

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

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*Notes to the Financial Statements (Continued)*

36. Trade and other Payables

Description	2024/2025		2023/2024	
	KShs		KShs	
Trade payables	8,177,178.00		7,669,549.00	
Employee dues				
Third-party payments (e.g. unremitted payroll deductions)				
Audit fee				
Doctors' fee				
Total trade and other payables	8,177,178.00		7,669,549.00	
Ageing analysis:	2024/2025	% of the Total	2023/2024	% of the total
Under one year	2,931,300.00	36%	3,539,720.00	%
1-2 years	3,059,768.00	37%	4,102,529.00	%
2-3 years	2,186,110.00	27%	27,300.00	%
Over 3 years		0%		%
Total	8,177,178.00	100%	7,669,549.00	%

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*Notes to the Financial Statements (Continued)*

**37. Refundable Deposits from Customers/Patients**

Description	2024/2025		2023/2024	
	KShs		KShs	
Medical fees paid in advance		-		-
Credit facility deposit				
Rent deposits				
Others ( <i>specify</i> )				
<b>Total deposits</b>		-		-
<b>Ageing analysis:</b>	<b>2024/2025</b>	<b>% of the Total</b>	<b>2023/2024</b>	<b>% of the Total</b>
Under one year		%		%
1-2 years		%		%
2-3 years		%		%
Over 3 years		%		%
<b>Total</b>	<b>0</b>	<b>%</b>	<b>0</b>	<b>%</b>

**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				
<b>Total provisions</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Current Provisions				
Non-Current Provisions				
<b>Total Provisions</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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*Notes to the Financial Statements (Continued)*

**39. Finance Lease Obligation**

Description	2024/2025	2023/2024
	KShs	KShs
Current Lease obligation		
Long term lease obligation		
<b>Total</b>	<b>0</b>	<b>0</b>

**40. Deferred Income**

Description	2024/2025	2023/2024
	KShs	KShs
Current Portion		
Non-Current Portion		
<b>Total</b>	<b>0</b>	<b>0</b>

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> )				
<b>Balance C/F</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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*Notes to the Financial Statements (Continued)*

**41. Borrowings**

Description	2024/2025	2023/2024
	KShs	KShs
Balance at beginning of the period		
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	2024/2025	2023/2024
	KShs	KShs
<i>Current Obligation</i>		
<i>Non-Current Obligation</i>		
<i>Total</i>	0	0

**42. Service Concession Arrangements**

Description	2024/2025	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	-	-

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*Notes to the Financial Statements (Continued)*

**43. Cash Generated from Operations**

Description	2024/2025	2023/2024
	KShs	KShs
Surplus for the year before tax	(1,041,843)	(466,252)
Adjusted for:		
Depreciation	-	-
Non-cash grants received		
Impairment		
Gains and losses on disposal of assets		
Contribution to provisions		
Contribution to impairment allowance		
Working Capital adjustments		
Increase in inventory	(507,629)	-
Increase in receivables	(742,648)	-
Increase in deferred income		-
Increase in payables	507,629	2,507,530
Increase in payments received in advance		-
Net cash flow from operating activities	(1,784,491)	(2,041,279)

**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:

*Chwele Sub-County Hospital (Bungoma County Government)*  
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*Notes to the Financial Statements (Continued)*

(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	10,509,942.00	0	0	0
Receivables from –non-exchange transactions	0	0	0	0
Bank balances	2,065,298.48	0	0	0
<b>Total</b>	<b>12,575,240.48</b>	<b>0</b>	<b>0</b>	<b>0</b>
At 30 June 2025 (current year)				
Receivables from exchange transactions	11,252,590.00	0	0	0
Receivables from –non-exchange transactions		0	0	0
Bank balances	280,807.13	0	0	0
<b>Total</b>	<b>11,533,397.13</b>	<b>0</b>	<b>0</b>	<b>0</b>

CHWELE SUB-COUNTY HOSPITAL  
 BANK RECONCILIATION  
 AS AT 30 JUNE 2025.

	Sh.		Sh.
BALANCE AS PER THE BANK STATEMENT			280,807.13
LESS:			
1. Payments in cash book not yet recorded in Bank statement (unpresented cheques).		-	
2. Receipt in Bank statement not yet recorded in cash book.		-	-
ADD:			
3. Payments in Bank statement not yet recorded in cash book		-	
4. Receipt in cash book not yet recorded in bank statement.		-	-
BALANCE AS PER CASH BOOK			280,807.13
1. Payments made in cash book not yet recorded in Bank statement (unpresented cheques)	PAYEE	Chq no.	Amount
			-
2. Receipt in Bank statement not yet recorded in cash book.	Date	Details	Amount
			-
3. Payments in Bank statement not yet recorded in cash book.	Date	Details	Amount
			-
4. Receipt in cash book not yet recorded in bank statement.	Date	Details	Amount
			-

I certify that I have verified Bank Balance in the Cash Book with the Bank Statement and that the above Reconciliation is correct.

*Georgina Accountant*

*[Signature]*

23 JUN 2025



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