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REPORT

OF

THE AUDITOR-GENERAL

ON

SIGOR SUB-COUNTY LEVEL 4 HOSPITAL

FOR THE YEAR ENDED
30 JUNE, 2025

COUNTY GOVERNMENT OF BOMET

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SIGOR SUB-COUNTY LEVEL 4 HOSPITAL (BOMET COUNTY GOVERNMENT)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2025

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

Sigor Sub County Level 4 Hospital (Bomet County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Table of Contents

1. Acronyms & Glossary of Terms.....	ii
2. Key Hospital Information and Management	iii
3. The Board of Management	vii
4. Hospital Management Team.....	ix
5. Chairman’s Statement.	xi
6. Report of The Medical Superintendent	xii
7. Statement of Performance Against Predetermined Objectives.....	xv
8. Corporate Governance Statement.....	xvi
9. Management Discussion and Analysis	xviii
10. Environmental And Sustainability Reporting.....	xx
11. Report of The Board of Management	xxii
12. Statement of Board of Management’s Responsibilities	xxiii
13. Report of the Independent Auditor on Sigor Sub County Hospital.....	xxiv
14. Statement of Financial Performance for The Year Ended 30 th June 2025.	1
15. Statement of Financial Position As At 30 th June 2025.	2
16. Statement of Changes in Net Assets for The Year Ended 30 th June 2025.	3
17. Statement of Cash Flows for The Year Ended 30 th June 2025.	4
18. Statement of Comparison of Budget and Actual Amounts for Year Ended 30 th June 2025. ...	5
19. Notes to the Financial Statements.....	6
20. Appendices.....	31

1. Acronyms & Glossary of Terms

CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
Fiduciary Management	Key management personnel who have financial responsibility in the Hospital.
FIF	Facility Improvement Fund.
HRIO	Health Records and Information Officer.
SHA	Social Health Authority
PHC	Primary Health Care
CMEs	Continuing Medical Education
HPT	Health Product Technologist
KEMSA	Kenya Medical Supplies Authority
SHIF	Social Health Insurance Fund
FIF	Facility Improvement Fund
QIC	Quality Improvement Committee
IPC	Infection Improvement Committee
MTC	Medicine Therapeutic Committee
HMT	Hospital Management Team
HMB/C	Hospital Management Board/ Committee
MPDSR	Maternal and Perinatal Death Surveillance and response
ICPAK	Institute of Certified Public Accountants of Kenya
CME	Continuous Medical Education
KMPDC	Kenya Medical Practitioners and Dentist Council
MCH	Maternal and Child Health
IPSAS	International Public Sector Accounting Standards
PWD	Persons Living With Disabilities
FY	Financial Year
MCH	Mother Child Healthcare
SDG	Sustainable Development Goals

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

NHIF	National Hospital Insurance Fund
NSSF	National Social Security Fund
SHA	Social Health Authority
MEDS	Mission for Essential Drugs
KEMSA	Kenya Medical Supplies Agency
PFM(A)	Public Finance Management Act
PPE	Property, Plant and Equipment
AIE	Authority to Incur Expenditure
PSK	Pharmaceuticals Society of Kenya
PPB	Pharmacy and Poison Board
CGOB	County Government of Bomet
MSc	Master of Science
SHIF	Social Health Insurance Fund
PHC	Primary Health Care
CECM	County Executive Committee Member
CPSB	County Public Service Board
CCC	Comprehensive Care Clinic
CHP	Community Health Promoter
PSASB	Public Sector Accounting Standards Board
ECL	Expected Credit Loss

2. Key Hospital Information and Management

(a) Background information

Sigor Sub County Hospital is a level 4 hospital established under gazette notice No. 14241 on Bomet county Health Facilities of 4th February, 2020 and is domiciled in Bomet County under the department of health. The Sigor sub county hospital is governed by a Board of Management.

(b) Principal Activities

The principal activity of the Sigor Sub County Hospital is to provide health care services to the residents and non-residents of Bomet County.

The vision of the Sigor sub county hospital is to be an efficient and high quality health care system that is accessible, equitable and affordable for every Kenyan

The mission is to promote and participate in provision of integrated and high quality, preventive, curative and rehabilitative health care services to all Kenyans

The rights of our patients are;

- Right to privacy and confidentiality
- Right to personal/own opinion and to be heard
- Right to participate in the planning and management of health care services

The patient's obligations

- Seek treatment promptly
- Comply with treatment and medical instruction

(c) Key Management

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

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

(d) Fiduciary Management

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

No.	Designation	Name
1.	Medical Superintendent	Dr Barngas David
2.	Sigor Sub County Hospital Administrator	Joseah Towett
3.	Accountant	Jonah Munai

(e) **Fiduciary Oversight Arrangements**

Fiduciary oversight arrangements are mechanisms established to ensure accountability, transparency, and compliance in the management of financial and operational resources. The following committees and bodies play a critical role in safeguarding institutional integrity and promoting sound governance practices:

1. Clinical Research and Standards Committee

This committee is responsible for ensuring that all clinical and research activities comply with established medical, ethical, and professional standards. It reviews and approves research protocols, monitors implementation, and ensures the protection of participants' rights and welfare. The committee also promotes adherence to quality standards in clinical practice and research outcomes.

2. Audit Committee

The Audit Committee provides independent oversight of the institution's financial management systems. It reviews financial statements, internal control frameworks, and audit reports to ensure accuracy, transparency, and accountability. The committee also follows up on audit recommendations and ensures the implementation of corrective actions to address identified weaknesses.

3. Risk Committee

The Risk Committee is mandated to identify, assess, and monitor institutional risks that may affect performance, resources, or reputation. It develops and oversees the implementation of risk mitigation strategies, ensuring that risk management is integrated into all planning and operational processes. The committee supports proactive decision-making to minimize potential threats to service delivery.

4. County Assembly

The County Assembly exercises oversight over the county executive's financial and operational activities. It approves budgets, reviews expenditure reports, and ensures that public funds are utilized efficiently and in accordance with the law. Through its sectoral committees, the Assembly holds officers accountable and ensures that audit and performance reports are acted upon.

5. Parliamentary Committees

Parliamentary Committees at the national level provide an additional layer of oversight on the use of public resources. They review audit reports from oversight agencies such as the Auditor-General, summon responsible officers for clarification, and make recommendations to enhance compliance, fiscal discipline, and accountability across all public institutions.

6. Other Oversight Committees

Other oversight bodies, including ethics and compliance committees, performance review boards, and stakeholder advisory panels, contribute to upholding integrity and transparency. These committees ensure adherence to governance frameworks, monitor ethical conduct, and promote continuous improvement in institutional performance.

- (f) Hospital Headquarters**
P.O. Box 23
Sigor Sub County Hospital Building
Kyogong – Kaboson Road
Bomet, KENYA
- (g) Hospital Contacts**
Telephone: (+254) 712590115
E-mail: sigor.SCH@bomet.go.ke
- (h) Hospital Bankers**
Kenya Commercial Banks (Account Number 1117679012)
Co-operative Bank of Kenya (Account Number 01101310606001)
Family Bank (Account Number 084000034199)
- (i) Independent Auditors**
- (j)**
Auditor General
Office of Auditor General
Anniversary Towers, Institute Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya
- (k) Principal Legal Adviser**






The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya
- (l) County Attorney**

P.O. Box. 19
Bomet, Kenya

3. The Board of Management

Ref	Directors	Details
1.	 <p>Benson Sigei</p>	<p>Mr Benson Sigei was appointed Chairman of the facility in September 2023. He holds a Diploma in environmental health sciences and a certificate in social sciences/ health systems strengthening from University of Nairobi. He has been in senior management in health sector for over 20 years</p>
2.	 <p>Stephen Kipkerich Laboso</p>	<p>Stephen Kipkerich Laboso was born in 1961. He studied Laboratory Technology at KMTC and now he is a retired Lab Technologist.</p>
3.	 <p>John Kipngeno Tonui</p>	<p>John Kipngeno Tonui, born in September 1958, trained at KMTC Nairobi. He is currently a retired nurse and now serves as a consultant in a private clinic.</p>
4.	 <p>Changkwony Chepkorir</p>	<p>Changkwony Chepkorir is an Early Childhood Education (ECD) teacher, born on 13th May 1993. She holds a certificate in ECD training.</p>
5.	 <p>Christine Chepkoech Sang</p>	<p>Nancy Chepngeno Tuei, born in 1974, studied administration course at Kericho School of Administration. She served as an area administrator in Chepalungu Sub-County.</p>

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






6.	<p>Elvis Kipkorir Byegon</p> 	<p>Elvis Kipkorir Byegon, born in September 1999, holds a Certificate in Supply Chain Management from Eldoret Technical Training Institute. He is currently working as a Senior Supervisor at Maximum Productive Security Services in Limuru and serves as a representative for people with disabilities..</p>
7.	<p>Paul Cheruiyot Milgo</p> 	<p>Paul Cheruiyot Milgo, born in 1963, is a retired Principal Public Health Officer with a diploma in public health.</p>
8.	<p>David Kipngetich Bett</p> 	<p>A member of the board, born in 1963, he serves as a Veterinary Officer based in Sigor Ward. He holds a certificate in animal health.</p>
9.	<p>Nancy Chepngeno Tuei</p> 	<p>Born in January 1967, she works as an Educational Administrator. Nancy pursued a certificate in secretarial studies.</p>
10	 <p>MEDSUP Dr Barngas David</p>	<p>Dr. Barngas David is a healthcare professional currently serving as the Medical Superintendent of Sigor Sub-County Hospital. He holds a Bachelor of Pharmacy degree from the University of Nairobi and a Certificate in Senior Management (Health Systems Strengthening) from the Kenya School of Government. Prior to this appointment, he served as the Sub-County Medical Officer of Health in Konoin and Chepalungu Sub-Counties.</p>

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

4. Hospital Management Team

Ref	Management	Details
1.	Dr Barngas David 	MED SUP
2.	Mr. Joseah Towett 	Health Administrator
3.	Mr Jonah Munai 	Sigor sub county hospital Accountant
4.	Ann Nyolei 	Nursing Officer in Charge
5.	Edwin Kirui 	Store Keeper

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

6.	<p>Meshack Otundo</p> 	Registered clinical officer in charge
7.	<p>Gilbert Mutai</p> 	Biomedical Eng. In charge
8.	<p>Keneth Koech</p> 	Medical Lab Technologist
9.	<p>Janeth Bii</p> 	Pharmacist in charge
10.	<p>Wilson Kigen</p> 	HRIO in charge

5. Chairman’s Statement.

During the year under review, Sigor Sub-County Hospital continued to deliver essential healthcare services to the residents of Chepalungu Sub-County. The hospital provided a full range of outpatient, inpatient, and maternity services, ensuring access to quality healthcare for the community. Administrative and operational efficiency was strengthened through the combined efforts of the Health Management Team and the Hospital Management Board, which provided oversight, coordination, and governance. The hospital also implemented several community health outreach and sensitization programs aimed at promoting preventive healthcare. In collaboration with the County Department of Health, resource allocation and service improvement initiatives were undertaken, alongside efforts to enhance adherence to clinical and operational standards.

Notable progress was realized during the period. The hospital recorded improved service delivery and higher patient satisfaction, largely attributed to strengthened coordination between the management structures. Governance and accountability mechanisms were enhanced, fostering transparency in the management of resources. Access to maternal and reproductive health services significantly improved, contributing to better health outcomes for women and children. Furthermore, collaboration with the County Government, development partners, and community stakeholders was consolidated, while awareness of constitutional health rights among residents increased through continuous engagement and education.

However, the hospital faced several challenges that hindered full realization of its objectives. Inadequate funding limited the implementation of planned programs and slowed infrastructure improvement efforts. The current bed capacity of 30 beds proved insufficient to meet the increasing demand for health services, leading to congestion and overstretched facilities. Shortages of specialized healthcare personnel and essential medical equipment continued to affect service delivery. Additionally, delays in disbursement of funds occasionally disrupted hospital operations and slowed down program execution.

Looking ahead, the hospital has outlined several strategies to address these challenges and sustain the gains made. It plans to seek additional funding from the County Government and development partners to expand infrastructure and upgrade medical equipment. Strengthening human resource capacity through targeted recruitment, continuous training, and staff motivation will remain a key priority. The hospital also intends to intensify community health education and preventive initiatives to reduce the disease burden on its facilities. Further, plans are underway to digitize hospital operations for improved efficiency, data management, and service coordination. Moving forward, the hospital will continue fostering collaboration with all stakeholders to advance the goal of universal health coverage and deliver high-quality healthcare to the people of Chepalungu Sub-County.

.....


Name

Chairman to the Board

6. Report of The Medical Superintendent

Introduction

Sigor Sub County Hospital is a gazetted level 4 facility situated in Sigor ward of Chepalungu Sub County. It was founded by county government act of 2012 and gazetted as level 4 through a gazette notice 786 of 2023. It is a referral site for 37 public health facilities and a number of privately owned facilities within the sub county. Its main source of financing is through Facility Improvement Fund and monthly disbursements from the county government of Bomet and partners such as walter Reed Project, Christian Mission for the Blind, Nutrition International etc. The Facility offers out patient, in patient and maternity services. The main streams of revenues are user fees from laboratory diagnostics, drugs, in patient all claimed through SHA portal and reimbursed on a monthly basis and capitation through primary health care. Radiology services, minor surgical procedures, eye care services and Dental services all claimed through SHA portal. Since the coming into effect of Facility Improvement Fund Act 2023 and Bomet County FIF policy 2023-2028 all the revenues all realisable through SHA claims and primary health care capitation all channelled through Sigor Hospital FIF account.

Security services are offered by county employed enforcement officers.

The Hospital exist within a catchment that has 4 functional community units. These community units are pivotal in taking healthcare services to the household level and referral of patients to the Hospital

Achievements

Health workforce

The staff mix of the facility is as follows;

County employed staff and hospital management board employed staff.

The Department of health services led restructuring and mentorship program under which the sub county management team members are deployed to support service delivery at the sub county Hospital still in effect during the year. These include; Sub County Public Health Nurse, Reproductive Health Coordinator, Medical Officer of Health, Medical Laboratory technologist, nutrition and dialectician, health records officer, HTS and HIV/AIDs and TB coordinator.

This program continues to impact positively on the performance of the hospital in all areas of key performance indicators by improving the numbers of staff, mentorship, (On-the-Job-Training) OJT and (Continuous Medical Education) CMEs

During the year under review some of our staffs also participated in short trainings, professional workshops as an avenue for professional development

Health infrastructure

The hospital management with the support of the Hospital Board carried out several maintenance works such as plumbing, repair works to create storage spaces for health products and technologies, construction of pit latrine and procurement of reservoir water tank.

The Hospital installed and operationalized the biochemistry which was received in the financial year 2024/2025. The eye care equipment received from Computerized Bone Mineralometry CBM in the

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

financial year 2024-25 were also fully utilized in the year under review because of arrival of 2 eye care specialized staff.

The Hospital also benefited from the county led roll out of digital infrastructure. Local area networking of internet cables and 3 WIFI sports was commissioned and works completed thus positioning the hospital strategically on its path to fully digitizing its Health Management and Information System. Construction works on the stalled theatre and radiology units resumed in the last quarter of FY24-25. Commissioning of 30 beds surgical wards was done by H.E Governor Prof. Barckok at the same time. Construction works for the three projects are on course and scheduled for completion in the financial year 2025/2026

The Hospital management and Board are carrying out resource mobilization in support of investments on more infrastructural projects as contained in the hospital strategic plan 2024-2028. The projects targeted include wards for paediatrics, male and females with a view to attaining the minimum 150 beds capacity required for a fully functional level 4 Hospital

Other projects include casualty, incinerator, mortuary, administration block.

Governance, Management and Leadership

Hospital Health Management Team meetings done frequently throughout the financial year under review. Hospital Management Board did 4 full meetings and 2 special meetings during the year.

The Hospital Management and Board have scheduled benchmarking visits to Ndanai and Kapkatet sub county Hospitals

Property, Plant and Equipment

The Hospital's vehicle underwent major maintenance and repairs and is still waiting for more funds for painting.

Standby generator availability enabled for constant availability of electrical power and its routine maintenance done on schedule.

The Hospital management is still waiting for the valuation report for all property, plant and equipment and thus not included in our balance sheet for the FY under review

Health Products and Technologies

Main supplier of Health Products and Technologies was Kenya Medical Supplies Authority, KEMSA. The hospital opened an account with KEMSA to allow for direct ordering and payment. The hospital has so far ordered once and payment made. Any shortage was plugged through the prequalified suppliers of the hospital. KEMSA supplied both essential medicines and medical supplies and laboratory reagents. The hospital commodity store was demolished to pave way for construction of surgical ward. This occasioned renovations in identified spaces to provide for temporary storage for commodities as we wait for construction of new medical store

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

Health financing

The hospital fully implemented FIF Act 2023 and Bomet County FIF policy 2023-2028 in October 2024

Under this dispensation SHIF and primary health care funds under SHA were the main sources of financing for the Hospital during the year under review. The county government funds transfers were also received but significantly reduced. The hospital conducted SHA registration and claims. Significant claims were recorded in quarter 3 and 4 of the year under review. SHA reimbursement inflows enabled the hospital to reduce its pending bills significantly for instance casual wages arrears reduced from 10 months to 2 months. Food and rations, health products and technologies, utilities pending bills also reduced significantly

The county government channelled monthly disbursements for 6 dispensaries through Sigor Sub County Hospital bank account for onward transfer to the respective dispensaries

The hospital has two broad sources of revenue and support; exchange of Kshs 6,260,000 and non-exchange transactions of Kshs 82,305,130. About 99% of our support is associated to non-exchange transaction. A contribution in kind of kshs 82,305,130 was received whereas Kshs 6,260,000 was received in respect of transfers as operational grant as - AIE. Much of our workforce is provided by the County Government of Bomet who deploys them and pays their salaries and allowances.

Lastly, during the year under review, the Hospital recorded a total expenditure of KSh 18,971,560. This comprised KSh 6,666,224 in medical costs, KSh 4,162,230 in employee costs, KSh 199,500 in Board of Management expenses, KSh 1,069,220 for repairs and maintenance, KSh 3,019,082 in general expenses, and KSh 3,855,304 in transfers to other government entities.

Sigor Level 4 Hospital aims to strengthen financial management, enhance the quality of healthcare services, and improve human resource capacity while prioritizing the upgrade of key infrastructure and adoption of digital health systems. The hospital will also focus on empowering the Board of Management to provide effective oversight, deepening stakeholder engagement for stronger partnerships, and implementing sustainability and risk-management measures to ensure reliable, efficient, and patient-centered service delivery moving forward



Name *Dr. David Barngas*
Secretary to the Board



7. Statement of Performance Against Predetermined Objectives

Section 164 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the County Government Hospital’s performance against predetermined objectives.

Sigor Sub-county hospital has 2 strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2024/25. These strategic pillars/ themes/ issues are as follows:

Pillar /theme/issue 1: Preventive services

Pillar/theme/issue 2: Curative services

The Sigor Sub County Hospital develops its annual work plans based on the above 2 pillars/Themes/Issues. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The Sigor sub county hospital achieved its performance targets set for the FY 2024/2025 period for its 2 strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Pillar/ theme/ issue 1:	Ensuring prevention of communicable diseases	The number of patients immunized	Community outreach services	Reduced communicable diseases in the locality
Pillar/ theme/ issue 1:	Facilitating treatment and curative services	Number of patients treated and discharged	Establishment of special clinics	Improved service delivery

8. Corporate Governance Statement

Sigor Sub-County Hospital is constituted as per the Constitution of Kenya, 2010 and Kenya Health Act 2017. The Sigor Sub-county hospital is headed by a medical superintendent, who is responsible for the general policy and strategic direction of the hospital.

The hospital has been operating under the framework of Bomet County hospital Boards and Health Facility Management committee policy, 2018. This policy guides on how the Hospital Boards of management are appointed and removed, the qualifications and composition, their roles and trainings, how they conduct their meetings and overall performance management.

Composition of the Sub-County Hospital Board

The total membership of the sub-county board are thirteen (13) who were nominated and appointed by the CECM. The board consist of: -

- a) A chairperson from among the ten persons from the wards who is appointed by the CEC Medical Services and Public Health.
- b) The officer in-charge of Sub-County hospital who is the secretary and ex- officio member
- c) The Sub-County Hospital Administrator who is an ex- officio member
- d) Representative from the Sub-County medical services office.
- e) Two persons per ward consisting of the following -
 - One person who has knowledge and experience in management or administration.
 - One person who has knowledge and experience in finance and procurement.
 - One person with medical background and must not be a public servant
 - One person to represent people with disability.
 - One person to represent recognized None State Actors.
 - One person representing Women.
 - One person representing Youths.
 - Other three person is to meet the eligibility of being a board member.

Eligibility

1. All the elected members of the County Board should possess a post KCSE certificate or equivalent from recognized institution and at least a Degree for the chairperson.
2. The board members apart from ex-officio shall hold office for a period of three (3) year and shall be eligible for re-appointment/re-election for one further and final term.
3. All the board members must be persons of integrity.

Functions of the Sub-County Hospital Board

The board: -

1. Provides general leadership and management of the sub-county hospital/ county hospital.
2. Approves and oversees relevant major development expenditures the health facility
3. Approves budget based on estimated expenditure.
4. Meets at least once every quarter unless on special occasions

5. Ensures well-kept basic books of accounts and records of accounts of income, expenditure assets and liabilities of a county or sub county hospital as prescribed by the officers administering the funds.
6. Ensures properly kept permanent records of all its deliberations.
7. Appoints various sub-committees to facilitate in functions and mandate.
8. Prepares quarterly reports and submit them to the CECM

Conduct of Business for Hospital Management Boards

1. The board meets at least four times a year and maintain records of its deliberations.
2. The sub committees may meet as often as demanded by the activities.
3. A quorum for a meeting of the board shall be two- thirds of all members including the secretary.
4. The meeting is held at the health facility
5. The secretary notify the members of the agenda, venue, date and time of the meeting in writing fourteen days before the date of the meeting.
6. The secretary reminds the members in writing, SMS, email or any other acceptable means of communication three days before date of the meeting.

Board and Committee Allowances

The hospital management boards and Health facility management committee members shall be paid such allowances and disbursement for expenses as may be determined by the CECM Medical services and public health.

Powers of the Board

1. The board may establish various sub-committees to facilitate its functions and mandate on need basis.
2. The Board has authority to hire and fire the casual staff hired by itself as per the Kenyan Labour Laws.

In conclusion the board of management of Sigor Level 4 Hospital is expected to uphold the highest standards of ethics and professional conduct by acting with integrity, transparency, and accountability in all its decisions and operations. Members are required to avoid conflicts of interest, maintain confidentiality of sensitive information, and prioritize the welfare of patients and the community in every action. They must demonstrate fairness, adhere to relevant laws and policies, ensure prudent use of public resources, and foster a culture of respect, responsibility, and good governance within the hospital.

9. Management Discussion and Analysis

Sigor Sub County hospital is the only sub-county hospital serving the larger Chepalungu sub-county. It has a catchment population of 21,756. It has a maternity bed capacity of 10, male ward 6 beds, female ward 6 beds, peads 12 beds.

The hospital offers outpatients services, maternity services, in patient services and special clinic which is headed by a medical officer.

Clinical/operational performance

The table below shows the Hospital's performance in service delivery for the period of six months in the specified years;

Table 1. Trends in key indicators in OPD and in patient for the period July 2024 – June 2025.

OPD ATTENDANCE	2024	MALE	FEMALE	2025	MALE	FEMALE
Over five		2,463	4,157	Over five	1,226	1,976
Under five		1,041	1,025	Under five	715	1,111
Dental services	235			165		
extraction	87			150		
Lab services	9,364			10,664		
Radiology services	142			192		
Eyecare services				92		
Specialized clinics				132		
IN PATIENT SERVICES						
wards	2,024	deaths	2,025	deaths	14	
General adults	248		254			
General peads	321		233			
maternity	532		506			
deliveries	515		506			
Live births	443		491			
Referrals	26		13			

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

For the last one year the patients attended at the hospital are as per the following tables

Total outpatient attendance

OPD male	4214
OPD female	6543
Totals	10757

Admissions	2103
Maternity services	1062
Total	3165

Financial performance that includes

Revenue sources.

Sigor sub county Hospital recognises 9 revenue streams such as;

Consultation, laboratory diagnostics, ultrasound diagnostics, pharmacy, mother and child health clinic, maternity, in patient, Dental care services and eye care services

The hospital is registered by Kenya Medical Practitioners and Dentist Council and contracted by Social Health Authority as a Healthcare provider

All revenues realised by the Hospital are proceeds of healthcare services rendered to the hospital's clients as listed above and subsequent claims made through SHA provider portal

SHA processes claims and the monies for the approved claims are wired into Sigor Sub County Hospital revenue account domiciled at Kenya Commercial Bank

Other sources include Bomet county transfers and partners

Utilisation of funds

- All realised revenues are utilized according to the provisions of FIF Act 2023 as read together with Bomet county FIF policy
Authority to utilize the revenues is sought from the accounting officer of department of health services

10. Environmental And Sustainability Reporting

Sigor 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.

Sustainability strategy and profile

Sigor Sub-county Hospital's sustainability strategy focuses on strengthening financial stability through improved revenue collection, efficient expenditure, and diversified services; enhancing environmental sustainability through water conservation, proper waste management; promoting social sustainability through community engagement, equitable access, staff development, and high-quality patient care; and improving governance through strong leadership, data-driven decision-making, and robust operational systems. The hospital profile includes essential services such as outpatient, inpatient, maternity, diagnostics, pharmacy, and community health, serving a catchment population of about 18,000 under a structured management system.

i) Environmental performance

- Sigor Sub-county hospital Outline use kaizens policy that is (5 s) the five s is for: sort, set, shine standardise and sustain. The policy has been given to every department and also mounted on the Sigor sub county hospital's notice board.
- The health care staffs are provided with personal protective equipment (PPE) such as clean gloves and sterile gloves, and masks. Health care workers are advised to minimise waste originating from their departments as much as possible. Each department is provided with bin liners (RED, YELLOW BLACK) and safety boxers RED BIN LINER is for highly infectious waste such as placentas, yellows bin liners are for infectious waste such as gloves and black bin liners are for general waste such as papers food etc. Safety boxers are for sharps objects such as syringes

The hospital has a public health officer charged with responsibility to train, mentor and offer general supervision to guarantee safe handling and proper disposal of wastes as they are generated. Sharps are kept in safety boxes and quarantined in a holding area to wait for transporting to Longisa County Referral Hospital for incineration

- The success of the measures instituted at the sigor sub county hospital has contributed to reductions of sigor sub county hospital acquired infections among the health care workers and the general public

ii) Employee welfare

Hiring process for health care workers is done by the county government of Bomet through public service board except for casual works which are hired by Sigor sub county hospital board on a three months' basis. The hiring of casuals takes into account the gender rule of two third. Training and skill improvements is done by the county department of medicals services

Market place practices-

Sigor sub county Hospital observes all regulations governing the market place practices as follows;

a) Responsible competition practice.

Sigor Sub-county hospital has ensured responsible competition practice by carrying out its purchases in accordance with the Public Procurement and asset Disposal Act 2015 and regulations 2020 to enhance an open and competitive process for procurement of goods and services.

b) Responsible Supply chain and supplier relations

Sigor Sub-county hospital has enhances supply chain and supplier relations by ensuring compliances to the law and regulations governing procurement, sustainable and transparent sourcing evaluations and developing sustainable procurement practices to future proof the organisation against scarcity of supplies

c) Responsible marketing and advertisement

The county department of medical services has been sponsoring doctors to visit vernacular station to teach the public on preventive measures to take so as to avoid contracting disease; The hospital through the public health officer, community Health Assistants and CHPs from the CU with the hospitals catchment area conduct regular community dialogues and action days. They also inform the communities on the scope of health care services available at the hospital. They also conduct social mobilization in support of outreach services

d) Product stewardship

The Sigor sub county hospital health care workers are much aware on the need to keep the patient information confidential.

iii) Corporate Social Responsibility / Community Engagements

For the year ended June 2025 Sigor sub county hospital has been able to facilitate home visits for patients that require palliative care, the Sigor sub county hospital also engaged the community health volunteers in contact tracing or defaulter tracing

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

11. Report of The Board of Management

The Board members submit their report together with the unaudited Financial Statements for the year ended June 30, 2025 which show the state of the Sigor Sub County Hospital's affairs.

Principal activities

The principal activities of the Hospital are provision of medical services.

Results

The results of the Hospital for the year ended June 30th are set out on page 1 to page 5.

Board of Management

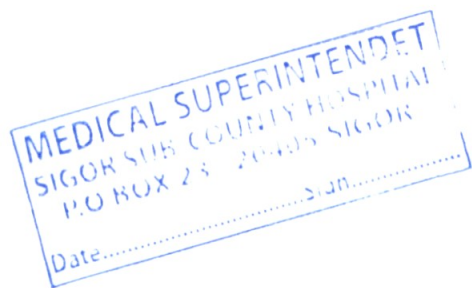
The members of the Board who served during the year are shown on page (vi) – (vii). The board was put in place in September 2023

Auditors

The Auditor General is responsible for the statutory audit of the Sigor Sub County Hospital in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 to carry out the audit of the hospital for the year ended June 30, 2025 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board

.....
Name *Dr. David Barngas*
Secretary to the Board



12. Statement of Board of Management’s Responsibilities

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

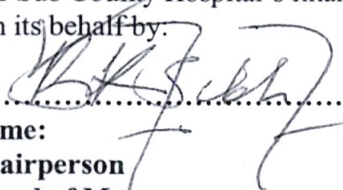
The Board of Management is responsible for the preparation and presentation of the Hospital’s financial statements, which give a true and fair view of the state of affairs of the Hospital for and as at the end of the financial year (period) ended on June 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Hospital, (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 Hospital; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

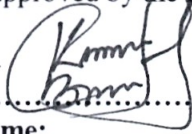
The Board of Management accepts responsibility for the Hospital’s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the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

Nothing has come to the attention of the Board of management to indicate that the Hospital 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 Sigor Sub County Hospital’s financial statements were approved by the Board on **27th August 2025** and signed on its behalf by.


.....
Name:
Chairperson
Board of Management


.....
Name:
Accounting Officer

MEDICAL SUPERINTENDET
SIGOR SUB COUNTY HOSPITAL
P.O BOX 23 - 20105, SIGOR
Date..... Stan.....

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON SIGOR SUB-COUNTY LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE 2025 – COUNTY GOVERNMENT OF BOMET

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 Sigor Sub-County Level 4 Hospital – County Government of Bomet set out on pages 1 to 32, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial

Report of the Auditor-General on Sigor Sub-County Level 4 Hospital for the year ended 30 June, 2025 – County Government of Bomet

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 Sigor Sub-County Level 4 Hospital – County Government of Bomet as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Health Act, 2017 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported In-Kind Contribution from the County Government

The statement of financial performance reflects in-kind contribution from the County Executive amounting to Kshs.82,305,130. The amount relates to expenses paid directly by the County Executive- Bomet on behalf of the Hospital. However, copies of the payment vouchers, request letters, the corresponding approvals from the County Treasury, certificates of completion and delivery notes indicating specific services or commodities supplied from the County Government were not provided for audit review.

In the circumstances, the accuracy and completeness of in-kind contributions from the County Government of Kshs.82,305,130 could not be confirmed.

2. Unsupported Revenue from Rendering of Services – Medical Services Income

The statement of financial performance and as disclosed in Note 8 to the financial statements reflects rendering of services – medical service income amounting to Kshs.13,544,443. However, the supporting schedule indicating particulars of the patients, services rendered and amount invoiced to each patient was not provided for audit review. The income was also not disclosed as per the approved revenue streams.

In the circumstances, the accuracy and completeness of rendering of services – medical services income amounting to Kshs.13,544,443 could not be confirmed.

3. Inaccuracy of General Expenses

The statement of financial performance reflects general expenses amounting to Kshs.4,848,764. However, the amount differs with general expenses totalling Kshs.3,019,082 reflected in Note 13 to the financial statements resulting in unexplained variance of Kshs.1,829,682.

In the circumstances, the accuracy and completeness of general expenses amounting to Kshs.4,848,764 could not be confirmed.

4. Unsupported Receivables from Exchange Transactions

The statement of financial position and as disclosed in Note 16 to the financial statements reflects receivables from exchange transactions totalling Kshs.6,345,207. However, detailed schedule indicating particulars of the patients, services rendered and amount owed by each patient in support of the receivables was not provided for audit review.

Further, the amount includes medical services receivables from Social Health Authority totalling Kshs.3,484,289. However, records on the SHIF billings, the amount claimed, amount paid, outstanding balances and monthly reconciliations were not provided for audit review.

In addition, the amount includes medical services receivables from the defunct National Health Insurance Fund (NHIF) totalling Kshs.2,860,918 that had remained unpaid for over one year. However, no provision was made for bad and doubtful debts. Management has not made any effort to recover these receivables.

In the circumstances, the accuracy and completeness of receivables from exchange transactions totalling Kshs.6,345,207 could not be confirmed.

5. Inaccuracy of Property, Plant and Equipment

The statement of financial position reflects Nil property, plant and equipment. Review of the Hospital's records and physical verification revealed that various assets including land, buildings, civil works, motor vehicles, furniture, computers and specialized and non-specialized medical equipment of unknown values were being used by the Hospital. However, these assets were not disclosed in the financial statements.

Further, the ownership documents for the land on which the Hospital has been built and log book for the Hospital's motor vehicle were not provided for audit review. Management explained that the records of assets are maintained at the County Government Headquarters but no evidence was provided for audit verification.

In the circumstances, the accuracy, completeness and ownership of the Hospitals property, plant and equipment could not be confirmed.

6. Unsupported Trade and Other Payables

The statement of financial position and as disclosed in Note 18 to the financial statements reflects trade and other payables totalling Kshs.5,174,494. However, schedule and ledgers indicating creditors' particulars, goods or services rendered and amounts payable to each creditor in support of each payable were not provided for audit review. The employee dues amounting to Kshs.579,820 was also not supported by extracts of payrolls or records on how the claims were determined.

In the circumstance, the accuracy and completeness of trade and other payables totalling Kshs.5,174,494 could not be confirmed.

7. Inaccuracy of Accumulated Surplus

The statement of financial position reflects accumulated surplus totalling Kshs.1,777,539. The amount includes opening accumulated surplus totalling Kshs.3,096,467 as disclosed in the statement of changes in net assets. However, the opening balance differs with the prior year audited accumulated surplus totalling Kshs.3,348,463 resulting in unexplained variance of Kshs.251,996.

Further, the amount differs with the recomputed accumulated surplus totalling Kshs.5,126,003 resulting in unexplained variance of Kshs.3,348,463.

In the circumstances, the accuracy and completeness of accumulated surplus totalling Kshs.1,777,539 could not be confirmed.

8. Inaccuracy of Statement of Cash Flows

The statement of cash flows reflects employee costs amounting to Kshs.4,440,806. However, the amount differs with the actual employee costs amounting to Kshs.4,162,230 reflected in the statement of comparison of budget and actual amounts.

Further, the statement reflects cash and cash equivalents at 30 June, 2025 totalling Kshs.633,351. However, the amount differs with the cash equivalents totalling Kshs.1,727,351 reflected in the statement of financial position resulting in unexplained variance of Kshs.1,094,000.

In the circumstances, the accuracy and completeness of the statement of cash flows could not be confirmed.

9. Inaccuracies in the Statement of Comparison of Budget and Actual Amounts

The statement of comparison of budget and actual amounts reflects rendering of services – medical service income performance differences amounting to Kshs.6,044,232. However, the amount differs with the recomputed performance difference of Kshs.3,568,443 resulting in unexplained variance of Kshs.2,475,789. Similarly, the statement reflects total receipts performance difference amounting to Kshs.3,519,768. However, the performance difference differs with the recomputed performance difference of Kshs.5,995,557 resulting in unexplained variance of Kshs.2,475,789

Further, the statement reflects repairs and maintenance performance difference amounting to Kshs.1,156,630. However, the amount differs with the recomputed performance difference amounting to Kshs.1,330,780 resulting in unexplained variance of Kshs.174,150.

In the circumstances, the accuracy and completeness of the statement of comparison of budget and actual amounts could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Sigor Sub-County Level 4 Hospital - County Government of Bomet 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.

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 reports of the previous year, fifteen (15) issues were raised under the Report on the Financial Statements as shown in **Appendix I**. However, Management had not resolved the issues or given any explanations for failure to implement the recommendations.

Other Information

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

In connection with my audit on the Hospital's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, 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. Irregular Engagement and Payment of Casual Employees

The statement of financial performance and as disclosed in Note 10 to the financial statements reflects employee costs amounting to Kshs.73,566,914. Review of records revealed that the expenditure includes payment of casual wages amounting to Kshs.4,162,230. However, the approved staff establishment showing deficiency of staff to be filled by the casuals, formal requests done by the Departmental Heads on the need for engaging casuals and the Hospital Management Board's approval were not provided for audit. This implies that Management irregularly engaged and paid the casual employees during the period under review.

Further, the casual employees were engaged for a period of twelve (12) months consecutively without review of their terms. This was contrary to Section 37(1)(b) of the Employment Act, 2007 which provides that where a casual employee performs work for more than three (3) months, the contract of service of the casual employee shall be deemed to be one where wages are paid monthly. This exposes the County to possible litigation for unlawful terms of employment.

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

2. Irregular Transfer of Facility Improvement Funds to Other Government Entities

The statement of financial performance reflects transfers to other Government entities amounting to Kshs.3,855,304. The amount includes transfers to Bomet County Health Department and transfers to satellite dispensaries totalling Kshs.2,637,304 and Kshs.1,218,000, respectively as disclosed in Note 14 to the financial statements contrary to Section 5 of the Facilities Improvement Financing Act, 2023 which states that there shall be retention of all monies raised or received by or on behalf of all public health facilities and the income and other receivables retained by the public health facilities shall be considered as a supplement to the budgets and resources appropriated to the public health facilities by the respective County Government.

Further, the amount transferred to the Health Department was not reflected in the financial statements of the County Executive resulting in unreconciled variance of Kshs.2,637,304. The acknowledgement for the receipts of funds and the expenditure returns confirming utilization were also not provided for audit.

In addition, the amount includes transfers to satellite dispensaries totalling Kshs.1,218,000. However, the transfers were not supported by expenditure returns and acknowledgement of receipts from the satellite dispensaries.

In the circumstances, the accuracy and completeness of transfers to other government entities amounting to Kshs.3,855,304 could not be confirmed.

3. Service Delivery Gaps

The annual report and financial statements indicate that the Hospital is a Level 4 Hospital. However, the Hospital's practicing license issued by the Kenya Medical Practitioners and Dentists Council (KMPDC) classifies it as a Level 3A facility. The discrepancy in classification was not explained thus raising concerns regarding compliance with the Health Act, 2017 and the Kenya Quality Model for Health Policy Guidelines.

Further, the Hospital had only thirty-two (32) medical staff against the minimum requirement of one hundred and one (101) for Level 4 hospitals as prescribed by the Kenya Quality Model for Health Policy Guidelines on personnel requirements resulting in unexplained variance and understaffing of sixty-nine (69) staff.

In addition, the Hospital did not have functional departments including surgical unit, pediatric unit, radiology unit, renal dialysis, high dependency unit, tuberculosis management, mortuary and autopsy services, advanced life support and laboratory services of Lab class D. Verification of services offered and equipment available revealed that the facility did not meet key requirements as prescribed by the guidelines as shown below:

Criteria	Minimum Required	In place	Shortfall/ Variance
Beds in male ward, female ward, pediatric ward, antenatal ward and postnatal ward	150	36	114
Resuscitative bed	3	0	3
New born unit incubator	5	0	5
New born baby cots	5	0	5
Dialysis machines	5	0	5
Magnetic Resonance Imaging (MRI) machine	1	0	1
Computer Technology (CT) scan machine	1	0	1
Mammography machine	1	0	1
Dental X-ray machine	1	0	1
Defibrillators (for Accident and Emergency, theatre and ICU)	3	0	3
High Dependence Unit (HDU)	1	0	1
Waiting rooms	8	1	7
Consultation rooms	8	0	8
Registration room	8	0	8
Functional operating theaters for maternity and general wards	2	0	2
Plaster room	1	0	1
Medical engineering unit	1	0	1
Mortuary/cold room (mandatory)	1	0	1
Cloak rooms	4	1	3
Protected Incinerator	1	0	1

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

In the circumstances, the ability of the Hospital to deliver on its mandate is doubtful.

4. Lack of an Approved Annual Budget

The statement of comparison of budget and actual amounts reflects total budgeted and actual revenue amounting to Kshs.25,800,000 and Kshs.19,804,443, respectively. Further the statement reflects total budgeted and actual expenditure of Kshs.25,800,000 and Kshs.18,971,560, respectively. Review of records revealed that the Hospital operated without an approved budget in the year under review. This was contrary to Section 18(a) of the Facilities Improvement Financing Act, 2023 which requires the Health Facility Management Committee to consider and submit for approval to the chief officer the annual facility work plan and budget. Management explained that the budgetary requirements of the Hospital were incorporated in the County Government's budget and therefore the Hospital operated on monthly Authority to Incur Expenditures (AIEs) that were issued by the Health Department of the County. However, the annual approved budget as included in the County Government's annual budget for the financial year 2024/2025 was not provided for audit review.

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. Weak Internal Controls in Stores and Inventory Management

Review of the stores records and physical verification conducted in July 2025 revealed that the Hospital lacked an inventory management policy or standardized system to govern the receipt, issuance, replenishment, inspection, tracking of expiry, and disposal

of pharmaceutical and non-pharmaceutical supplies resulting in lack of clear trail to confirm the utilization of the supplies by patients. The facility was understaffed and lacked dedicated stores personnel, only one pharmacist was available to handle commodities' receipts and issuance, leading to a lack of segregation of duties.

Further, review of the Hospital's stores and stock cards revealed that there was lack of quarterly stock take reports as the management did not conduct stock take during the financial year and the internal control system was inadequate, with no CCTV cameras for security.

In addition, the main store was overcrowded, with stock items, including drugs, haphazardly stacked. Making access and inventory control was difficult and increases the risk of damage or misplacement.

In the circumstances, effectiveness of internal controls implemented in the stores department to safeguard against possible losses could not be confirmed.

2. Lack of Standard Operating Procedures and Policies

Review of records revealed that the Hospital did not have approved standard operating procedures which play an important role in guiding operations of the facility. Further, Management had not developed key policies and manuals or guidelines such as Human Resource Policy and Procedures Manual, Finance and Accounting Manual, Assets Management Policy, Communication Policy and Disaster Recovery and Business Continuity Policy to assist in guiding the administrative functions.

In the circumstances, it was not possible to confirm whether the internal controls built within the financial and operational systems were functioning as intended during the year under review.

3. Weak Internal Controls in Revenue Receipting System

Review of the Hospital's revenue management processes and systems revealed that Management did not maintain comprehensive and reliable revenue records. Reliance was made on bank statements derived from M-Pesa Paybill transactions as the primary source document for revenue recognition. Manual entries were recorded from patients' phone payment messages without any verification to confirm whether the amounts paid were actually credited to the hospital's bank account.

Further, Management maintained its revenue records in manual form and there was no evidence of any plan to transition from the current manual revenue recording process to an automated revenue management system. A walkthrough of the hospital's billing process revealed that patients were billed manually using undefined and inconsistent criteria thus lacking a standardized billing framework, making it impossible to generate reliable billing and revenue reports.

In addition, there was no evidence of daily reconciliations of revenue collected manually verses mobile payment transactions used in banking and Management did not conduct daily or periodic reconciliations of mobile revenue collections.

In the circumstances, the effectiveness of internal controls designed in the revenue collection could not be confirmed.

4. Lack of Internal Audit Function and Audit Committee

During the year under review, the Hospital did not have an internal audit function for oversight of the operations of the Management and no risk assessment was performed. This was contrary to Section 155 of the Public Finance Management Act, 2012 which state that a County Government entity shall ensure that the arrangements for conducting internal audits in respect of the entity are in accordance with international best practices for internal auditing and that a County government entity shall establish an internal auditing committee whose composition and functions are to be prescribed by the regulations.

Further, the hospital did not have an audit committee as required by Regulation 155(5) of the Public Finance Management (County Governments) Regulations, 2015. In addition, there was no evidence or proof that audit reports of both internal and external auditors had been discussed by the audit committee.

In the circumstances, the oversight on effectiveness of internal controls, risk management and overall governance could not be confirmed.

5. Unconfirmed Appointment and Meetings of the Hospital Management Committee

The Hospital's Management Committee is composed of ten (10) members. However, documents supporting appointment of Committee members including the Gazette Notice formally appointing the members were not provided for audit review. This was contrary to Section 1.1 (11) of Mwongozo Code of Governance which states that each Board member shall be formally appointed to the Board through a Gazette Notice and there after an appointment letter.

Further, work plans and minutes of Committee meetings as proof that the Committee met and executed its mandate during the year under review were not provided for audit. This was contrary to section 5.3 of the Hospital Management Board and Health Facility Management Committee Policy 2018 that requires the Board to meet at least four (4) times every year.

In the circumstances, effectiveness of the governance controls put in place could not be confirmed.

6. Use of Manual Accounting Records

Review of records revealed the management maintained its financial records including payroll, cash book and ledgers in manual form which do not have the necessary backups, thereby exposing the Hospital's financial information to risks of inaccuracy, inefficiencies,

manipulations and possible loss. The management, did not provide any justification as to why the financial transactions were not maintained in the system.

In the circumstances, the effectiveness of internal controls over recording of transactions in manual records could not be confirmed.

7. Lack of Risk Management Strategies

Review of the internal controls of the Hospital revealed that Management had not developed risk management policy and there were no fraud prevention mechanisms put in place. Further, operational and disaster recovery plans were also not provided. This was contrary to Regulation 158 of the Public Finance Management (County Governments) Regulations, 2015 that requires the Accounting Officer to develop risk management strategies, which include fraud prevention mechanism and a system of risk management and internal control that builds robust business operations.

In the circumstances, the existence of an effective mechanism to safeguard against risks could not be confirmed.

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

Those charged with governance are responsible for overseeing the Hospital's financial reporting process, reviewing the effectiveness of how 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 Gathunga, CBS
AUDITOR-GENERAL

Nairobi

15 December, 2025

Appendix I:

Unresolved Prior Year Audit Matters

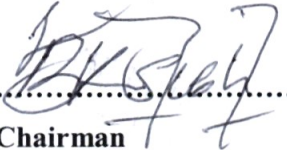
Number	Financial Year	Issue
1	2023/2024	Inaccuracies in Comparative Balances
2	2023/2024	Inaccuracy of Transfers from the County Government
3	2023/2024	Inaccuracy of Rendering of Services – Medical Service Income
4	2023/2024	Unsupported Transfers to Satellite Dispensaries
5	2023/2024	Unsupported Receivables from Exchange Transactions
6	2023/2024	Unsupported Trade and Other Payables
7	2023/2024	Inaccuracy of Accumulated Surplus
8	2023/2024	Budgetary Control and Performance
9	2023/2024	Unresolved Prior Year Audit Matters
10	2023/2024	Failure to Retain Own Generated Revenue
11	2023/2024	Irregular engagement of Casual Employees
12	2023/2024	Lack of Risk Management Policy
13	2023/2024	Lack of Internal Audit Function and Audit Committee
14	2023/2024	Failure to Maintain an Asset Register
15	2023/2024	Lack of Information Communication Technology (ICT) Policy Procedures and Controls

Sigor Hospital (Bomet County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025.


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

Description	Note	FY 2024-2025	Comparative
		Kshs	FY 2023-2024 Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	6,260,000	15,768,000
In-kind contributions from the County Government	7	82,305,130	-
		88,565,130	15,768,000
Revenue from exchange transactions			
Rendering of services- Medical Service Income	8	13,544,443	5,385,663
Revenue from exchange transactions		13,544,443	5,385,663
Total revenue		102,109,573	21,153,663
Expenses			
Medical/Clinical costs	9	16,792,332	4,771,912
Employee costs	10	73,566,914	3,726,993
Board of Management Expenses	11	199,500	50,500
Repairs and maintenance	12	1,069,220	1,096,100
General expenses	13	4,848,764	2,836,861
Transfers to other Government Entities	14	3,855,304	5,574,830
Total expenses		100,332,034	18,057,196
Net Surplus for the year		1,777,539	3,096,467

The Hospital's financial statements were approved by the Board on 27th August 2025 and signed on its behalf by:


 Chairman

Board of Management


 Head of Finance
 ICPAK No: 21599


 Medical Superintendent

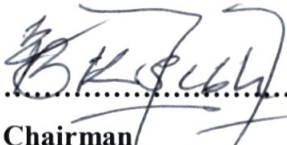
MEDICAL SUPERINTENDET
 SIGOR SUB COUNTY HOSPITAL
 P.O BOX 23 - 20405, SIGOR
 Date.....Sign.....

Sigor Hospital (Bomet County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025.

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

Description	Note	FY 2024-2025	Comparative
		Kshs	FY 2023-2024
Assets			
Current assets			
Cash and cash equivalents	15	1,727,351	79,538
Receivables from exchange transactions	16	6,345,207	10,301,450
Inventories	17	2,755,167	1,016,410
Total Current Assets		10,827,725	11,397,398
Total assets (A)		10,827,725	11,397,398
Liabilities			
Current liabilities			
Trade and other payables	18	5,174,494	3,268,718
Total Current Liabilities		5,174,494	3,268,718
Total Liabilities (B)		5,174,494	3,268,718
Net assets (A-B)		5,653,231	8,128,680
Represented by:			
Accumulated surplus/Deficit		1,777,539	592,463
Net Assets		5,653,231	1,868,680

The Hospital's financial statements were approved by the Board on 27th August 2025 and signed on its behalf by:


 Chairman

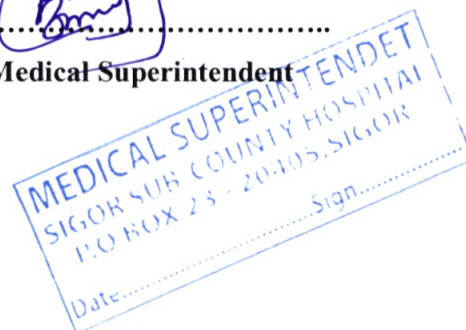
Board of Management



Head of Finance
 ICPAK No: 21599



Medical Superintendent



Sigor Hospital (Bomet County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025.

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

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2023	-	-	-	-
Revaluation gain	-	-	-	-
Surplus for the year	-	3,096,467	-	251,996
Capital/Development grants	-	-	-	-
As at June 30, 2024	-	3,096,467	-	340,467
At July 1, 2024	-	3,096,467	-	3,348,463
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	1,777,539	-	(716,337)
Capital/Development grants	-	-	-	-
At June 30, 2025	-	1,777,539	-	(123,874)

Sigor Hospital (Bomet County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025.

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

Description	Note	FY 2024-2025	Comparative FY 2023/24
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government		6,260,000	15,768,000
Rendering of services- Medical Service Income		13,544,443	5,385,663
Total Receipts		19,804,443	21,153,663
Payments			
Medical/Clinical costs		6,666,224	4,771,912
Employee costs		4,440,806	3,726,993
Board of Management Expenses		199,500	50,500
Repairs and maintenance		1,069,220	1,096,100
General expenses		3,019,082	2,836,861
Transfers to other government entities		3,855,304	5,574,830
Refunds paid out		-	-
Total Payments		19,250,136	18,057,196
Net cash flows from operating activities		554,307	3,096,467
Cash flows from investing activities			
Net increase/(decrease) in cash and cash equivalents		554,307	(-)
Cash and cash equivalents as at 1 July		79,538	3,096,467
Cash and cash equivalents as at 30 June		633,351	79,537.50

Sigor Sub County Level 4 Hospital (Bomet County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

18. Statement of Comparison of Budget and Actual Amounts for Year Ended 30th June 2025.

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget carryovers from the previous year						
Receipts						
Transfers from the County Government	15,824,000	-	15,824,000	6,260,000	9,564,000	39.6
Rendering of services- Medical Service Income	9,976,000		9,976,000	13,544,443	(6,044,232)	160.6
Total receipts	25,800,000		25,800,000	19,804,443	3,519,768	81.5
Payments						
Medical/Clinical costs	6,060,000	2,000,000	8,060,000	6,666,224	(1,393,776)	82.7
Employee costs	3,600,000	600,000	4,200,000	4,162,230	(37,770)	99.1
Remuneration of directors	240,000		240,000	199,500	40,500	83.1
Repairs and maintenance	2,400,000		2,400,000	1,069,220	1,156,630	51.8
General expenses	2,976,000	1,500,000	4,476,000	3,019,082	1,456,918	67.5
Transfers to other government entities	5,824,000	600,000	6,424,000	3,855,304	2,568,696	60
Refunds						
Total Operational Expenditure paid	21,100,000	4,700,000	25,800,000	18,971,560	3,791,198	73.5
Capital Expenditure paid						
Surplus			-	832,883	(346,970)	

19. Notes to the Financial Statements

1. General Information

Sigor Sub County Hospital is established by and derives its authority and accountability from County government Act 2012. The Hospital is wholly owned by the Government of Kenya and is domiciled in Kenya. The Hospital's principal activity is provision of preventive, promotive, rehabilitative and curative services

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant, and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Hospital's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note xx the financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Hospital.

The financial statements have been prepared in accordance with the PFM Act, and the International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

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

3. Adoption of New and Revised Standards

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

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

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

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

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

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

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

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

iv) Early adoption of standard

4. Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Sigor Level 4 Hospital and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the asset that has been acquired using such funds.

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

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.

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

Notes to the Financial Statements (Continued)

b. Budget information

The original budget for FY 2024/2025 was approved by Board on 30th April 2024.

Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Hospital upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Hospital recorded additional appropriations of 2025 on the FY2024/2025 budget following the Board's approval. The Hospital's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 164 of the PFM Act 2012 of these financial statements.

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)

c. Investment property

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

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of 8 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.

d. Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Hospital 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.

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

Notes to the Financial Statements (Continued)

e. Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Sigor Level 4 Hospital. 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 Hospital 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 Hospital 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 Hospital. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

f. Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. 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)

g. Biological Assets

The Hospital recognizes biological assets when it controls the assets due to past events, it is probable that future economic benefits associated with the asset will flow to the Hospital, 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.

h. Research and development costs

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

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

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

i. Financial instruments

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

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

A financial instrument is any contract that gives rise to a financial asset of one Hospital and a financial liability or equity instrument of another Hospital. At initial recognition, the Hospital 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 Hospital 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 Hospital'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 Hospital 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 Hospital 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

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

through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

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

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the Hospital 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 Hospital 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 Hospital 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).

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

Financial liabilities

Classification

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

j. 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 Hospital.

k. Provisions

Provisions are recognized when the Hospital 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 Hospital 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.

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

Notes to the Financial Statements (Continued)

l. Contingent assets

The Hospital 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 Hospital 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.

m. Nature and purpose of reserves

Sigor Level 4 Hospital creates and maintains reserves in terms of specific requirements.

n. Changes in accounting policies and estimates

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

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

Notes to the Financial Statements (Continued)

o. Employee benefits

Retirement benefit plans

The Hospital provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an Hospital pays fixed contributions into a separate Hospital (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.

p. 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.

q. 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.

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

r. Related parties

Sigor Hospital regards a related party as a person or an Hospital with the ability to exert control individually or jointly, or to exercise significant influence over the facility, or vice versa. Members of key management are regarded as related parties and comprise the administrator, medical superintendent and board of management.

s. Service concession arrangements

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

t. 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.

u. Comparative figures

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

v. 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.

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Hospital 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 Hospital. 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 Hospital.
- 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.

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

Notes to Financial Statements Continued

6. a) Transfers from the County Government

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Unconditional grants		
Operational grant	6,260,000	15,768,000
Total government grants and subsidies	6,260,000	15,768,000

6 b) Transfers from The County Government

Name of the Hospital sending the grant	Amount recognized to Statement of financial performance* KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	FY 2023-2024
			KShs	KShs	KShs
Bomet County Government	6,260,000	-	-	6,260,000	15,768,000
Total	6,260,000	-	-	6,260,000	15,768,000

7. In Kind Contributions from The County Government

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Salaries and wages	69,126,108	-
Medical supplies-Drawings Rights (KEMSA)	10,813,670	-
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	535,670	-
Utility bills	174,684	-
Laboratory reagents	-	-
LAN Cabling and Guy wire radio mast -CG	1,654,998	-
Total grants in kind	82,305,130	-

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

8. Rendering of Services-Medical Service Income

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
NHIF	3,025,082	5,385,663
SHA	8,612,479	-
Pay bill	1,906,881	-
Total revenue from the rendering of services	13,544,442	5,385,663

9. Medical/ Clinical Costs

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Dental costs/ materials	-	-
Laboratory chemicals and reagents	277,700	296,600
Food and Ration	3,285,674	2,636,682
Uniform, clothing, and linen	-	4,300
Dressing and Non-Pharmaceuticals	2,732,350	1,325,660
Sanitary and cleansing Materials	298,000	369,470
Purchase of furniture	-	139,200
Purchase of equipment	72,500	-
Medical supplies-Drawings Rights (KEMSA)	10,126,108	
Total medical/ clinical costs	16,792,332	4,771,912

10. Employee Costs

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Salaries, wages, and allowances	3,643,450	3,209,248
Contributions to pension schemes	431,040	517,745
Staff medical expenses and Insurance cover	87,740	-
Salaries and wages paid by the County executive	69,126,108	
Other Employee cost	278,576	
Employee costs	73,566,914	3,726,993

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

11. Board of Management Expenses

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Sitting allowance	199,500	50,500
Total	199,500	50,500

12. Repairs And Maintenance

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Property- Buildings	739,570	542,600
Motor vehicle expenses	329,650	553,500
Total repairs and maintenance	1,069,220	1,096,100

13. General Expenses

Description	FY 2024-2025	FY 2023/24
	Kshs	Kshs
Bank charges	64,399.75	27,743.75
Fuel and Lubricants	643,822	653,029
Travel and accommodation allowance	377,400	127,500
Printing and stationery	771,420	1,081,560
Water and sewerage costs	247,940	261,866
Telephone and mobile phone services	20,900	86,600
Wood fuel	174,800	299,200
Household appliances	-	101,980
Assorted office stationeries	718,400	197,382
Total General Expenses	3,019,082	2,836,861

14. Transfers to other government entities.

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Transfers to Bomet county Health department	2,637,304	2,730,830
Transfers to satellite dispensaries	1,218,000	2,844,000
Total finance costs	3,855,304	5,574,830

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

15. a) Cash And Cash Equivalents

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Current accounts	1,727,337	78,113
Cash in hand	14	1,425
Total cash and cash equivalents	1,727,351	79,538

15 b). Detailed Analysis of Cash and Cash Equivalents

Description		FY 2024-2025	FY 2023-2024
Financial institution	Account number	KShs	KShs
a) Current account			
Kenya Commercial bank	1117679012	1,719,806	78,113
Co-op Bank,	01101310606001	6,487	-
Family Bank	0000034199	1044	-
Sub- total		1,727,351	78,113
b) Others			
cash in hand		14.00	1,425
Sub- total		14.00	1,425
Grand total		1,727,351	79,538

16. Receivables From Exchange Transactions

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Medical services receivables-NHIF	2,860,918	4,041,450
Medical services receivables-SHA	3,484,289	-
AIE in arrears	-	6,260,000
Total receivables	6,345,207	10,302,450

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

Analysis of Receivables from Exchange Transactions

Description	FY 2024-2025		FY 2023-2024	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year		%		%
Between 1- 2 years	6,345,207	100%	4,041,450	100%
Between 2-3 years		%		%
Over 3 years		%		%
Total (a+b)	6,345,207	%	4,041,450	%

17. Inventories

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Non Pharmaceutical supplies	843,160	485,310
Pharmaceutical supplies	1,501,835	-
Maintenance supplies	-	6,450
Food supplies	41,272	4,850
General supplies	1,900	145,900
Lab reagents	330,350	373,900
Assorted items	29,750	-
Plumbing materials	6,900	-
	2,755,167	1,016,410

Detailed disclosure on inventories

	Current FY 2024/25	FY 2023-2024
Opening balance	1,016,410	-
Additional Inventory in the year	1,253,447	-
Inventory expensed in the year	1,253,447	-
Closing balance	2,755,167	-

18. Trade and other Payables

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Trade payables	4,154,954	1,637,618
Employee dues	579,820	1,387,000
Third-party payments	439,720	244,100
Total trade and other payables	5,174,494	3,268,718

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

Financial Risk Management

The Hospital's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The company'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 company 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 Hospital's financial risk management objectives and policies are detailed below:

(i) Credit risk

The Hospital 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 company'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 Hospital's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

- (a) The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Hospital has significant concentration of credit risk on amounts due from 2023
- (b) The board of management sets the company's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the hospital has recognised in the financial statements is considered

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

adequate to cover any potentially irrecoverable amounts. The board of management sets the hospital's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(ii) Liquidity risk management

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

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024				
Trade payables		1,519,558	118,060	1,637,618
Employee benefit obligation		976,020	655,080	1,631,100
Total		2,495,578	773,140	3,268,718
At 30 June 2025				
Trade payables	1,565,047	2,140,641	449,266	4,154,954
Employee benefit obligation	335,310	363,350	320,880	1,019,540
Total	1,900,357	2,503,991	770,146	5,174,494

(iii) Market risk

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

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

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

a) Foreign currency risk

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

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

Foreign currency sensitivity analysis

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

b) Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

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

iii) Capital Risk Management

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

19. Related Party Balances

Nature of related party relationships

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

Bomet County Government is the principal shareholder of the Sigor Level 4 Hospital, holding 100% of the facility's equity interest. The National Government of Kenya has provided full guarantees to all long-term lenders of the Hospital, both domestic and external. The related parties include:

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

20. Events after the Reporting Period

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

21. Ultimate and Holding Hospital

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

22. Currency

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

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

20. Appendices

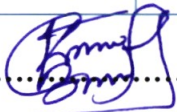
Appendix I: Progress on Follow Up of Auditor Recommendations

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

Reference No. on the external audit Report	Financial Year	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
1	2023/2024	Inaccuracies in Comparative Balances	Financial Statement for financial year FY2023/24 was amended	Resolved	-
2	2023/2024	Inaccuracy of Transfers from the County Government	Financial Statement for financial year FY2023/2024 was amended.	Resolved	-
3	2023/2024	Inaccuracy of Rendering of Services – Medical Service Income	Financial Statement for financial year FY2023/2024 was amended.	Resolved	-
4	2023/2024	Unsupported Transfers to Satellite Dispensaries	Financial Statement for financial year FY2023/2024 was amended.	Resolved	-
5	2023/2024	Unsupported Receivables from Exchange Transactions	Financial Statement for financial year FY2023/2024 was amended.	Resolved	-
6	2023/2024	Unsupported Trade and Other Payables	Financial Statement for financial year FY2023/2024 was amended.	Resolved	-
7	2023/2024	Inaccuracy of Accumulated Surplus	Financial Statement for financial year FY2023/2024 was amended.	Resolved	-
8	2023/2024	Lack of eProcurement platform	Plans are underway i.e internet local area networking installed. The Hospital waiting for digitization roll out by ICT department and procurement of more computers. eGP implementation to be done centrally from the department of procurement. The Hospital is awaiting directives.	Not resolved	Q4 -FY 25-26
		Budgetary Control and Performance	Financial Statement for financial year FY 2023/24 was amended	Resolved	-

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

Reference No. on the external audit Report	Financial Year	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
1	2023/2024	Failure to Retain Own Generated Revenue.	The issue has been resolved through the implementation FIF.	Resolved	-
2	2023/2024	Irregular Engagement of Casual Employees	The management has resolved the irregularity however delays in disbursement of funds from SHA and National treasury is creating inefficiency.	Resolved	-
1	2023/2024	Lack of Risk Management Policy	The management is planning to have a policy and soon will be in place.	Not Resolved.	FY 2025/2026
2	2023/2024	Lack of internal Audit Function and Audit Committee.	There has been a regular internal audit and non-financial audit has been resolved. However, financial audit is still being done centrally.	Resolved	-
1	2023/2024	Failure to maintain asset register.	The management has issue with ownership and valuation	Not Resolved	FY 2025/2026
4	2023/2024	Lack of Information Communication Technology (ICT) Policy Procedures and Controls	The management has formed ICT committee and its achievement includes procurement and installation of Local Area Network/LAN and on job training of staff. Furthermore ICT policy has been drafted and waiting its approval from County Assembly.	Resolved.	-



Accounting Officer

MEDICAL SUPERINTENDET
 SIGOR SUB COUNTY HOSPITAL
 P.O BOX 23 - 20105 SIGOR
 Date.....
 Sign.....

MEDICAL SUPERINTENDET
 SIGOR SUB COUNTY HOSPITAL
 P.O BOX 23 - 20105 SIGOR
 Date.....

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

Appendix II: Inter-Hospital Confirmation Letter

The Sigor Sub county Hospital wishes to confirm the amounts disbursed to you as at 30th June 2025 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Name of Transferring Hospital. *Bomet County Executive*

Name of Beneficiary Hospital. *Sigor Level 4 Hospital*

Confirmation of amounts received by Sigor Sub County Hospital as at 30 th June 2024							
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (KShs) as at 30th June 2025				Amount Received by [beneficiary Hospital] (KShs) as at 30 th June 2025 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
RTGS FT24221LD	9/8/2024	1,252,000			1,252,000	1,252,000	0
RTGS RT242297LG	16/8/2024	1,252,000			1,252,000	1,252,000	0
RTGS FT243069Z	4/11/024	2,504,000			2,504,000	2,504,000	0
FT25125VLPWZ,1/BOMET	5/5/2025	1,252,000			1,252,000	1,252,000	0
Total					<u>6,260,000</u>	<u>6,260,000</u>	0

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

Head of Accountants department of beneficiary Hospital:

Name *Jonah Munaie* Sign *[Signature]* Date *27/08/25*