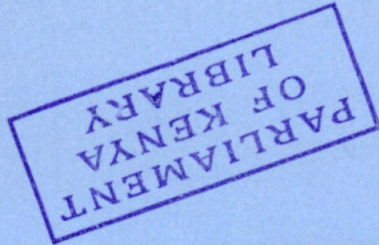
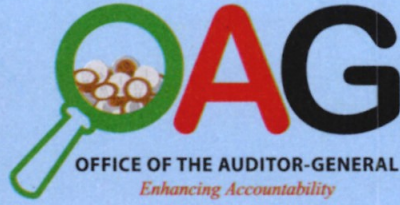


REPUBLIC OF KENYA



394

REPORT

OF

THE AUDITOR-GENERAL

ON

BOKOLI SUB-COUNTY HOSPITAL

FOR THE YEAR ENDED

30 JUNE, 2025

	PAPERS LAID
DATE	17/2/20
TABLED BY	Se. ledama
COMMITTEE	
CLERK AT THE TABLE	May

COUNTY GOVERNMENT OF BUNGOMA

30/11



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



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**Bokoli Sub-County Level 4 Hospital  
(Bungoma County Government)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2025**

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

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

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

CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
SHA	Social Health Authority
SHI	Social Health Insurance
Fiduciary Management	Key management personnel who have financial responsibility in the entity.

**2. Key Entity Information and Management**

**(a) Background information**

**(b)** Bokoli Sub-County Hospital is a level four (4) hospital established under gazette notice (Supplement no.6) legal notice no.3 dated 25<sup>th</sup> January 2017 and is domiciled in Bungoma County under the Health Department. A Board of Management governs the hospital

**(c) Principal Activities**

**(d)** The principal activity/mission/ mandate of the *hospital* is to offer an efficient and quality health care services that is accessible, equitable and affordable for all.

**(e) Key Management**

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

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

**(f) Fiduciary Management**

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

No.	Designation	Name
1.	Medical Superintendent	<b>Bruce Otieno Oyuko</b>
2.	Head of Administrative Services	<b>Beverlyne Shitakule</b>
3.	Head of finance	<b>David Wanjala Sisiela-</b>
4.	Head of supply chain	<b>Edmond Werunga</b>
5.	Head of nursing	<b>Amos wasike-</b>
6.	Head of records	<b>Doreen munialo</b>
7.	Head of pharmacy	<b>Carolyne Simiyu</b>
8.	Head of laboratory	<b>Irine kundu</b>
9.	Head of Clinical Department	<b>Christine Munyendo</b>

(Include all positions regarded as top management in your hospital).

**(g) Fiduciary Oversight Arrangements**

- **Executive Expenditure Committee** – The committee that sits together after the hospital management team meeting has discussed the financial




report to fine-tune the budget and lay down any priorities that were suggested in the hospital management team meeting or any other financial matter that might arise





- **Infection Prevention Committee** – The committee that ensures that patients and health care workers are protected from avoidable infection.
- **Quality Improvement Committee** – A committee that ensures better performance and patient outcomes include safe, effective, patient-centered, timely, efficient and equitable patient care
- **Grievances Resolution Management Committee** – To discuss concerns which are within the committee’s jurisdiction with respect to formal grievances and resolve the grievances with the administrative officials and reach a negotiated settlement
- **Medicine and Therapeutic Committee** – A committee that oversees policies and procedures related to medicines and other health products, together with any drug reactions.
- **Emergency Response Committee** - A committee that will analyze any emergency initiatives and evaluate effectiveness of emergency preparedness and response.
- **Feeding and Nutrition Committee** - Develops guidelines that encourage healthy eating behaviour and meals that provide proper nutritional value to the patients.
- **Waiver Committee** - Assess needy cases that are unable to meet cost of medical services incurred for their treatment.
- **Continuous Professional Development Committee** – Organizes courses and lectures to provide hospital staff with skill development and improvement of professional practice.
- **Inspection Committee** – Inspect goods and services delivered in the facility to ensure that these goods and services meet the ideal standards and that the correct quantities have been received.
- **Advisory Committee** -Identify staffing needs and approve courses; ensure procedural fairness and uniformity in handling disciplinary cases.
- **Data Quality Committee** – Ensure reliable data management. Put in place clear processes for data collection, internal validation and processing.
- **Sexual and Gender Based Violence Committee** -Sets in place structures and measures to prevent and respond to sexual and gender-based violence cases in the community.


**Key Entity Information and Management (continued)**

- (h) Entity Headquarters**  
P.O. Box 50, Bokoli,  
Near Bokoli Market,  
Along Bokoli/Matisi Road,  
Bungoma County Government
- (i) Entity Contacts**  
  
Telephone: 0794810070  
E-mail: bokolischospital@gmail.com
- (j) Entity Bankers**  
  
Kenya Commercial Bank (KCB) Webuye Branch.
- (k) Independent Auditors**  
Auditor General  
Office of Auditor General  
Anniversary Towers, University Way  
P.O. Box 30084  
GPO 00100  
Nairobi, Kenya
- (l) Principal Legal Adviser**  
  
The Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya
- (m) County Attorney**  
P. O. Box. 437-50200  
Bungoma, Kenya





**3. The Board of Management**

Ref	Directors	Details
1.	 <p><b>Mr. Patrick Manyonge</b></p>	<ul style="list-style-type: none"> <li>✓ Board Chairman.</li> <li>✓ Age; 59 Years.</li> </ul>
2.	 <p><b>Beatrice Nandako</b></p>	<ul style="list-style-type: none"> <li>✓ Vice Chair.</li> <li>✓ Age: 57 Years.</li> <li>✓ Masters in Theology.</li> <li>✓ Social Services CDF</li> </ul>
3.	 <p><b>EUNICE SIMULI</b></p>	<ul style="list-style-type: none"> <li>✓ Board Member</li> <li>✓ Age: 55 Years</li> <li>✓ Master's in Business Administration – Strategic Management</li> </ul>
4.	 <p><b>TITUS NDALU</b></p>	<ul style="list-style-type: none"> <li>✓ Board Member</li> <li>✓ Age: 54 Years</li> <li>✓ Trained P1 Teacher</li> </ul>

5.	 <b>JOTHAN WALELA</b>	<ul style="list-style-type: none"> <li>✓ Board Member.</li> <li>✓ Age;49 Years</li> </ul>
6.	 <b>GEORGE MABONGA</b>	<ul style="list-style-type: none"> <li>✓ Board Member.</li> <li>✓ Age: 71 Years.</li> <li>✓ O level –RTD P1 Teacher.</li> <li>✓ Farmer.</li> </ul>
7.	 <b>PHILIP KHWATENGE</b>	<ul style="list-style-type: none"> <li>✓ Board Member.</li> <li>✓ Age: 51 Years.</li> <li>✓ Diploma P.Administration.</li> <li>✓ Self-employed.</li> </ul>
8.	 <b>DORINE MORAA</b>	<ul style="list-style-type: none"> <li>✓ Board Member.</li> <li>✓ Age:41Years</li> <li>✓ Clinical Officer specialised in Primary Health</li> </ul>
9.	<b>BRAN LUMULI</b>	<ul style="list-style-type: none"> <li>✓ Board Member.</li> <li>✓ Age; 44 Years.</li> </ul>

10.	 <b>DR. BRUCE OYUKO</b>	✓ <b>Secretary of the Board</b>
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**4. Key Management Team**

Ref	Management	Details
1.	 Dr. Bruce Oyuko	Medical Superintendent
2.	 David Wanjala Sisela, CPA 11 Sec. 3	Head of Accounting Services
3.	 Beverlyne Achitsa Shitakule	Health Administrative Officer
4.	 Dorren Munialo	Health Records Officer

### **5. Chairman's Statement**

I would like to express my gratitude to the County Government of Bungoma for having allowed me to hold this post, and to the community surrounding Bokoli Sub-County Hospital for their support and believe in me.

I thank the hospital Administration, The Medical superintended, the Hospital Administrator, The Nursing Officer, the accounts department, The Clinical Officer, Laboratory and the Sub staffs for working as a team to deliver health services to our County.

The County government, the CEC, the Chief Officer, for supporting our institution in terms of facility infrastructural development.

#### **Our Challenges are as follows;**

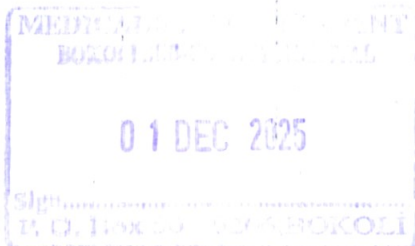
- The hospital being a level 4 requires urgent completion of the operating theatre. This is a project that has not been completed since it began 3 years ago.
- Secondly we urge the Ministry to upgrade this hospital by bringing in more equipment's and services to enable it match the standards of a level 4 hospital i.e X-ray facility, upgrade our Laboratory department by acquiring more machines – Biochemistry machine, and adding more staffs to be able to handle the increasing workload varieties of tests to match with level 4.
- Need more staffs to help in running the newly opened service units
- Need a Power backup (generator) the facility stops running most of the services any time the electricity goes off.
- The hospital lacks a hospital land title deed, Plans to have the title deed found are underway

We look forward to working as a team in order to assist our patients and the Community at large to get the best from our Hospital

  
.....

Name **PATRICK MWANJIRA**

**Chairman to the Board**



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

### **1. EXECUTIVE SUMMARY**

Bokoli Sub-County Hospital is a Level 4 health facility, has faced significant challenges in the past year, including staffing shortages, unreliable electricity, and financial constraints. Despite these hurdles, the hospital has made notable progress in infrastructure, service delivery and revenue collection.

#### **Hospital Profile**

Bokoli Sub-county Hospital is situated in Bokoli Ward, Webuye West Sub-County on a 5-acre site. With a current bed capacity of 21, the hospital serves a catchment population of 18,840.

Originally established in 1964 and upgraded over time, the hospital is now striving to meet the full requirements of a level IV facility.

#### **Completed Projects in 2024/2025**

- Initiation of a supply chain department complete with a supply chain officer.
  - **Re-initiation of construction of the surgical theatre.**
  - **Staff Accommodation improvements:** Enhanced living conditions for medical staff.
  - **Facility Renovations:** Refurbishment of key hospital sections.
  - **Medical Equipment Procurement:** Acquisition of critical diagnostic equipment.
- 
- Construction of burning chamber
  - Kitchen extension
  - Creation of a room for Biochemistry and Hematology machines in the laboratory unit.
  - Extension of wards
  - Renovating administration block
  - Face lifting/gate painting
  - Introduction of a Biomedical engineering department
  - Purchase of a Biochemistry machine

#### **Ongoing Projects and Upcoming Priorities**

To address current limitations and meet the growing demands of the community, Bokoli Sub County Hospital is focused on several key initiatives:

- **Automation of Revenue and Health Records Systems:** To improve efficiency and revenue collection.
- **Surgical Theatre Completion:** Reducing external referrals for surgical procedures.
- **Inpatient Facility Expansion:** Construction of 150-Bed Ward.

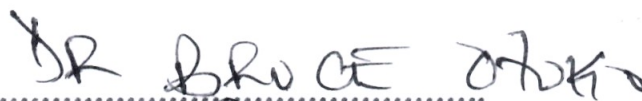
- **X-ray and Imaging Services:** Development of a new diagnostic unit.
- **Power Backup Installations:** Ensuring uninterrupted critical services.
- **Laboratory expansion:** Upgrading to a fully functional diagnostic center.
- **Office furniture procurement:** Equipping administrative offices.
- **Mortuary Construction:** Addressing the lack of mortuary services.
- **Introduction of Physiotherapy Department:**
- Purchase of a Biochemistry machine
  
- Introduction of a separate MCH/ ANC /Pediatrics clinic

Bokoli Sub County Hospital has faced several significant challenges over the first year, impacting its ability to provide optimal health care services:

- **Lack of Power back-up generator:** Frequent power outages disrupt critical services, including minor urgencies and diagnostic operations, due to the absence a backup power system.
- **Lack of X-ray machine:** The hospital currently lacks an X-ray machine, which limits its diagnostic capabilities and affects patients care.
- **Lack of sonographer:** Despite having a new, functional ultrasound machine, the absence of a sonographer hinders the effective use of this diagnostic tool.
- **Staff Shortage:** Insufficient medical personnel continues to be a challenge to the hospital's ability to meet the going health care needs of the community.
- **Land dispute:** Ongoing disputes over the hospital's land has caused delays in planned expansions and impacted long-term development efforts.
- **Shortage of Staffs:**
- **Lack of Physiotherapy department**

Under my leadership, the hospital is committed to overcoming financial challenges and completing critical infrastructure projects while engaging with both the County and National government for additional funding.

Sign:



.....  
Name

Secretary to the Board

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

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

Pillar /theme/issue 1:

Pillar/theme/issue 2:

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

<b>Strategic Pillar/Theme/Issues</b>	<b>Objective</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
Health Service delivery	To improve general service availability	Number of outpatient department visits per 1000 population per year	Introduction of special clinics	-Done
Health Workforce	-To assess whether the size of the current workforce meets a given threshold that should allow the most basic levels of healthcare coverage to be achieved  -To reduce inequities in the effective provision of health services.  To reduce Clinician and staff burnout	-Number of health workers per 1000 population.  -Distribution of health workers by occupation/specialization		-Conduct headcounts  -Monthly staff returns

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

Health Products and Technology	-To measure access to essential medicine	<ul style="list-style-type: none"> <li>- Average availability of essential medicines per month.</li> <li>- Average availability of selected essential laboratory tests per month.</li> </ul>	Avoid stock-outs of pharmaceuticals and non-pharmaceuticals	-Done
Health Information	-To assess capacity for analysis, synthesis and validation of	-Availability and use of indicators with targets and annual reporting to inform annual health sector reviews and other	-County Government to facilitate	-Done

## **8. Corporate Governance Statement**

### **1.Number of board meetings:**

1 (one) General meeting every quarter and each of the subcommittees also sit once per quarter. All members attend the meetings.

### **Sub-committees:**

Finance Sub-committee

Quality of Health Care Services Sub-committee Audit Sub-committee

### **2.Board remuneration:**

Members are only paid allowance when they come for sittings as per SRC.

3.The roles and functions of the Hospital Management Board is clarified in the guidelines written in the “Ministry of Medical Services: Hospital Management Services Funds - Governance Guidelines for Hospital Management Committees” (March 2011)

4.Process of appointment, induction, training, and conflict of interest, succession plan and governance audit are handled at the county level.

**9. Management Discussion and Analysis**

**Financial Performance of the Hospital-Projects done:**

1. Construction of Burning Chamber
2. Purchase of Refridgirator for the laboratory
3. Purchase of Biochemistry Machine (Fine Care)

**On-going Projects**

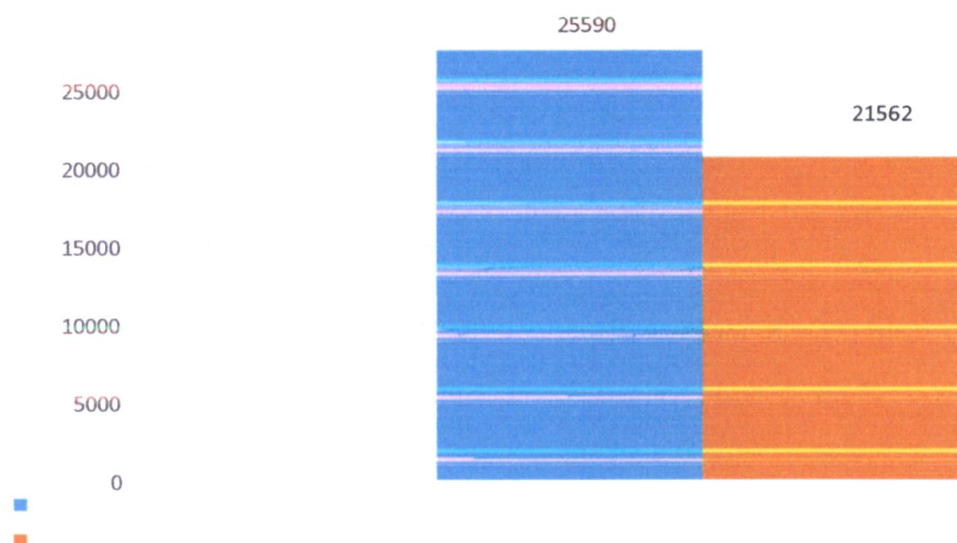
-Construction of the Theatre-done by Bungoma County Government.

**Budgeting**

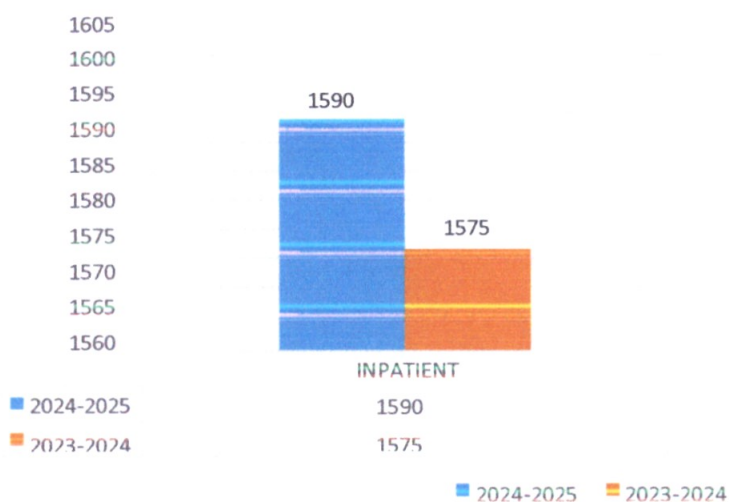
When it comes to budgeting, where final decision is done in Ministry of health headquarters and County assembly, we normally encounter the challenge of implementing it because it's usually unrealistic, especially the past financial years.

**Clinical/operational performance**

**OPD ATTENDANCE**



**INPATIENT**



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

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-Bokoli Sub-County Hospital has a bed capacity of 22. In the last financial year, patient attended both inpatient and outpatient totaled to 27,180 Special clinic patients seen were 455. Average Length of stay was 2 days with bed capacity rate of 51 percent and mortality rate of 6%.

-Overall patient attendance during the year for both inpatient and outpatient:  
Inpatient-were 25,590 & Outpatient-1,590

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

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

The hospital has been supportive to the local suppliers and special groups (Youth, Women) and PWD categories by provision of contracts to them..

### **ii) Environmental performance**

We normally implement on environmental policy by having effective waste management e.g provision of bins for segregation of waste in the compound, having the burning chamber and maintaining vehicles to reduce Carbon- dioxide emissions .  
)

### **iii) Employee welfare**

The hiring process is done by the County Government of Bungoma through the Public Service Board.

### **iv) Market place practices-**

The organisation should outline its efforts to:

#### **a) Responsible competition practice.**

The hospital ensures improved service delivery practices without any competition through Service charter information, Service automation-self-service, Anti-corruption-reporting, public sensitization/outreach,

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

Bokoli Hospital maintains good business practices, treats its own suppliers responsibly by honouring contracts, respecting payment practices and allowing competitive procurement of services through respective negotiations and payment when funds are available.

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

We maintain ethical marketing practices (e.g. avoiding false or exaggerated promises, avoiding anti-social advertisement, giving adequate information, respecting consumers)

**d) Product stewardship or Awareness Creation**

The hospital has sub-committees to safeguard consumer rights and interests issues include protection of health and safety, providing adequate product information, dispute resolution and redress, consumer data and privacy protection) or how the entity safeguards citizens' rights and interests

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

The entity has been providing Corporate Social Responsibility (CSR) activities like free medical camp /clinic to the community in collaboration with other well-wishers.

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

The Board is pleased to present their report for the financial year 2024/2025.

The report accompanies the hospital audited financial statements and outlines the hospital's performance, financial position, key achievements, Challenges and recommendations for the coming financial year

### **Principal activities**

The principal activities of the hospital is to provide Curative , Preventive , Promotive and Rehabilitative health services to the population of Bokoli Sub County Hospital.

The Hospital delivers Out patient, Inpatient , Maternity, Emergency, Laboratory, Pharmacy, and specialized clinical services in line with Ministry of Health Standards and County health Priorities.

The Principal activities of Bokoli sub county Hospital during the financial year Included.;

#### **1. Provision of Out Patient and Inpatient medical Services**

- Clinical Consultations
- Admission and Inpatient care
- Emergency and trauma services

#### **2. Maternal , Neonatal and Child Health Services**

- Antenatal, Postnatal and maternity services
- Child welfare clinics and immunization programs

#### **3. Diagnostic Services**

- Laboratory Investigations

#### **4. Pharmaceutical and non-pharmaceutical dispensing**

- Medicines and Consumables management

Pharmacy operation

#### **5. Public health and Disease prevention programs**

- Health Promotion and community outreach
- Surveillance and epidemic response

6. Support and administrative Services

- Financial management
- Human Resource management
- Supplies procurement and logistics

7. SHA and Insurance Delivery

- Processing SHA Claims
- Implementing Accredited service packages

**Board of Management**

The members of the Board who served during the year are shown on page 8-11

During the year, 2024/2025

Chairman, Vice Chairman, Secretary and Members was appointed with effect from 19<sup>th</sup> June 2023 to date.

**Auditors**

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

By Order of the Board

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

Dr. Bayce Othman

Name

Secretary to the Board

**12. Statement of Board of Management’s Responsibilities**

Section 164 of the Public Finance Management Act, 2012 (The Facilities Improvement Financing ACT No.14 OF 2023) requires the Board of Management to prepare financial statements in respect of that *entity*, which give a true and fair view of the state of affairs of the entity at the end of the financial year/period and the operating results of the *entity* for that year/period. The Board of Management is also required to ensure that the *entity* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *entity*. The council members are also responsible for safeguarding the assets of the *entity*.

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


The Board of Management accepts responsibility for the Bokoli Sub-County Hospital 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 Facilities Improvement Financing ACT No.14 OF 2023). The Board members are of the opinion that the *entity’s* financial statements give a true and fair view of the state of *entity’s* transactions during the financial year ended June 30, 20xx, and of the *entity’s* financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the *entity*, which have been relied upon in the preparation of the *entity’s* financial statements as well as the adequacy of the systems of internal financial control.


In preparing the financial statements, the Directors have assessed the Fund’s ability to continue as a going concern OR

Nothing has come to the attention of the Board of management to indicate that the *Bokoli Sub-County 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 Hospital’s financial statements were approved by the Board on 21/7/2025 and signed on its behalf by:

  
.....  
Name: PATRICK  
Chairperson  
Board of Management

  
.....  
Name: DR. BRUCE ODUKO  
Accounting Officer

# REPUBLIC OF KENYA

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



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

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

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### 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 Bokoli Sub-County Hospital - County Government of Bungoma set out on pages 1 to 34, which comprise of the

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

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

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

### **Basis for Qualified Opinion**

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

The statement of financial position reflects receivables from exchange transactions balance of Kshs.6,836,500. The balance comprises medical services receivables of Kshs.61,250 and other exchange debtors of Kshs.6,775,250 and as disclosed in Note 17 to the financial statements. However, the supporting debtors' ledgers for other exchange debtors amounting to Kshs.6,775,250 indicating the date of occurrence, name of debtors, services provided and attributed amount were not provided for audit review.

In the circumstances, the accuracy and completeness of receivables from exchange transactions balance of Kshs.6,836,500 could not be confirmed.

#### **2. Misstatement of Net Assets**

The statement of changes in net assets indicates net assets balance of Kshs.352,636 which comprises accumulated surplus of Kshs.159,636 and capital fund of Kshs.193,000. During the year under review, the opening balances as at 01 July, 2024 were restated for accumulated surplus to a Kshs.Nil balance and capital fund of Kshs.193,000, in comparison with accumulated deficit of Kshs.1,937,957 and capital fund of Kshs.13,932,938 which were reported in the audited previous financial statements for the year ended 30 June, 2024 resulting in unexplained negative variances of Kshs.1,937,957 and Kshs.13,739,938 respectively.

In the circumstances, the accuracy and completeness of net assets balance of Kshs.352,636 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Bokoli Sub-County Hospital - County Government of Bungoma Management in accordance with ISSAI 130 on the Code of

Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### **Emphasis of Matter**

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

The statement of comparison budget and actual amounts reflects final revenue budget and actual on comparable basis of Kshs.13,585,628 and Kshs.14,981,649 respectively resulting to an over-funding of 1,396,021 of 10% of the budget. Similarly, the hospital expended Kshs.14,506,857 against a final budget of Kshs.12,706,253 resulting to an over-expenditure of Kshs.1,800,604 or 14% of the budget.

The over-expenditure undermines the very purpose of the approved budget, eroding fiscal discipline, budget credibility, and public trust.

My opinion is not modified in respect of this matter.

#### **Key Audit Matters**

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

#### **Other Matter**

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

In the audit of the previous year, several issues were reported under Report on the Financial Statements, Report on Lawfulness, Effectiveness in the Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance as detailed in **Appendix I**. However, Management had not resolved the issues or provided explanations for delay in resolving the issues. Further, Appendix 1 to the financial statement in respect to progress on follow-up of Auditor recommendations was not completed.

#### **Other Information**

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

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

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

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Lack of Approved Annual Procurement Plan**

During the year under review, the hospital did not have an approved annual procurement plan and the procurement officer did not prepare quarterly returns on the implementation of the annual procurement plan and submit the same to the Board, contrary to Regulation 40 (4) of the Public Procurement and Asset Disposal Regulations, 2020. Further, a minimum of thirty percent (30%) of the budgetary allocations was not reserved for enterprises owned by women, youth, persons with disabilities and disadvantaged groups contrary to Section 53 (6) of the Public Procurement and Asset Disposal Act, 2015.

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

#### **2. Failure to open Facility Improvement Financing Bank Account**

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

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

### 3. Long Outstanding Trade and Other Payables

Note 20 to the financial statements reflects trade and other payables balance of Kshs.5,400,608. However, the supporting documents and the aging analysis reveals that payables totaling to Kshs.2,512,538 had been long outstanding for more than twelve (12) months and management had not provided the measures put in place to ensure full payment of payables.

This was contrary to Section 41 (2) of the Public Finance Management (County Governments) Regulations, 2015 which provides that debt service payments shall be a first charge on the County Revenue Fund and the Accounting Officer shall ensure this is done to the extent possible that the County Government does not default on debt obligations.

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

### 4. Deficiency on Implementation of Universal Health Coverage (UHC)

Review of hospital records and interviews on verification of services offered, equipment used and medical specialists in the hospital at the time of audit revealed that the hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to staff deficit by 81 of the authorized establishment as follows:

Staff requirement	Level 4 Standard	Number in Hospital	Variance
Medical Officers	16	1	15
Anesthesiologist	2	0	2
General Surgeons	2	0	2
Gynecologists	2	0	2
Pediatrics	2	0	2
Radiologist	2	0	2
Kenya Registered Community Health Nurses	75	19	56
BScN Nurses	40		
Kenya Enrolled Nurses	6		
Total	101	12	81

In addition, the hospital lacked the necessary equipment and machines outlined in the health policy guidelines as detailed below:

Services	Level 4 Standard	Number in Hospital	Variance
Beds	150	30	120
Resuscitaire (2 in labour and 1 in theatre)	2	1	1
New born unit incubators	5	3	2
New born unit cots	5	3	2
Functional ICU Beds	6	0	6
High Dependency Unit (HDU) Beds	6	0	6
Renal unit with at least 5 dialysis Machines	5	0	5
Two functional operating theatres-Maternity and General	2	0	2

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

In the circumstances, the hospital may not be able to deliver its mandate.

#### **5. Lack of Approved Budget**

The hospital Management did not provide approved budget for audit review, contrary to Section 149(2)(h) of the Public Finance Management Act, 2012 which requires that the accounting officer to prepare estimates of the expenditure of the entity in conformity with strategic plan.

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

#### **6.Failure to Open Facility Improvement Bank Account**

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

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

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

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

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Lack of Risk Management Policy**

During the year under review, the hospital did not have a risk management policy in place, and Management did not conduct risk assessments to identify risks, their significance and likelihood of their occurrence determined. This was contrary to Regulation 158(1) of the Public Finance Management (County Governments) Regulations, 2015 states that – (a) the County Government entity develops risk management strategies, which include fraud prevention mechanism; and (b) the county government entity develops a system of risk management and internal controls that builds robust business operations.

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

#### **2. Lack of Internal Audit Function**

During the year under review, the hospital continued to operate without an internal auditor, and did not benefit from the roles and functions of an internal auditor as stipulated in Section 155 (1) (a) of the Public Finance Management Act, 2012 which include among others, risk assessment, establishment of a risk register, assessing and putting in place internal control systems.

In the circumstances, the effectiveness of internal controls 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 the Board of Management**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is

necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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

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

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

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


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

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

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

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

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



FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

15 December, 2025

## Appendix I

### Unresolved Prior Year Issues

Reference No. on the Auditor-General's Report	Observation
	<b>Report on the Financial Statements</b>
1	Inaccuracy of the Comparative Balances
1.1	Statement of Financial Position
1.2	Statement of Changes in Net Assets
2	Inaccuracy of the Financial Statements
2.1	Statement of Financial Position
2.2	Statement of Cash Flows
2.3	Statement of Comparison of Budget and Actual Amounts
3	Unsupported Trade and Other Payables
4	Unconfirmed Employees Costs
5	Non-Disclosure of Property, Plant and Equipment
6	Non-disclosure of Inventory Balance
7	Lack of Ledgers
8	Unsupported Receivables from Exchange Transactions
	<b>Report on Lawfulness and Effectiveness in the Use of Public Resources</b>
1	Non-Compliance with Kenya Quality Model for Health Policy Guidelines
2	Anomalies in Presentation and Disclosure of Annual Report and Financial Statements
3	Lack of Annual Procurement Plan
4	Operating the Hospital Without Staff Establishment
5	Unconfirmed Appointment of Board of Management
6	Procurement of Goods and Services Without Purchase/Service Orders
7	Procurement of Goods and Services Without Purchase Requisition from Users
8	Lack of Quarterly Revenue Reports
	<b>Report on Effectiveness of Internal Controls, Risk Management and Governance</b>
1	Lack of Risk Management Policy
2	Failure to Establish Audit Committee

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

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
In-kind contributions from the County Government	6	1,446,705	3,449,040
		<b>1,446,705</b>	<b>3,449,040</b>
<b>Revenue from exchange transactions</b>			
Rendering of services- Medical Service Income	7	13,342,413	10,401,232
Revenue from rent of facilities	8	16,500	71,000
Miscellaneous Income	9	764,581	11,666
		<b>14,123,494</b>	<b>10,483,898</b>
<b>Total revenue</b>		<b>15,570,199</b>	<b>13,932,938</b>
<b>Expenses</b>			
Medical/Clinical costs	10	6,844,039	7,665,372
Employee costs	11	1,446,705	3,449,040
Board of Management Expenses	12	451,000	941,400
Depreciation and amortization expense	13	57,900	-
Repairs and maintenance	14	1,800,502	1,366,082
General expenses	15	4,810,416	2,449,001
<b>Total expenses</b>		<b>15,410,563</b>	<b>15,870,895</b>
<b>Total other gains/(losses)</b>		<b>-</b>	<b>-</b>
<b>Net Surplus / (Deficit) for the year</b>		<b>159,636</b>	<b>(1,937,957)</b>

The Hospital's financial statements were approved by the Board on 21/7/2025 and signed on its behalf by:

PATRICK MAMBOGE

**Chairman**

Susan Misiko

**Head of Finance**

DR. BRUCE OTUKO

**Medical Superintendent**

**Board of Management**

**ICPAK No: 33339**

01 DEC 2025

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

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	16	474,793	879,375
Receivables from exchange transactions	17	6,836,500	6,815,280
Inventories	18	627,900	-
<b>Total Current Assets</b>		<b>7,939,193</b>	<b>7,694,655</b>
Property, plant, and equipment	19	135,100	-
<b>Total Non-current Assets</b>		<b>135,100</b>	<b>-</b>
<b>Total assets (A)</b>		<b>8,074,293</b>	<b>7,694,655</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	20	5,400,608	6,021,494
<b>Total Current Liabilities</b>		<b>5,400,608</b>	<b>6,021,494</b>
<b>Total Liabilities (B)</b>		<b>5,400,608</b>	<b>6,021,494</b>
<b>Net assets (A-B)</b>		<b><u>2,673,685</u></b>	<b><u>1,673,161</u></b>
<b>Represented by:</b>			
Accumulated surplus/Deficit		2,480,685	(1,937,957)
Capital Fund		193,000	-
<b>Net Assets</b>		<b><u>2,673,685</u></b>	<b><u>(1,937,957.00)</u></b>
The Hospital's financial statements were approved by the Board on <u>27/12/2025</u> and signed on its behalf by:			
<u>BATAJIC MACHVONGA A</u>	<u>Sub Susan Misiko</u>	<u>DR. DAN OCHIYO</u>	
<b>Chairman</b>	<b>Head of Finance</b>	<b>Medical Superintendent</b>	
<b>Board of Management</b>	<b>ICPAK No: 33339</b>		

Stamp: 01 DEC 2025

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

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital	Total
			Fund	
As at July 1, 2023 (previous year)	0	-	-	-
Revaluation gain	0		-	-
Surplus/(deficit) for the year	-	(1,937,957)	-	(1,937,957)
Capital/Development grants	-	-	-	-
As at June 30, 2024 (previous year)	0	(1,937,957)	193,000	(1,744,957)
As at July 1, 2023 (previous year Restated )	0	-	-	-
Revaluation gain	0		-	-
Surplus/(deficit) for the year	-	159,636	-	159,636
Capital/Development grants	-	-	-	-
As at June 30, 2024 (previous year)	0	-	193,000	193,000
At July 1, 2024 (current year)	0	-	193,000	193,000
Revaluation gain	0	-	-	-
Surplus/(deficit) for the year	-	159,636	-	159,636
Adjustments from Prior year				
Capital/Development grants	-	-	-	-
At June 30, 2025 (current year)	0	159,636	193,000	352,636

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

Description	Note	2024-2025	2023-2024
		- Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Rendering of services- Medical Service Income		13,321,193	10,401,232
Revenue from rent of facilities		16,500	71,000
Finance / interest income		-	-
Miscellaneous receipts( <i>specify</i> )		764,581	11,666
<b>Total Receipts</b>		<b>14,102,274</b>	<b>10,483,898</b>
<b>Payments</b>			
Medical/Clinical costs		7,339,939	7,665,372
Employee costs		-	-
Board of Management Expenses		451,000	941,400
Repairs and maintenance		1,800,502	1,366,082
Grants and subsidies			-
General expenses		4,915,416	2,444,830
Finance costs		-	-
Refunds paid out		-	-
<b>Total Payments</b>		<b>14,506,858</b>	<b>12,417,684</b>
<b>Net cash flows from operating activities</b>	21	<b>(404,584)</b>	<b>(1,933,786)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(404,584)</b>	<b>(1,933,786)</b>
Cash and cash equivalents as at 1 July	16	879,377	2,813,163
<b>Cash and cash equivalents as at 30 June</b>	16	<b>474,793</b>	<b>879,377</b>

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget carryovers from the previous year		879,375	879,375	879,375	-	100%
<b>Receipts</b>			-		-	0%
Rendering of services- Medical Service Income	12,025,100	216,847	11,808,253	13,321,193	(1,512,940)	113%
Revenue from rent of facilities	71,000	-	71,000	16,500	54,500	23%
Miscellaneous receipts ( <i>specify</i> )	827,000	-	827,000	764,581	62,419	92%
<b>Total receipts</b>	<b>12,923,100</b>	<b>1,096,222</b>	<b>13,585,628</b>	<b>14,981,649</b>	<b>(1,396,021)</b>	<b>110%</b>
<b>Payments</b>			-		-	0%
Medical/Clinical costs	6,750,100	(388,495)	7,138,595	7,339,939	(201,344)	103%
Remuneration of directors	304,000	(496,000)	800,000	451,000	349,000	56%
Repairs and maintenance	2,079,000	1,049,000	1,030,000	1,800,502	(770,502)	175%
General expenses	3,790,000	52,342	3,737,658	4,915,416	(1,177,758)	132%
<b>Total Operational Expenditure paid</b>	<b>12,923,100</b>	<b>(388,495)</b>	<b>12,706,253</b>	<b>14,506,858</b>	<b>(1,800,703)</b>	<b>114%</b>
Capital Expenditure paid	-	-	-	-	-	
<b>Surplus</b>	<b>-</b>	<b>1,484,717</b>	<b>1,313,069</b>	<b>474,791</b>	<b>838,376</b>	<b>36%</b>

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

### **1. General Information**

Bokoli Sub-County Hospital entity is established by and derives its authority and accountability from PFM Act. The entity is wholly owned by the Bungoma County Government and is domiciled in Webuye West Sub- County in Kenya. The entity's principal activity is provision of medical 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 *entity's* accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note xx. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *entity*. The financial statements have been prepared in accordance with the PFM Act, and (*include any other applicable legislation*), and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

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

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

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

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

Standard	Effective date and impact:
IPSAS 43	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
IPSAS 45- Property Plant and Equipment	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
IPSAS 46 Measurement	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The objective of this standard was to improve measurement guidance across</p>

Standard	Effective date and impact:
	<p>IPSAS by:</p> <ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
<p>IPSAS 47- Revenue</p>	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
<p>IPSAS 48- Transfer Expenses</p>	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
<p>IPSAS 49- Retirement Benefit Plans</p>	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>
<p>IPSAS 50:</p>	<p><b><i>Applicable 1<sup>st</sup> January 2027</i></b></p>

Standard	Effective date and impact:
Exploration For & Evaluation of Mineral Resources	<p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> <li>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li> <li>ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.</li> <li>iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.</li> </ul>

**iii) Early adoption of standards**

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

**4. Summary of Significant Accounting Policies**

**a. Revenue recognition**

**i) Revenue from non-exchange transactions**

**Transfers from other Government entities**

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

the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the asset that has been acquired using such funds.

**ii) Revenue from exchange transactions**

**Rendering of services**

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

**Sale of goods**

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

**Interest income**

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

**Rental income**

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

**b. Budget information**

The original budget for FY 2025 was approved by Board on Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the *entity* recorded additional appropriations of **xxxx** on the FY 2024/25 budget following the Board's approval. The *entity's* budget is prepared on a different basis to the

actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

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

### **c. Taxes**

#### **Sales tax/ Value Added Tax**

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

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

### **d. Investment property**

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

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of xxx years. Investment properties are derecognized either when they have been disposed of or when the investment property is

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

**e. Property, plant and equipment**

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

**f. Leases**

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

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

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

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

**g. Intangible assets**

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

Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite.

**h. Biological Assets**

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

**i. Research and development costs**

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

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

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

**j. Financial instruments**

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *The entity does not have any hedge relationships and therefore the new hedge*

*accounting rules have no impact on the hospital's financial statements. (amend as appropriate).*

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

## **Financial assets**

### **Classification of financial assets**

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

### **Subsequent measurement**

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

### **Amortized cost**

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value

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

**Fair value through net assets/ equity**

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

**Fair value through surplus or deficit**

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

**Trade and other receivables**

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

**Impairment**

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

## **Financial liabilities**

### **Classification**

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

#### **k. Inventories**

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

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

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

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

#### **l. Provisions**

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

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

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

**m. Social Benefits**

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

**n. Contingent liabilities**

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

**o. Contingent assets**

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

**p. Nature and purpose of reserves**

The entity creates and maintains reserves in terms of specific requirements. (*Entity to state the reserves maintained and appropriate policies adopted.*)

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

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

**r. Employee benefits**

**Retirement benefit plans**

The Entity provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the

payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump-sum payments or increased future contributions on a proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation. *(the entity to retain information relating to defined benefits or contributions, where both schemes are managed full policy applies)*

**s. Foreign currency transactions**

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

**t. Borrowing costs**

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

**u. Related parties**

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

**v. Service concession arrangements**

The Entity analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the *Entity* recognizes that asset when, and only when, it controls or regulates the services. The operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than

'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the *Entity* also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**w. Cash and cash equivalents**

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

**x. Comparative figures**

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

**y. Subsequent events**

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

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

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

**Estimates and assumptions.**

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

### Useful lives and residual values

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

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

### Provisions

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

### 6. In Kind Contributions from The County Government

Description	2024/2025	2023/2024
	KShs	KShs
Salaries and wages	1,446,705	3,449,040
<b>Total grants in kind</b>	<b>1,446,705</b>	<b>3,449,040</b>

### 7. Rendering of Services-Medical Service Income

Description	2024/2025	2023/2024
	Kshs	Kshs
Pharmaceuticals	649,715	897,404
Non-Pharmaceuticals	90,700	231,590
Laboratory	422,130	473,375
In patient	232,240	-
Theatre	5,800	93,370
Accident and Emergency Service	-	77,700
Out patient	231,530	-
Nutrition service	15,200	28,520

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attachment fee frm students	59,000	-
Ambulance services	39,378	-
medical records	240,500	-
Other medical related clinical costs	8,838,661	8,599,273
Medical exams	20,100	-
national hospital insurance fund	2,497,459	-
<b>Total revenue from the rendering of services</b>	<b>13,342,413</b>	<b>10,401,232</b>

**8. Revenue From Rent of Facilities**

Description	2024/2025	2023/2024
	Kshs	Kshs
Residential property	16,500	71,000
<b>Total Revenue from rent of facilities</b>	<b>16,500</b>	<b>71,000</b>

**9. Miscellaneous Income**

Description	2024/2025	2023/2024
	Kshs	Kshs
Sale of goods (water, publications, containers etc)	11,216	11,666
Attachment fee frm students	183,240	
Ambulance services	39,378	
<i>Others (Specify)</i>	530,747	
<b>Total Miscellaneous income</b>	<b>764,581</b>	<b>11,666</b>

**10. Medical/ Clinical Costs**

Description	2024/2025	2023/2024
	Kshs	Kshs
Laboratory chemicals and reagents	407,922	710,626
Food and Ration	1,836,500	1,980,825
Uniform, clothing, and linen	65,000	353,550
Dressing and Non-Pharmaceuticals	1,074,650	819,780
Pharmaceutical supplies	1,260,267	1,406,651
Health information stationery	27,000	294,620
Sanitary and cleansing Materials	352,600	238,250
Purchase of Medical gases	237,500	61,440
Other medical related clinical costs ( <i>specify</i> )	715,350	1,799,630
Medical records expenses	867,250	
<b>Total medical/ clinical costs</b>	<b>6,844,039</b>	<b>7,665,372</b>

**11. Employee Costs**

Description	2024/2025	2023/2024
	Kshs	Kshs
Salaries, wages, and allowances	1,446,705	3,449,040
<b>Employee costs</b>	<b>1,446,705</b>	<b>3,449,040</b>

**12. Board of Management Expenses**

Description	2024/2025	2023/2024
	Kshs	Kshs
Chairman's Honoraria	-	
Sitting allowance	451,000	941,400
<b>Total</b>	<b>451,000</b>	<b>941,400</b>

**13. Depreciation and Amortization Expense**

Description	2024/2025	2023/2024
	Kshs	Kshs
Property, plant and equipment	-	
Intangible assets	57,900	
Investment property carried at cost	-	
<b>Total depreciation and amortization</b>	<b>57,900</b>	<b>-</b>

**14. Repairs And Maintenance**

Description	2024/2025	2023/2024
	Kshs	Kshs
Property- Buildings	1,223,337	668,820
Medical equipment	26,900	
Office equipment	251,395	
Furniture and fittings	-	160,820
Computers and accessories	38,590	32,000
Motor vehicle expenses	194,920	471,080
plant, machinery & equipment	65,360	33,362
<b>Total repairs and maintenance</b>	<b>1,800,502</b>	<b>1,366,082</b>

**15. General Expenses**

Description	2024/2025	2023/2024
	Kshs	Kshs
Catering expenses	617,566	311,520
Insecticides and rodenticides	-	104,500
Bank charges	25,535	9,873
Conferences and delegations	40,000	
Contracted services	-	
Electricity expenses	780,620	573,361
Fuel and Lubricants	785,750	575,000
Other fuels	388,450	
Travel and accommodation allowance	769,200	461,798
General office supplies	425,445	
Courier and postal services	-	7,920
Printing and stationery	315,930	109,658
Water and sewerage costs	399,290	209,100
Telephone and mobile phone services	32,720	24,100
Internet expenses	36,910	58,000
Purchase computers	193,000	
<b>Total General Expenses</b>	<b>4,810,416</b>	<b>2,444,830</b>

**16. Cash And Cash Equivalent**

Description	2024/2025	2023/2024
	Kshs	Kshs
Current accounts	474,793	879,375
<b>Total cash and cash equivalent</b>	<b>474,793</b>	<b>879,375</b>

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

Description		2024/2025	2023/2024
Financial institution	Account number	Kshs	Kshs
a) Current account			
Kenya Commercial bank	1117700267	474,793	879,375
<b>Sub- total</b>		<b>474,793</b>	<b>879,375</b>
<b>Grand total</b>		<b>474,793</b>	<b>879,375</b>

**17. Receivables From Exchange  
Transactions**

Description	2024/2025	2023/2024
	KShs	KShs
Medical services receivables	61,250	40,030
Other exchange debtors	6,775,250	6,775,250
<b>Total receivables</b>	<b>6,836,500</b>	<b>6,815,280</b>

**Analysis of Receivables From Exchange  
Transactions**

Description	2024/2025		2023/2024	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Between 1- 2 years	6,836,500	100.00%	6,815,280	100.00%
<b>Total (a+b)</b>	<b>6,836,500</b>	<b>100</b>	<b>6,815,280</b>	<b>100</b>

**18. Inventories**

Description	2024/2025	2023/2024
	KShs	KShs
Laboratory supplies	283,040	-
Food supplies	107,560	-
Medical records	132,300	-
General supplies	89,000	-
Other fuel	16,000	-
<b>Total</b>	<b>627,900</b>	<b>-</b>

**Detailed disclosure on inventories**

	2024/2025	2023/2024
	KShs	KShs
Opening balance	6,871,084	
Additional Inventory in the year		
Inventory expensed in the year	7,498,984	
Write-downs in the year		
Others specify		
Closing balance	627,900	-

**19. Property, Plant and Equipment**

Description	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (specify)	Total
	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh
<b>Cost</b>							
At 1 July 2023 (previous year)							-
Additions							-
Disposals							-
Transfers/adjustments							-
Revaluation Adjustments							-
<b>At 30<sup>th</sup> Jun 2024</b>			0	193,000		-	193,000
							-
At 1 July 2024 (current year)			-	193,000		-	193,000
Additions			-	-		-	-
Disposals							-
Transfer/adjustments							-
Revaluation Adjustments							-
<b>At 30<sup>th</sup> Jun 2025</b>			-	193,000		-	193,000
<b>Depreciation and impairment</b>							-
At 1 July 2023 (previous year)			-	-		-	-
Depreciation for the year							-
Disposals							-
Impairment							-

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At 30 June 2024			-	193,000		-	193,000
At July 2024 (current year)			-			-	
Depreciation				57,900			57,900
Disposals							-
Impairment							-
Transfer/adjustment							-
At 30 <sup>th</sup> June 2025			-	57,900		-	57,900
							-
Net book values							-
At 30 <sup>th</sup> Jun 2024 (previous)			-	-		-	-
At 30 <sup>th</sup> Jun 2025 (current)				135,100		-	135,100

**20. Trade and other Payables**

Description	2024/2025		2023/2024	
	KShs		KShs	
Trade payables	5,400,608.00		6,021,494.00	
<b>Total trade and other payables</b>	<b>5,400,608.00</b>	<b>6,021,494.00</b>		
<b>Ageing analysis:</b>	<b>2024/2025</b>	<b>% of the Total</b>	<b>2023/2024</b>	<b>% of the total</b>
Under one year	2,888,070	53.50%	1,143,896	21.00%
1-2 years	483,568	8.90%	1,161,510	22.00%
2-3 years	840,810	15.60%	1,260,391	23.00%
Over 3 years	1,188,160	22.00%	1,807,808	34.00%
<b>Total</b>	<b>5,400,608</b>	<b>100%</b>	<b>6,021,494</b>	<b>100%</b>

## 21. Cash Generated from Operations

Description	2024/2025	2023/2024
	KShs	KShs
Surplus for the year before tax	159,636	(1,937,957)
<b>Adjusted for:</b>		
Depreciation	57,900	-
<b>Working Capital adjustments</b>		
Increase in inventory	(627,900)	-
Increase in receivables	(21,220)	-
Increase in payables	(620,886)	-
<b>Net cash flow from operating activities</b>	<b>(1,052,470)</b>	<b>(1,937,957)</b>

## 6. Financial Risk Management

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

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

### (i) Credit risk

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

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for

uncollectible amounts that the hospital has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The entity has significant concentration of credit risk on amounts due from xxxx. The board of management sets the hospital's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

**(ii) Liquidity risk management**

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

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

**(iii) Market risk**

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

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

**a) Foreign currency risk**

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

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

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

### **Management of interest rate risk**

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

### **Sensitivity analysis**

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of financial performance if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs xxx (20xx: KShs xxx). A rate increase/decrease of 5% would result in a decrease/increase in surplus of KShs xxx (20xx – KShs xxx).

### **iv) Capital Risk Management**

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

## **7. Related Party Balances**

### **Nature of related party relationships**

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

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

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

## **8. Segment Information**

*(Where an organisation operates in different geographical regions or in departments, IPSAS 18 on segmental reporting requires an entity to present segmental information of each geographic region or department to enable users understand the entity's performance and allocation of resources to different segments)*

## **9. Contingent Liabilities**

*(Give details)*

## **10. Capital Commitments**

*(NB: Capital commitments are commitments to be carried out in the next financial year and are disclosed in accordance with IPSAS 17. Capital commitments may be those that have been authorised by the board but at the end of the year had not been contracted or those already contracted for and ongoing)*

## **11. Events after the Reporting Period**

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

**12. Ultimate and Holding Entity**

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

**13. Currency**

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

**20. Appendices**


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

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

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

**Guidance Notes:**

- (i) Use the same reference numbers as contained in the external audit report.
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from the final external audit report that is signed by Management.
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue.
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.

.....  
**Accounting Officer** 

**Appendix II: Projects Implemented by The Entity**

**Projects**

Projects implemented by the Hospital Funded by development partners

Project title	Project Number	Donor	Period/duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1						
2						

**Status of Projects completion**

*(Summarise the status of project completion at the end of each quarter, i.e. total costs incurred, stage which the project is etc)*

SN	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1							
2							
3							

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

Name of Transferring entity.....

Name of Beneficiary entity.....

**Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30<sup>th</sup> June (Current FY)**

Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
<b>Total</b>					

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

**Head of Accounts Department - Disbursing Entity:**

Name ..... Sign .....

Date .....

**Head of Accounts Department - Beneficiary Entity:**

Name ..... Sign .....

Date.....

**Appendix IV Reporting of Climate Relevant Expenditures**

Project Name	Project Description	Project Objectives	Project Activities	Quarter				Source Of Funds	Implementing Partners
				Q 1	Q 2	Q 3	Q 4		

**Appendix V: Disaster Expenditure Reporting Template**

Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Ksh s.)	Comments