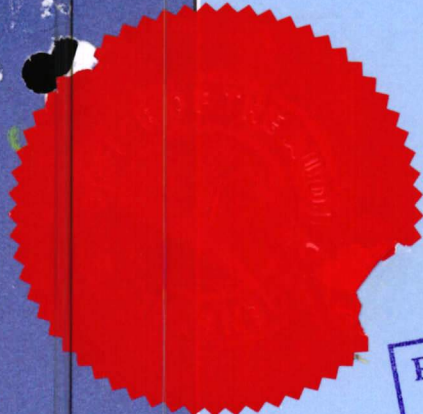


REPUBLIC OF KENYA



PARLIAMENT
OF KENYA
LIBRARY

REPORT

OF

THE AUDITOR-GENERAL

ON

MT. ELGON SUB COUNTY LEVEL 4
HOSPITAL

PAPERS LAID	
DATE	18/07/2026
TABLED BY	W. K. K. K.
COMMITTEE	
CLERK AT THE TABLE	C-CHEROP

FOR THE YEAR ENDED
30 JUNE, 2025

COUNTY GOVERNMENT OF BUNGOMA

52



**MT. ELGON SUB COUNTY LEVEL 4 HOSPITAL
(COUNTY GOVERNMENT OF BUNGOMA)**

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

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

CP

Table of Contents

1. Acronyms & Glossary of Terms	ii
2. Key Entity Information and Management	iii
3. The Board of Management.....	vi
4. Key Management Team	ix
5. Chairman’s Statement.....	xii
6. Report of The Medical Superintendent.....	xiii
7. Statement of Performance Against Predetermined Objectives	xiv
8. Corporate Governance Statement	xvii
9. Management Discussion.....	xix
10.Environmental And Sustainability Reporting.....	xxiv
11.Report of The Board of Management	xxvi
12. Statement of Board of Management’s Responsibilities	xxvii
13.Report of the Independent Auditor or Mt. Elgon Sub County Level 4 Hospital for FY 2024/25	xxix
14. Statement of Financial Performance for The Year Ended 30 June 2025	1
15. Statement of Financial Position As At 30th June 2025.....	2
16. Statement of Changes in Net Assets for The Year Ended 30 June 2025	3
17. Statement of Cash Flows for The Year Ended 30 June 2025	4
18. Statement of Comparison of Budget and Actual Amounts for Y. Ended 30 Jun 2025.....	5
19. Notes to the Financial Statements	6
20. Appendices.....	37

1. Acronyms & Glossary of Terms

Acronyms	Meaning
CCC	Comprehensive care centre
CSR	Corporate Social Responsibility
MED SUP	Medical Superintendent
NHIF	National Hospital Insurance Fund
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
SHA	Social Health Authority
TB	Tuberculosis
HCW	Health care workers
IPC	Infection prevention and control
MPOX	Monkey pox virus
IEC	Information, education and communication
USAID DUMISHA afya	Is a USAID funded project
CCTV	Closed -circuit television
NCDS	Noncommunicable disease
CT SCAN	Computerized tomographic scan
MRI	Magnetic resonance imaging
FY	Financial year

2. Key Entity Information and Management

(a) Background information

Mt Elgon Sub County Hospital is a level (4) hospital established under gazette notice number 013014 and is domiciled in Bungoma County under the Health Department. The hospital is governed by a Board of Management.

(b) Principal Activities

The principal activity of the hospital is to Primary care treatment services, diagnostic services e.g. x-ray and imaging services and in patient services.

VISION

An efficient and high-quality health care system that is accessible, equitable and affordable for every Kenyan.

MISION

To promote and participate in provision of integrated high quality, promotive, preventive, curative and rehabilitative health care services to all Kenyans.

MANDATE

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

CORE VALUES

- Professionalism
- Teamwork
- Integrity
- Accountabilit

(c) Key Management

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

- County department of health and sanitation-County Executive Committee Member
- Board of Management-Hospital Management Board
- Accounting Officer Medical Superintendent
- Hospital Health management committee
- Executive expenditure committee
- Procurement committee

(d) Fiduciary Management

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

No.	Designation	Name
1.	Medical Superintendent	Dr. Brian Inima
2.	Head of finance	Martin Wesonga
3.	Head of supply chain	Jacob Maccan
4.	Administrator	Teresa Naibei
5.	Nursing officer	Dorcas Kinjo

(e) Fiduciary Oversight Arrangements

- Finance committee-The committee that sits together to lay down any priorities that were suggested in the hospital management team.
- Audit committee -The committee that oversight of the financial reporting process, the hospitals system of internal controls and compliance with laws and regulations.
- Risk Assurance Committee-
- Quality improvement committee -A committee that ensures that performance and patient outcomes include safe, effective, patient-centred and equitable patient care.
- Inspection committee-To confirm that supplies which were ordered are the ones delivered on time and confirm expiry of perishable products.
- County Assembly- approves annual budget for the facility and monitors implementation.

Key Entity Information and Management (continued)

(f) Entity Headquarters

P.O. Box 49-50203
Mt. Elgon Building
Kapsokwony, KENYA

(g) Entity Contacts

Telephone: (+254) 768878964
E-mail: mtelgonsubcountyhospital@gmail.com

(h) Entity Bankers

Kenya Commercial Banks
Kimilili Branch

National Bank
Bungoma Branch

(i) Independent Auditors

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





(j) Principal Legal Adviser

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


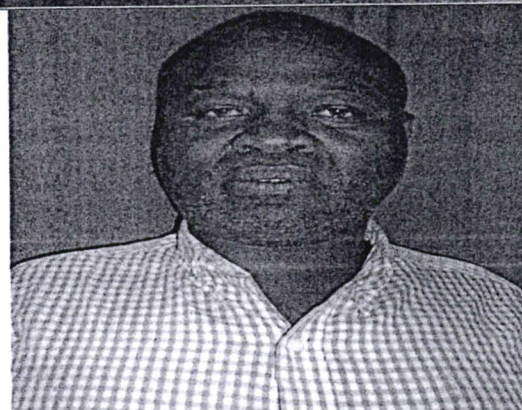
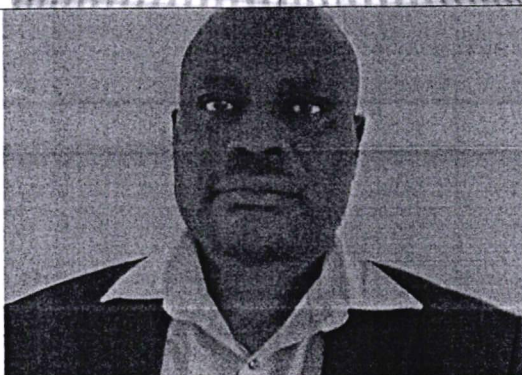
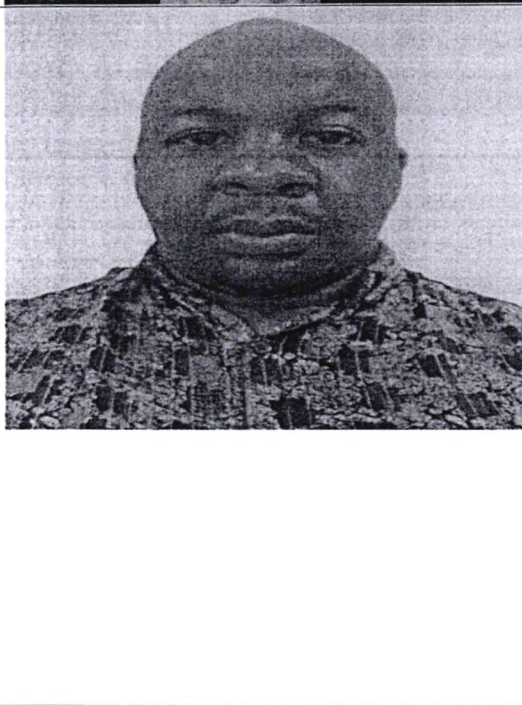
(k) County Attorney



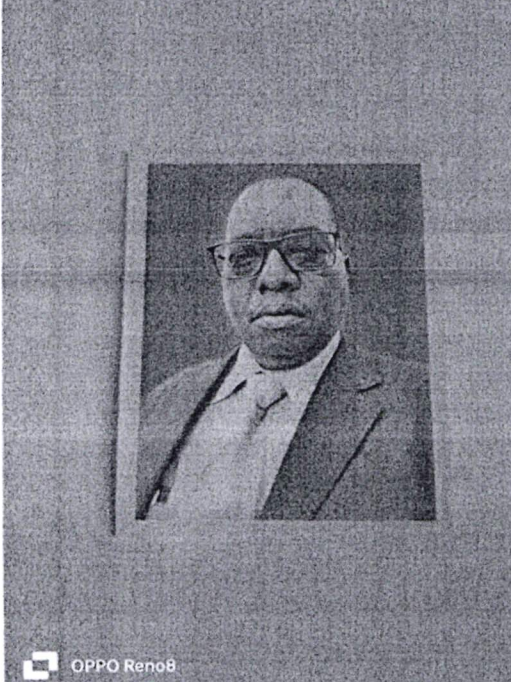
P.O. Box.437-50200,
Bungoma

3. The Board of Management


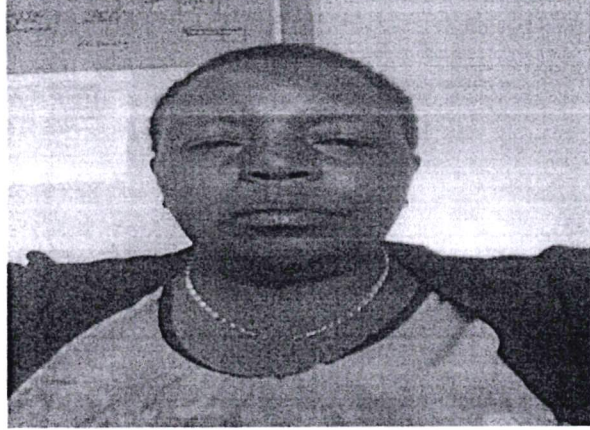
Ref	Directors	Details
1.		<p>Mr. Martin Simotwo- Chairperson. He was born in the 1969 in Elgon constituency. His a trained Teacher by professional with more 25 years of experience. He has a Degree in Education from Kenyatta university. Currently his serving wit the Independent electoral and boundaries commission(IEBC)</p>
2.		<p>Mr. Geoffrey Masudi- Vice Chairman Board and Chair of finance sub committee Qualification- Diploma in Education Teacher by profession. Year of birth- 1965</p>
3.		<p>Selly Musani- Member Chair of quality-of-care sub committee Qualification- Diploma in Education Teacher by profession Year of birth-12/01/1976</p>
4.		<p>Pastor Charles Mirani- Secretary of the finance subcommittee. Qualifications- Masters in Theology Year of birth-28/08/1966</p>



*Mt Elgon Sub County Level 4 Hospital (Bungoma County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025*

Ref	Directors	Details
5.		<p>Mildred Chesang - Member Finance sub – committee. Qualification: Secondary level Year of Birth: 01/12/1978 Profession: Farming & business lady</p>
6.		<p>Mr Moses Cheshari Chair- Audit sub-committee Qualification-Degree in Education Retired Teacher Year of birth-1962</p>
7.		<p>Alfred Eure Nyongesa- Secretary of the quality-of-care sub committee Qualification-Bachelor of Science in Environmental Health Science 6/12/1970</p>
8.		<p>Dr. Brian Inima- Medical superintendent & Secretary of the Board. Year of birth-03/06/1988 He has 11 years working experience as a Medical Practitioner. Professionally, a Bachelor of Medicine and Bachelor of Surgery from university of Nairobi. Responsibilities: •Provision of visionary and transformational leadership in the management of the hospital. •He oversees the implementation of Boards resolutions. •Ensures prudent management of resources. He is the Accounting Officer hence a Mandatory signatory to facility account.</p>

Ref	Directors	Details
9.		<p>Simotwo Kwemoi Sirwo- Member Quality of care sub committee Qualification: Secondary Level Year of Birth: 1984</p>
10.		<p>Jackline Sakong - Secretary audit Committee Qualification-Diploma in Education Teacher by profession Year of birth-9/7/1975</p>
11.	 <p data-bbox="223 1433 383 1467">OPPO Reno8</p>	<p>Sokwony Ngeyo Laikony Born in 1974 Holder of Bachelor of Education Arts from Egerton University in 2000 He works with Bungoma County Government as Sub County Administrator Mt. Elgon Sub county . He previously worked with Kenya Teachers Service Commission up to to a level of Senior teacher. He is a member of audit sub committee of the board.</p>

4. Key Management Team

Ref	Management	Details
1.		<p>Dr. Brian Inima- Medical superintendent & Secretary of the Board. Year of birth-03/06/1988 He has 11 years working experience as a Medical Practitioner. Professionally, a Bachelor of Medicine and Bachelor of Surgery from university of Nairobi.</p> <p>Responsibilities:</p> <ul style="list-style-type: none"> • Provision of visionary and transformational leadership in the management of the hospital. • He oversees the implementation of Boards resolutions. • Ensures prudent management of resources. <p>He is the Accounting Officer hence a Mandatory signatory to facility account.</p>
2.		<p>Teresa Naibei- Hospital Administrator. Academic qualification-Diploma in Business Administration. Year of birth:19/06/1973</p> <p>Responsibilities:</p> <ul style="list-style-type: none"> • Coordination of services within the hospital while liaising with fellow team members. • Estate management in liaison with the public health officer(s). • Supervision of non-medical staff, • Offers secretarial duties to various committees in the establishment and • Ensures security of staff, patients and hospital property. • He is the alternative signatory to facility account. • He is a Secretary to Hospital Management Team (HMT) and

Ref	Management	Details
3.		<p>facility Executive Expenditure Committee (EEC).</p> <p>Dorcas Kinjo- Nursing In charge.</p> <p>Year of Birth: 15/08/1971</p> <p>She holds a Diploma in Nursing from Kenya medical Training College Kisumu campus. She has more than 29 years' experience in nursing leadership.</p> <p>Responsibilities:</p> <ul style="list-style-type: none"> • Formulation, review and interpretation of Bungoma County Referral Hospital health care policies relating to nursing services. • Ensuring adherence to Nursing Statutory and regulatory requirements. • Facilitating development and review of training programs for nurses in the Hospital. • He is also a member of the Hospital Management Team (HMT) and facility Executive Expenditure Committee (EEC). <p>she is a co-opted member of the board as well as quality of care subcommittee.</p>
4.		<p>CPA Martin Wesonga-Accountant Head of Accounts Department.</p> <p>He has over 12 years working experience in financial management. He holds a Bachelor of Commerce (Accounting) from Kibabii University and currently pursuing his MBA from Kibabii university</p> <p>He is a Registered member of a professional body- ICPAK of Reg no. 24978</p> <p>Year of Birth: 10/04/1988</p> <p>Responsibilities:</p> <ul style="list-style-type: none"> • Coordinating preparation of budgets • Providing administrative direction

Ref	Management	Details
		<p>as head of the division and provision of transformational leadership to achieve the vision and mandate of the Hospital.</p> <ul style="list-style-type: none">• He is an Alternate signatory to facility account.• He is also a member of the Hospital Management Team (HMT) and facility Executive Expenditure Committee (EEC).• Co-opted member in Audit subcommittee, Finance and full board

5. Chairman's Statement

I would like to appreciate with great gratitude the work being done both by facility staff, board members and other stakeholders. I am happy to report that facility reputation to the community is positive. I would like to report that the stalled county project was completed and handed to hospital management in which is in operation. In the course of the year, Ministry of Health national government began constructing three storey medical complex building and is forty percent complete. The facility constructed ablution block for patient. We as the board we are on course to attain expected level 4 standards.

The challenges faced:

- i. Emerging epidemic of MPOX virus necessitating the construction of an isolation centre.
- ii. Transition from NHIF to SHA has consumed financial and human resources.
- iii. Peripheral facilities over relying on the hospital ambulances at great cost to the hospital.
- iv. Lack of exchequer allocation to supplement the hospital collections.
- v. Inadequate staff to meet patient needs.

It is my hope that the new 3 storey-medical complex will be opened soon, more staff will be hired and the hospital will be renovated. For Mt Elgon sub county hospital to move to level 5, the government will have to assist us greatly. From the foregoing, we are destined towards a positive trans-formative change.

GERTFREY MASUDI.....

Name

Chairman to the Board

6. Report of The Medical Superintendent

Mt. Elgon sub county hospital is a level (4) facility lying on four and a half acres of land. The hospital serves as a referral hospital for more than 30 facilities across Mt Elgon constituency. Mt. Elgon sub county hospital has increased the bed capacity from 39 beds to 68 beds. We are grateful to the Governor Bungoma of County and the PS Health for the continued support toward our facility. We also thank partners for the great assistance they are offering us i.e. Marie Stopes, Red cross, USAID DUMISHA, Helpster international among others.

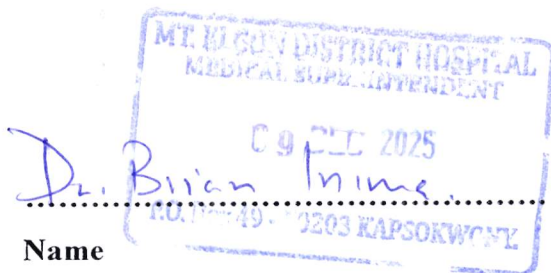
The hospital has managed to install CCTVs in different departments; completion of the new ward and kick start special clinics.

Moving forward the hospital aims to

1. Install HMIS (Hospital Management Information System)
2. Complete a three-storey medical complex.
3. Renovate the hospital.
4. Agitate for deployment of more staff.

Challenges include: Staff shortage due to retirement and transferred staffs who were not replaced.

As a hospital, we aim to provide the highest attainable health services possible.


Name

Secretary to the Board

7. Statement of Performance Against Predetermined Objectives

Mt. Elgon level 4 Hospital has strategic objectives within the current work Plan for the FY 2024- FY 2025. These strategic pillars are as follows;

- To eliminate Communicable Conditions.
- To halt and reverse the increasing burden of non-communicable conditions.
- To reduce the burden of violence and injuries.
- To provide essential health services
- To minimize exposure to health risk factors
- To strengthen collaboration with health-related sectors

The hospital develops its annual work plans based on the above 6 objectives. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Hospital has achieved its performance targets set for the FY 2024/2025 period for its 6 strategic objectives as indicated in the diagram below:

Pillars of health	Key Issues/Challenges	Priority interventions to address identified challenges
Eliminate communicable conditions	High Staff attrition rate leading to shortage/Turnover and inadequate number of medical officers, nurses, rehabilitative personnel etc.	Employ more staff across all cadres, minimize staff movement, and Maintain Staff duty Rota
	Stigma/ poor disclosure	Counseling and Psychological support Formation of support groups
	Poor health seeking behaviour Immunization coverage still below required nationwide immunization target of 95% Commodity stock out Stigma and poor disclosure Inadequate Human Resource	Create awareness through health education Strengthen defaulter tracing mechanisms Proper Forecasting, quantification & resource mobilization Strengthen testing and immunization Counseling and Psychological Advocate employment of more staff
Halt and reverse increasing burden of non-communicable conditions	Lack of awareness	Community sensitization about NCDS and screening
	Poor health seeking behavior	Health Education on availability of health services
	Religious and cultural beliefs and taboos	Health education on behavior change
	Knowledge gap on management of non-communicable conditions among Health Providers Inadequate diagnostic capacity –Lack of CT scan/pathology Lab/MRI	Capacity building of health providers County to invest in purchase of CT scan and MRI machine and put up a pathology lab.
	Inadequate Screening Equipment	Procurement of Equipment
	Unhealthy Lifestyle (exercise and health	Health Education and Awareness on good nutrition

*Mt Elgon Sub County Level 4 Hospital (Bungoma County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025*

Pillars of health	Key Issues/Challenges	Priority interventions to address identified challenges
	nutrition)	
	Inadequate specialized medical personnel	Training of specialized personnel on disciplines related to management of NCDs
	Inadequate Funding for NCDs related activities	Allocate enough funding for activities that help to curb the surge of NCDs
	Inadequate health products and technologies in management and treatment of NCDs	Procurement of health products Technologies and management of NCDs
	Inadequate staffing to run accident and emergency Department	Employ specialized medical personnel/Capacity building of specialized personnel to handle Health Related cases.
	Increased incidences of drug and substance abuse	Establishment of youth Friendly, counseling and rehabilitation center.
	Cultural Beliefs	Create Awareness on Human rights and Health Education
	Inadequate budget allocation on products and Technologies on GBV Cases	County to fund for procurement of products and technologies
	Lack of IEC material	Print and Avail IEC materials in all relevant Languages
	Lack Mental health and rehabilitation center	Construct a Mental health and rehabilitation center
Provide essential medical services	-Inadequate blood supply/Lack of blood screening services at facility level/county	-sensitization of the community on blood donation -ensure allocation of funds to run the drive (blood donation)
	Lack of CT scan, MRI, Psychiatric unit, endoscopy machine, Cancer Screening equipment	Construct psychiatric and oncology unit Procure and install CT scan, MRI, endoscopy, Cancer Screening machines.
	Inadequate budget allocation for health products and technologies	-increase funding for health products and technologies at facility level
	Inadequate staff Housing	Lobby for Hospital quarters houses to be given to front line hospital workers as a matter of priority Lobby for Construction of more staff houses (story building)
	Inadequate office space	Construct and furnish an administration block.
	Delayed payment of Salaries for contractual, casual employees and permanent employees.	County government to ensure timely payment of salaries for contractual permanent, and casual employees
	Inadequate staffing High rate of staff attrition (exits) without replacement	Advocate for employment of more staff County to put in place a succession management plan

Pillars of health	Key Issues/Challenges	Priority interventions to address identified challenges
	Inadequate training on Infection Prevention Control, Bio safety and Bio security	Train HCWs on IPC, Bio safety and Bio security
	Lack of an Isolation ward in the hospital	Construct and equip Isolation Wards.
	Unsecured waste disposal sites	Securing of waste disposal sites
	High numbers of Drug and substance abuse (High numbers noted among staff.)	Develop health promotion messages Construct a Rehabilitation Center
	Lack of incinerator	Purchase an ideal incinerator and construct housing
	Negative Peer pressure	Intensify Health Education in the Community
	Cultural beliefs	Intensify Health Education in the Community
	Risky sexual behavior (unprotected sex)	Intensify Sex education among the adolescents (School Health Program) Provision of condoms
Strengthen collaboration with health-related sectors	Lack of funding to conduct regular meeting	-resource mobilization
	Knowledge gap on health related issues	-need for sensitization meetings for stakeholders
	Inadequate dissemination of resource envelope	-ensure resource envelope is shared at all levels
	Lack of clear framework to engage our partners	Develop a clear framework to engage our partners

8. Corporate Governance Statement

The board was appointed by the county executive committee member of health in April 2023 through gazette notice no. Vol 126 on 2nd June 2023. According to muongozo guide. The duration is three years and current team will expire on April 2026. Membership is eleven members which includes representation of division of health and sanitation, sub county administrator, religious representative, youth, gender and special interest representative. As per now the facility has no board charter but uses provided guidelines.

Hospital boards play a critical role in ensuring effective governance and accountability within healthcare facilities. They provide oversight on service delivery to ensure quality, equity, and efficiency in patient care while also maintaining prudent financial management by monitoring budgets, expenditures, and ensuring transparency. The board is instrumental in resource mobilization, leveraging networks and partnerships to secure funding and other resources necessary for the hospital's operations and growth. Acting as a vital link between the hospital and the community, the board helps align services with local health needs and fosters community trust. Additionally, hospital boards review and approve quarterly workplans, ensuring that the facility's priorities and activities are aligned with strategic goals and available resources.

The board was inducted in March 2024 and has not received any further training since then.

The participation of members in board meetings has been exemplary, reflecting a strong commitment to their governance responsibilities and the hospital's mission. High levels of engagement have contributed to informed discussions, timely decision-making, and collective ownership of the board's mandate. This active participation has been especially important in areas such as oversight of service delivery, financial management, and the review of quarterly workplans.

Once the current board's term expires, the County Executive Committee (CEC) Member for Health will be responsible for identifying and appointing suitable replacements. This process is crucial to ensure continuity in governance and the sustained delivery of quality healthcare services. The selection of new board members should prioritize individuals with relevant expertise, a strong understanding of community health needs, and a commitment to public service.

The board has demonstrated commendable adherence to ethical standards and professional conduct, as evidenced by their active participation and dedication to fulfilling their governance roles. Despite the modest allowances—Kshs. 15,000 for the chairperson and Kshs. 10,000 for members—their commitment reflects integrity, accountability, and a genuine interest in improving healthcare service delivery. Upholding ethical standards remains crucial for maintaining public trust, avoiding conflicts of interest, and ensuring that decisions are made in the best interest of the facility and the community.

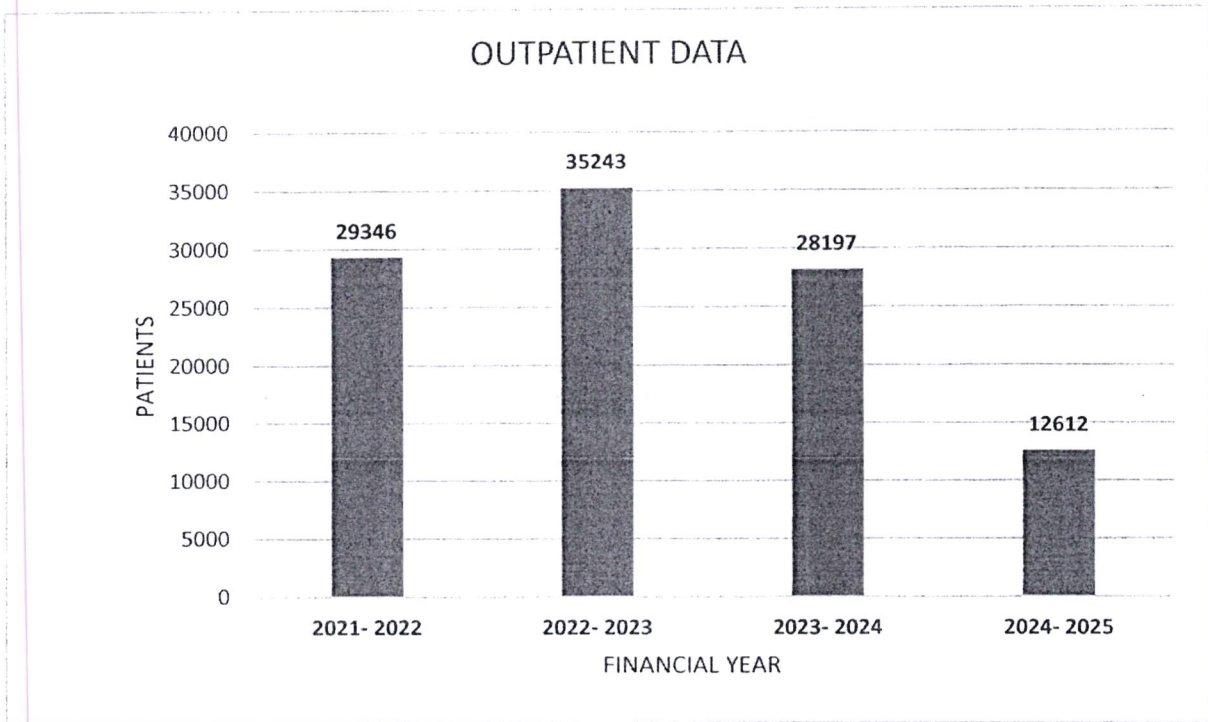
A governance audit is essential to assess the board's effectiveness in fulfilling its oversight functions, compliance with legal and policy frameworks, and adherence to good governance principles. Given that the board has been active since March 2024 and has shown strong participation, conducting a governance audit would help identify areas of strength and those requiring capacity enhancement—such as training, resource mobilization, or financial oversight. This process will also provide evidence-based recommendations to improve board performance and institutional accountability.

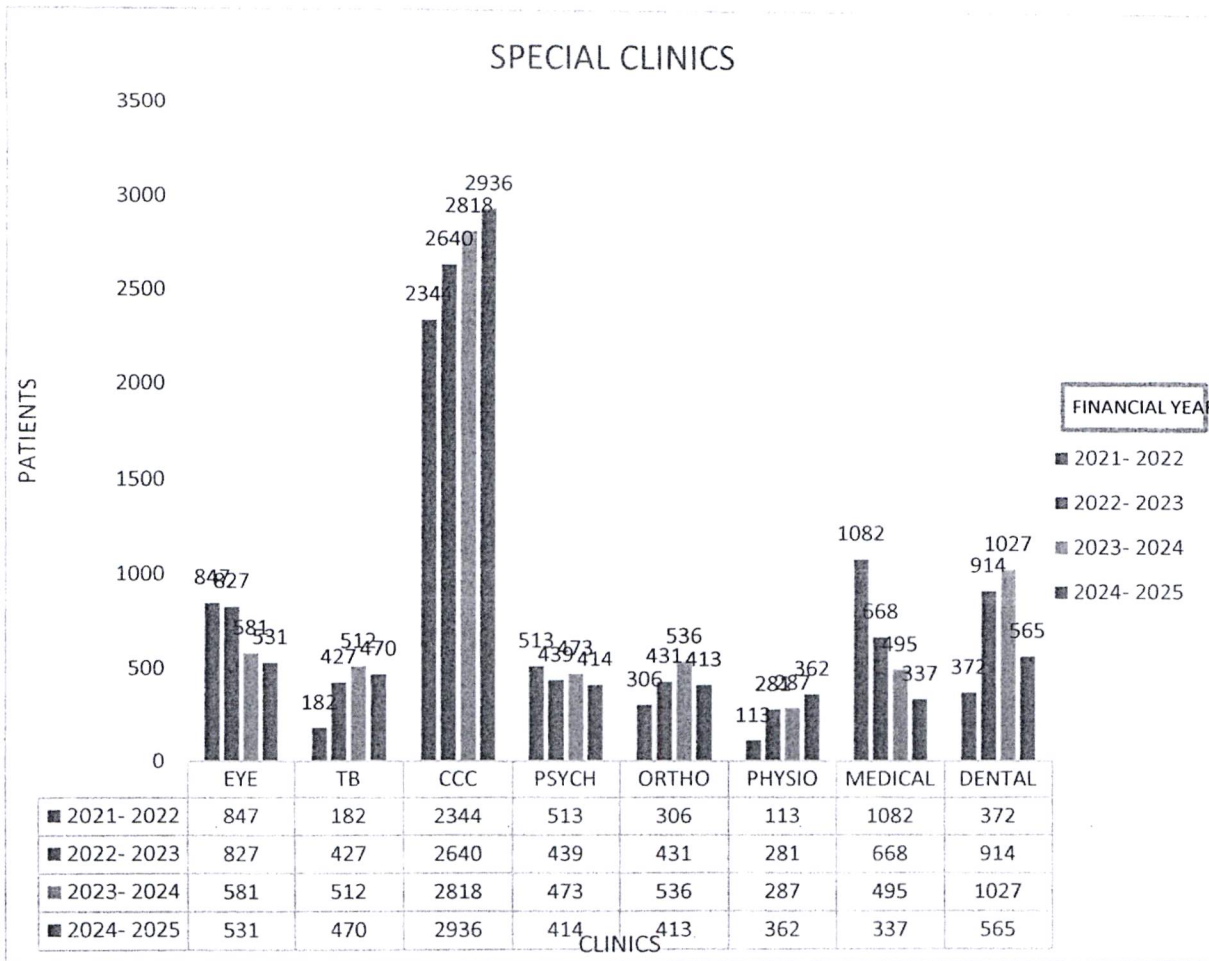
The meeting held in the FY 2024-2025 are four and terms of reference for functioning is stipulated by financial management and manual for county health spending units.

9. Management Discussion and Analysis

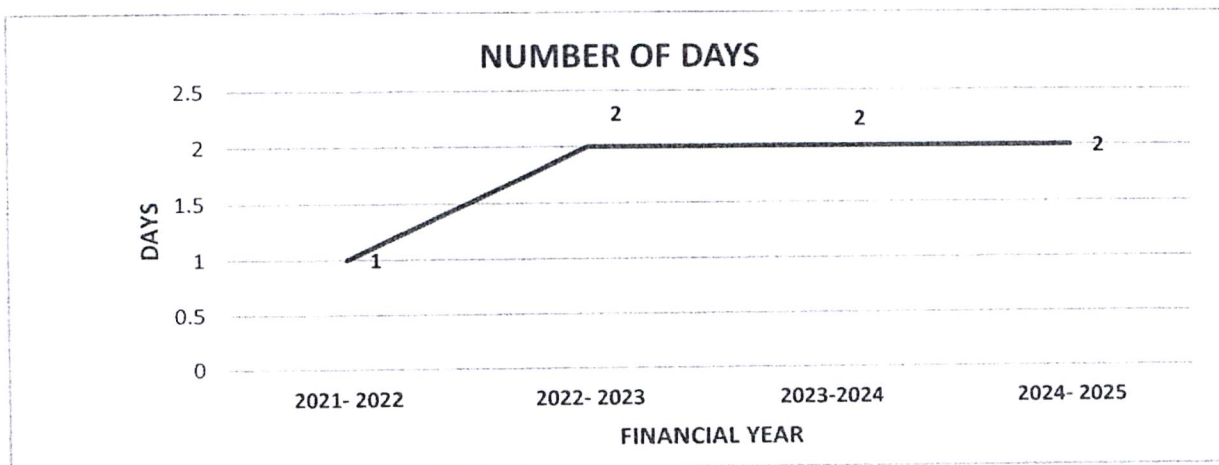
Clinical/operational performance

- Bed capacity of the hospital.39
- Overall patient attendance during the year for both inpatient and outpatient.
- The total outpatient for 2021-2022 was-29,346
- The total outpatient for 2022-2023 was 35,243
- The total outpatient for 2023-2024 was 28,197
- The total outpatient for 2024-2025 was 12,612

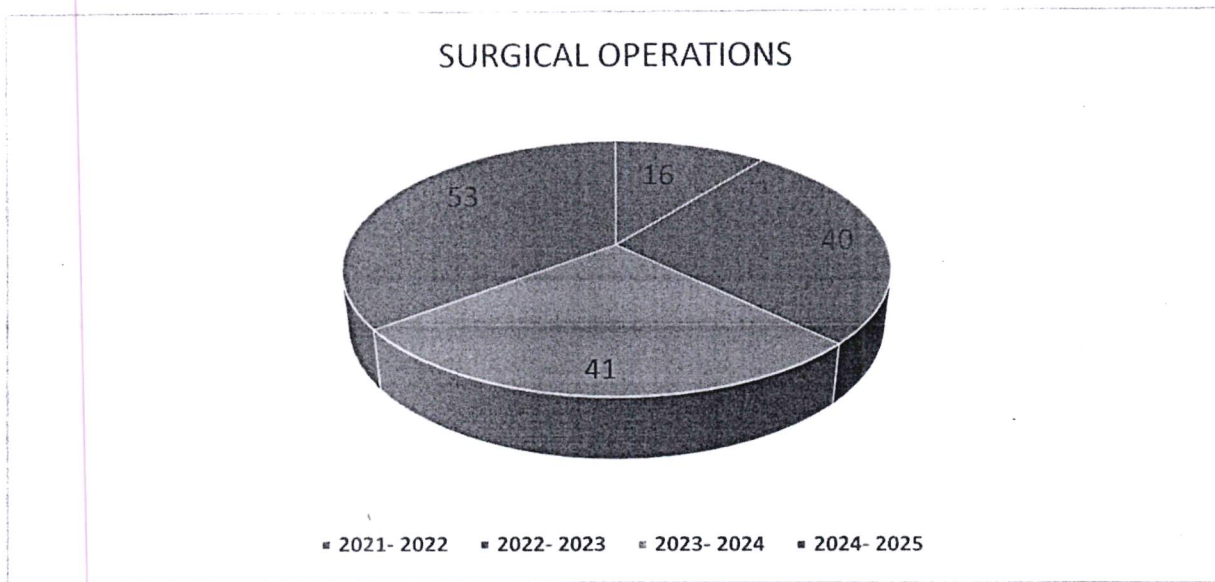
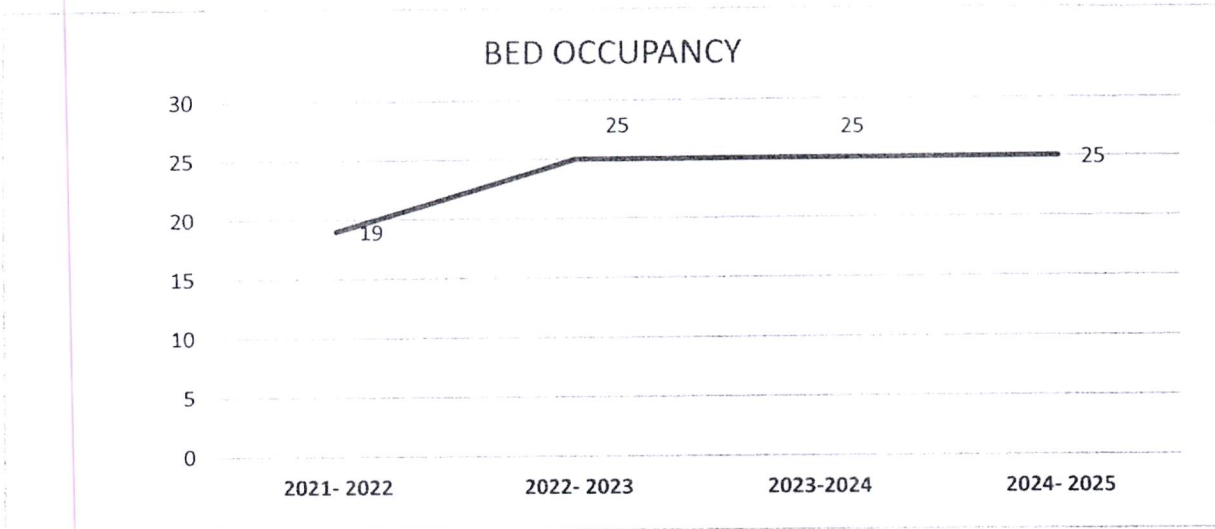




- In the FY 2024-2025, the CCC clinic recorded the highest number of patients followed by the medical clinic and then the Dental clinic. Physiotherapy clinic recorded the smallest attendance for the past two financial years.
- Average length of stay for inpatient 1.3 days

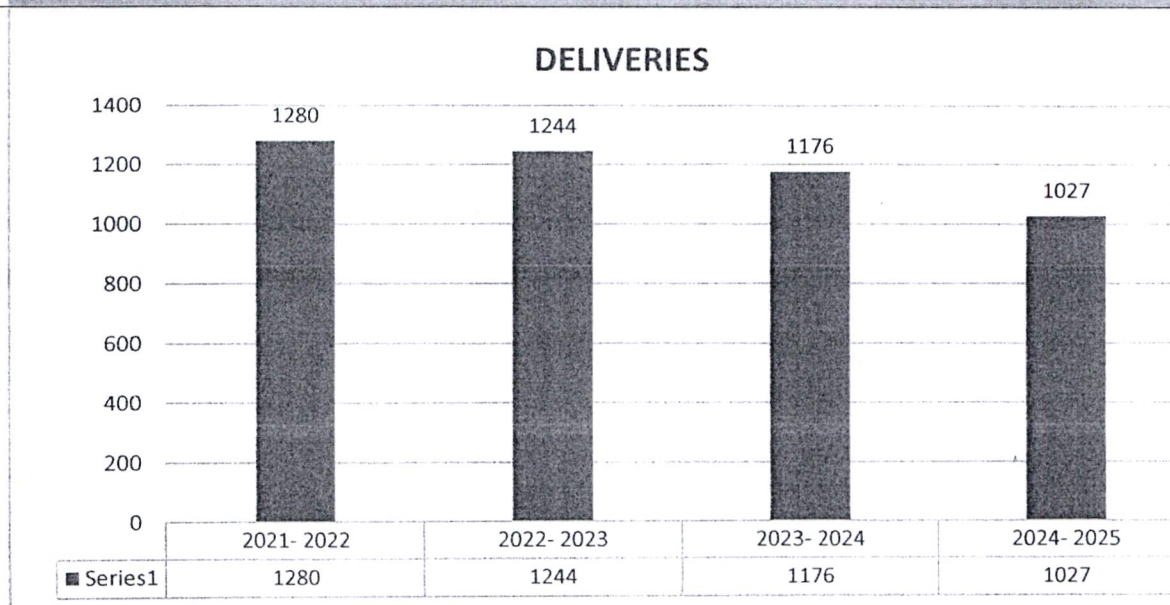
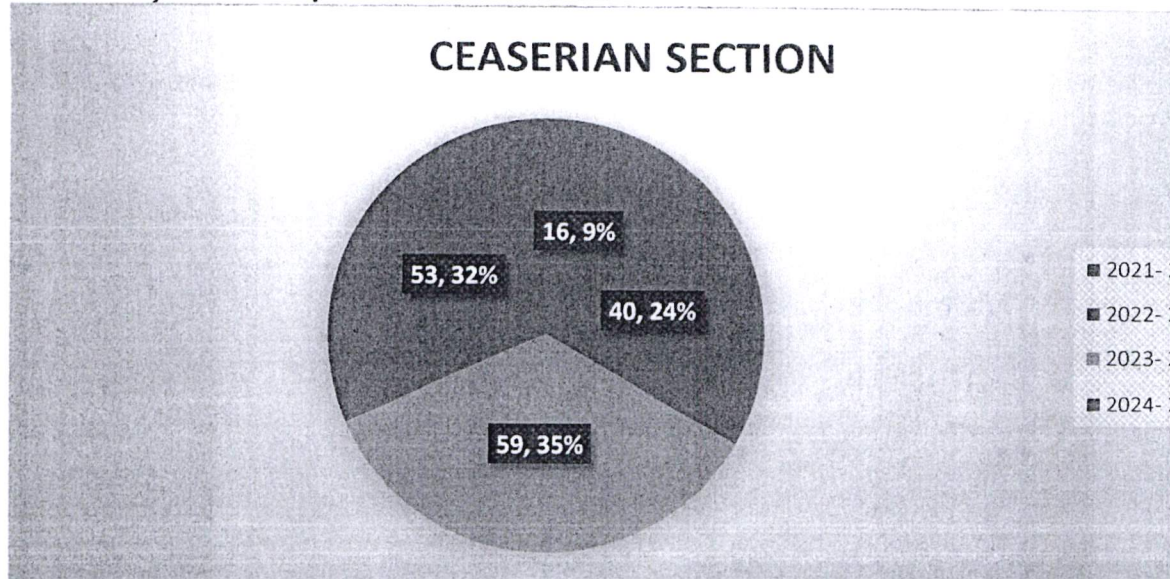


- Bed occupancy rate is 25%



- Surgical theatre utilization (number of operations over a period of time) 41
- There was an increase in the number of operations in the theatre from 40-41 patients compared with the last financial year.
- Last financial year theatre operations were 53.

Maternity default -40 caesarian section



- There was a slight decrease in the number of deliveries compared to the previous year.
- In 2021-2022 deliveries were -1280.
- In 2022-2023 deliveries were -1244.
- In 2023-2024 deliveries were -1176
- IN 2024-2025 deliveries were-1027
- Sponsorships and partnerships include Save the Children, USAID DUMISHA AFYA, Red Cross, Impact Malaria IPAS and AFYA UGAVI.

Financial performance that includes

- revenue sources user fee charges and SHA
The hospital derives its revenue from;

1. SHA
2. User fees for services rendered

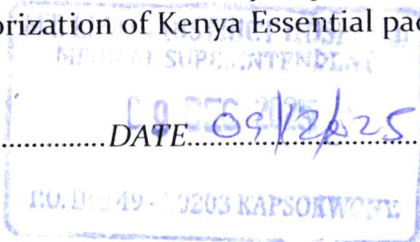
- Utilization of funds Recurrent
- The funds generated are utilized mainly to provide services as envisioned in hospital charter and as per the categorization of Kenya Essential package for Health.

SIGN



DATE

09/12/25



10. Environmental And Sustainability Reporting

i) Sustainability strategy and profile

The facility is making awareness to the community to register with social health authority and ensure that have paid for required premium so that in case of sickness in the family they are assured that they will treatment without payment in cash, this aid in poverty reduction because the family will not disposal property to bill off medical costs.

In our staff establishment the gender issues are observed

ii) Environmental performance

Waste that arises from service delivery are properly managed; segregation of waste is done according to risky nature of items and disposed accordingly.

Daytime we use natural light by opening windows and doors this minimize cost of electricity.

We intend to install solar for lighting and heating

iii) Employee welfare

Hiring of employees is done by the County Public Service Board and the department deploy staff in facilities.

As facility we sponsor staff to attend seminars to improve skills in service delivery and hold weekly CMEs to inform the new trends in the sector.

iv) Market place practices-

The organisation should outline its efforts to:

a) Responsible competition practice.

The facility don't tolerate corruption, every service given in cash is given an official receipt. We ensure that we do not engage ourselves in political activities and we are in goodwill with the current political leaders

b) Responsible Supply chain and supplier relations

we as an procurement entity maintain good practice with our suppliers by ensuring that are paid their dues. While ordering our services and goods we give clear specification and proper documentation.

c) Responsible marketing and advertisement or Responsible engagement with citizens

We as government organization we are not allowed to advertise our service to the public hence do not give out information anyhow. If there is a need to talk in the media is done structural.

d) Product stewardship or Awareness Creation

We safeguard patient rights within our premises by providing security, patient is served in clean environment , ensuring professional treatment of the patient and safeguarding patient data against manipulation.if the patient feels the services given were not to standard, the do complain to facility administration .

e) Corporate Social Responsibility / Community Engagements

The board of management represent the community in the facility; there input is taken care in our workplan. We waiver bills to patients who cannot raise the bills and under 5 services are exempted. There is a unit attached to community where we get information from the community monthly.

11. Report of The Board of Management

The board members submit their report together with the audited financial statements for the year that ended June 30, 2025, which show the state of the Mt. Elgon Sub County Level 4 hospital's affairs.

Principal activities

The principal activities of Mt. Elgon Sub County Hospital is to offer Primary care treatment services, diagnostic services e.g. x-ray and imaging services and inpatient services.

Results

The results of the entity for the year ended June 30 2025 are set out on pages 1 to 40

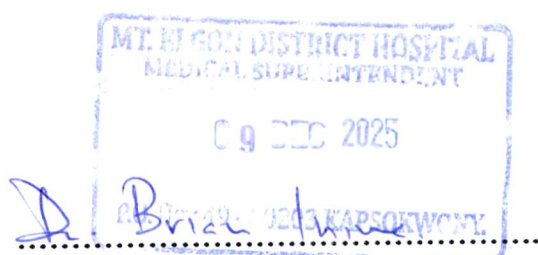
Board of Management

The members of the Board who served during the year are shown on page vi to viii. During the year all board appointed in 2023 were present.

Auditors

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

By Order of the Board



Name

Secretary to the Board

12. Statement of Board of Management's Responsibilities

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

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

The Board of Management accepts responsibility for the Mt. Elgon 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. The Board members are of the opinion that the Mt. Elgon Sub County Hospital financial statements give a true and fair view of the state of Mt. Elgon Sub County Hospital transactions during the financial year ended June 30, 2025, and of the Mt. Elgon Sub County Hospital financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the Mt. Elgon Sub County Hospital, which have been relied upon in the preparation of the Mt. Elgon Sub County Hospital 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.

Nothing has come to the attention of the Board of management to indicate that the Mt. Elgon Sub County Hospital will not remain a going concern for at least the next twelve months from the date of this statement.

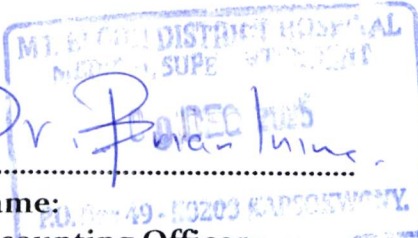
Approval of the financial statements

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

The Hospital's financial statements were approved by the Board on 13/08/2022 and signed on its behalf by:

GEOFFREY MASUDI

Name:
Chairperson
Board of Management


Dr. Pauline

Name:
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 MT. ELGON SUB COUNTY LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 - COUNTY GOVERNMENT BUNGOMA

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Mt. Elgon Sub County Level 4 Hospital- County Government of Bungoma set out on pages 1 to 49, which comprise the

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

Basis for Qualified Opinion

1. Misstatement of Rendering of Services Income

The statement of financial performance and Note 8 to the financial statements reflects rendering of services -medical service fees amounting to Kshs.21,243,584. However, the supporting ledgers reflects Kshs.21,377,210, resulting in an unexplained variance of Kshs.54,150.

In the circumstances, the accuracy and completeness of rendering of services -medical service income amounting to Kshs.21,243,584 could not be confirmed.

2. Unsupported Loss from Medical Services Contracts

The statement of financial performance indicates medical services contracts losses of Kshs.725,950 in respect to waivers and exemptions. However, the supporting ledgers and the approvals were not provided for audit review.

In the circumstances, the accuracy and completeness of medical services contracts losses of Kshs.725,950 could not be confirmed.

3. Incorrect Opening Balances

The statement of cash flows shows comparative balances for rendering of services of Kshs.18,331,234 and purchase of property, plant and equipment of Kshs.5,586,091. However, the balances differ with the audited financial statements for the previous year 2023/2024 amounts of Kshs.17,376,332 and Kshs.7,454,200 resulting to unreconciled variances of Kshs.954,902 and Kshs.1,868,109 respectively.

Further, Note 21 the financial statements in respect to property, plant and equipment shows accumulated depreciation comparative balance of Kshs.698,525 which differs with

Kshs.660,800 reported in audited financial statements for the previous year 2023/2024, resulting to an unreconciled variance of Kshs.37,728.

In the circumstances, the accuracy and completeness of respective financial statements' opening balances could not be confirmed.

4. Failure to Value Property, Plant and Equipment

The statement of financial position and Note 21 to the financial statements reflects property, plant and equipment balance of Kshs.6,749,994. However, the values of land and buildings which were occupied by the hospital had not been determined and included in the financial statements. Further, the hospital did not have a title deed for the land it occupied.

In the circumstances, the accuracy, ownership and completeness of the property, plant and equipment balance of Kshs.6,749,994 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Mt. Elgon Sub County Level 4 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.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Audit Matters

In the audit report for the previous year, several issues were raised under Report on the Financial Statements, Other Matter, Report on Lawfulness and Effectiveness in the Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance as detailed in **Appendix I**. However, Management did not provide documentary evidence indicating resolution of the issues.

Other Information

Management is responsible for the Other Information set out on page iii to xxviii which comprise of Key Entity Information and Management, Board of Management, Management Team, Chairman's Statement, Report of the Medical Superintendent, Statement of Performance Against Predetermined Objectives, Corporate Governance

Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Board of Management and Statement of Management's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Non-Compliance with Kenya Quality Model for Health Policy Guidelines on Staffing and Equipment

Review of hospital records and interviews on verification of services offered, equipment used and medical specialists revealed that the hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to staff deficits as detailed below:

Personnel	Level 4 standard	Actual Numbers	Deficit
Medical Officers	16	3	13
Anesthesiologists / anesthetic-diploma	2	2	0
General Surgeons	2	0	0
Gynecologists	2	0	2
Pediatrics	2	0	2
Radiologists/radiographer-no degree	2	1	1

Personnel	Level 4 standard	Actual Numbers	Deficit
Kenya Registered Community Health Nurses	75	70	5
BScN Nurses	40	2	38
Kenya Enrolled Nurses	6	2	4
Total	143	82	61

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

Service	Level 4 Standard	Actual Numbers	Deficit
Beds	150	68	82
Resuscitative	2	0	2
New born unit Incubators	5	2	3
New born unit cots	5	8	-3
Functional ICU Beds	6	0	6
High Dependency Unit (HDU) beds	6	0	6
Renal unit	5	0	5
Maternity and General Theatre	2	1	1
Total	181	79	102

These deficiencies contravene the First Schedule of Health Act, 2017 and imply that accessing the highest attainable standard of health, which includes the right to health care services, including reproductive health care as required by Article 43(1) of the Constitution of Kenya, 2010 may not be achieved. Further, this contravened the Kenya Quality Model for Health Policy Guidelines and hindered the realization of the Government program on Universal Health Coverage (UHC).

In the circumstances, hospital may not provide the highest standard of healthcare services, including reproductive health care as envisioned for a Level 4 Hospital.

2. Failure to Maintain Board Members Personal Files and to Undertake Board Performance Evaluation

During the year under review, the hospital did not maintain Board members personal files and failed to undertake performance evaluation for individual Board members and Board of Management. This was contrary to Part 1.11 of Mwingozo Code of Governance which states that the Board should conduct an annual evaluation to appraise its performance in accordance with the Board evaluation tool.

In addition, review of Board and sub committees' composition revealed lack of a member with financial expertise, and Board committees' composition did not reflect a mix of skills

and competencies necessary for effective committees functioning as defined under Governance Parameter 1.1 (6).

Further, a Board member was not formally appointed to the Board through a Gazette Notice as required.

In the circumstances, Management was in breach of law.

3. Failure to Open Facility Improvement Financing Bank Account

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

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by 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. Undefined Pricing Policy for Sale of Drugs to Patients

During the year under review, the hospital purchased drugs at Kshs.2,323,354 from several suppliers and dispensed them to patients at undefined prices due to lack of a formal drug pricing policy to define the selling prices of medicines to patients.

In the circumstances, the effectiveness of revenue management from sale of drugs could not be confirmed.

2. Ineffective Motor Vehicle Management and Maintenance

Note 21 to the financial statements reflects property, plant and equipment balance of Kshs.6,712,269, which includes motor vehicles balance of Kshs.4,845,000. However, physical verification carried out on 30 October, 2025 revealed that the two motor vehicles held were grounded, unserviceable, and kept in an open space without a shed thus exposed to effects of incremental weather conditions. No explanation was provided for failure to Board vehicles for onward disposal.

In addition, the hospital incurred total expenditure of Kshs.1,360,434 on repairing motor vehicles, which were not supported by job cards and records of defects on vehicles work tickets.

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

3. Lack of Risk Management Policy

During the year under review, the Management did not maintain risk management policy and risk assessment was not conducted contrary to Regulation 158(1) of the Public Finance Management (County Governments) Regulations, 2015 which 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 in risk management could not be confirmed.

4. Lack of Internal Audit Function and Reports

During the year under review, the Management had not set up an operational internal audit unit and no internal audit report was provided for audit to show that internal audit unit of county executive of Bungoma reviewed the operations of the hospital.

In the circumstances, the effectiveness of the hospital's internal controls could not be confirmed.

5. Revenue Billing Internal Controls Weaknesses

The statement of financial performance and Note 8 to the financial statements reflects rendering of service -medical service income of Kshs.21,243,584. However, review of the hospital's revenue processes revealed that patients were billed manually using undefined criteria, which did not provide an auditable trail to verify revenue earned, and there was no revenue reconciliation to ensure that amounts received matched those recorded.

In the circumstances, the effectiveness of internal controls for revenue billing, pricing, and collection could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective

processes and systems of internal controls, risk Management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of the Management and Board of Management

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

15 December, 2025

Appendix I: Unresolved Prior Year Audit Matters

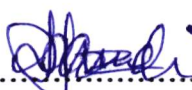
Reference No. of the Auditor-General's Audit Report	Title of Audit Issue
	Report on the Financial Statements
1	Unsupported Comparative Balances
2.	Lack of a Trial Balance
3.	Unsupported Receivables from Exchange Transactions
4.	Unvalued Property, Plant and Equipment
5.	Inaccuracy of the Statement of Cash Flows
6.	Failure to Disclose Closing Stock in the Financial Statements
7.	Presentation of Financial the Statements
	Other Matter
	Failure to Meet Level 4 Hospital Requirements
	Report on Lawfulness and Effectiveness in the Use of Public Resources
1	Failure to Submit Reports and Financial Statements for Audit
2	Lack of Approved Budget
3	Non-compliance with Prescription on Board and Chief Executive Officer's Terms of Service and Entitlements
4	Failure to Undertake Safety and Health Audits
5	Failure to Carry out Market Survey and Provide List of Registered Suppliers
6	Lack of an Approved Strategic Plan
	Report on Effectiveness of Internal Controls, Risk Management and Governance
1	Failure to Establish Internal Audit Unit and Audit Committee
2	Lack of Information Communication Technology (ICT) Policy Procedures and Controls
3	Ineffective Waste Management System
4	Lack of Risk Management Policy, Risk Register and Disaster Recovery Plan
5	Failure to Automate Revenue Collection

Mt. Elgon Sub County Level 4 Hospital (Bungoma County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025


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

Description	Note	2024-2025	RESTATED 2023-2024
		Kshs	Kshs
Assets			RESTATED
Current assets			
Cash and cash equivalents	27	1,172,867.67	54,795.00
Receivables from exchange transactions	29	3,547,920.00	7,982,658.00
Inventories	31	879,162.00	-
Total Current Assets		5,599,949.67	8,037,453.00
Non-current assets			
Property, plant, and equipment	32	6,749,050.09	7,127,899.00
Total Non-current Assets		6,749,050.09	7,127,899.00
Total assets (A)		12,348,999.76	15,165,352.00
Liabilities			
Current liabilities			
Trade and other payables	36	8,004,238.00	7,757,556.00
Total Current Liabilities		8,004,238.00	7,757,556.00
Total Liabilities (B)		8,004,238.00	7,757,556.00
Net assets (A-B)		4,344,761.76	7,407,796.00
Represented by:			
Revaluation reserve		-	-
Accumulated surplus/Deficit		4,344,761.76	7,407,796.00
Capital Fund		-	-
Net Assets		4,344,761.76	7,407,796.00


The Hospital's financial statements were approved by the Board on 13th August 2025 and signed on its behalf by:




Chairman
Board of Management



Head of Finance
ICPAK No:24978



Medical Superintendent



Mt. Elgon Sub County Level 4 Hospital (Bungoma County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

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

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital	Total
			Fund	
As at July 1, 2023 (previous year)	0	10,015,780.00	-	10,015,780.00
Revaluation gain	0		-	-
Surplus/(deficit) for the year	-	(2,607,984.00)	-	(2,607,984.00)
Capital/Development grants	-	-	-	-
As at June 30, 2024 (previous year)	0	7,407,796.00	-	7,407,796.00
At July 1, 2024 (current year)	0	7,407,796.00	-	7,407,796.00
Revaluation gain	0	-	-	-
Surplus/(deficit) for the year	-	(3,063,034.24)	-	(3,063,034.24)
Capital/Development grants	-	-	-	-
At June 30, 2025 (current year)	0	4,344,761.76	-	4,344,761.76

Mt. Elgon Sub County Level 4 Hospital (Bungoma County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

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

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government		5,037,120.00	7,376,800.00
Grants from donors and development partners		-	-
Transfers from other Government entities		-	-
Public contributions and donations		-	6,000,000.00
Rendering of services- Medical Service Income		23,194,048.77	18,331,234.00
Revenue from rent of facilities		5,000.00	-
Finance / interest income		-	-
Miscellaneous receipts(<i>specify</i>)		139,800.00	-
Total Receipts		28,375,968.77	30,753,131.00
Payments			
Medical/Clinical costs		10,492,632.00	14,142,968.00
Employee costs		5,037,120.00	5,976,800.00
Board of Management Expenses		1,168,000.00	1,449,750.00
Repairs and maintenance		2,550,584.00	2,812,498.00
Grants and subsidies		-	-
General expenses		7,307,606.25	8,391,925.00
Finance costs		-	-
Refunds paid out		-	-
Total Payments		26,555,942.25	32,773,941.00
Net cash flows from operating activities	23	1,820,026.52	(2,020,810.00)
Cash flows from investing activities			
Purchase of property, plant, equipment		(701,953.85)	(5,586,091.00)
Net cash flows used in investing activities		(701,953.85)	(5,586,091.00)
Cash flows from financing activities			
Net increase/(decrease) in cash and cash equivalents		1,118,072.67	(7,606,901.00)
Cash and cash equivalents as at 1 July	18	54,795.00	7,661,695.00
Cash and cash equivalents as at 30 June	18	1,172,867.67	54,795.00

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
		b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Receipts						
Transfers from the County Government	5,037,120.00	-	5,037,120.00	5,037,120.0	-	100%
Rendering of services- Medical Service Income	21,537,452.00	-	21,537,452.00	21,243,584.0	293,868.00	99%
Revenue from rent of facilities	5,000.00	-	5,000.00	5,000.0	-	100%
Miscellaneous receipts (<i>specify</i>)	139,800.00	-	139,800.00	139,800.0	-	100%
Total receipts	26,719,372.00	-	26,719,372.00	26,425,504.0	293,868.00	99%
Payments			-			
Medical/Clinical costs	12,467,800.00		12,467,800.00	11,618,476.0	849,324.00	93%
Employee costs	5,037,120.00	-	5,037,120.00	5,037,120.0	-	100%
Remuneration of directors	658,602.00	-	658,602.00	1,168,000.0	(509,398.00)	177%
Repairs and maintenance	4,871,088.00	-	4,871,088.00	2,550,584.0	2,320,504.00	52%
General expenses	3,684,762.00	-	3,684,762.00	7,345,330.3	(3,660,568.25)	199%
Total Operational Expenditure paid	26,719,372.00	-	26,719,372.00	27,719,510.25	(1,000,138.25)	104%
Surplus	-	-	-	(1,294,006.25)	1,294,006.25	

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement o	(1,294,006.25)
1	opening bank balances	54,794.00
2	Reason for differences	(664,228.85)
3	Reason for differences	
4	Reason for differences	
	Closing Cash and Cash Equivalent as per the s	(1,903,441.10)

19. Notes to the Financial Statements

1. General Information

Mt. Elgon Sub County Level 4 hospital entity is established by and derives its authority and accountability from Public Finance 2012 Act. The entity is wholly owned by the Bungoma County Government and is domiciled in Bungoma County in Kenya. The hospital principal activity is to give primary healthcare treatment services, diagnostic services and in patient.

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 Mt. Elgon Sub County Level 4 hospital 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 Mt. Elgon Sub County Level 4 hospital . The financial statements have been prepared in accordance with the PFM Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

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

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

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

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

Standard	Effective date and impact:
<p>IPSAS 45- Property Plant and Equipment</p>	<p>Applicable 1st January 2025</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>
<p>IPSAS 46 Measurement</p>	<p>Applicable 1st January 2025</p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
<p>IPSAS 47- Revenue</p>	<p>Applicable 1st January 2026</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</p>

*Mt. Elgon Sub County Level 4 Hospital (Bungoma County Government)
Annual Report and Financial Statements for The Year Ended 30th June, 2025*

Standard	Effective date and impact:
	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.
IPSAS 48- Transfer Expenses	<i>Applicable 1st January 2026</i> 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.
IPSAS 49- Retirement Benefit Plans	<i>Applicable 1st January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<i>Applicable 1st January 2027</i> The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires: <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this

Standard	Effective date and impact:
	<p>Standard and measure any impairment in accordance with IPSAS 26.</p> <p>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.</p>

iii) Early adoption of standards

Mt. Elgon Sub County Level 4 hospital y did not early – adopt any new or amended standards in the financial year .

4. Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

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

Notes to the Financial Statements (Continued)

ii) **Revenue from exchange transactions**

Rendering of services

Mt. Elgon Sub County Level 4 hospital recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to the Mt. Elgon Sub County Level 4 hospital .

Interest income

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

Rental income

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

Notes to the Financial Statements (Continued)

b. Budget information

The original budget for FY 2024-2025 was approved by Board on *July 2024*. Subsequent revisions or additional appropriations were made to the approved budget in

accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Mt. Elgon Sub County Level 4 hospital budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on transitional accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

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

c. Taxes

Sales tax/ Value Added Tax

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

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

Notes to the Financial Statements (Continued)

d. Investment property

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

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

e. Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, Mt. Elgon Sub County Level 4 hospital recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Notes to the Financial Statements (Continued)

f. Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to Mt. Elgon Sub County Level 4 hospital . Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The 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 Mt. Elgon Sub County Level 4 hospital will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

g. Intangible assets

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

Notes to the Financial Statements (Continued)

h. Biological Assets

Mt. Elgon Sub County Level 4 hospital recognizes biological assets when it controls the assets due to past events, it is probable that future economic benefits associated with the asset will flow to the 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

Mt. Elgon Sub County Level 4 hospital 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.

Notes to the Financial Statements (Continued)

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. Mt. Elgon Sub County Level 4 hospital *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 Mt. Elgon Sub County Level 4 hospital entity and a financial liability or equity instrument of another entity. At initial recognition, Mt. Elgon Sub County Level 4 hospital measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

Classification of financial assets

Mt. Elgon Sub County Level 4 hospital classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both Mt. Elgon Sub County Level 4 hospital 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 Mt. Elgon Sub County Level 4 hospital has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

Based on the business model and the cash flow characteristics, the 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 Mt. Elgon Sub County Level 4 hospital manages financial assets with the

objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Trade and other receivables

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

Impairment

Mt. Elgon Sub County Level 4 hospital assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. Mt. Elgon Sub County Level 4 hospital recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note xx*.

Financial liabilities

Classification

Mt. Elgon Sub County Level 4 hospital 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 Mt. Elgon Sub County Level 4 hospital .

I. Provisions

Provisions are recognized when Mt. Elgon Sub County Level 4 hospital has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where Mt. Elgon Sub County Level 4 hospital expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

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

a. 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. Mt. Elgon Sub County Level 4 hospital 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.

Notes to the Financial Statements (Continued)

b. Contingent liabilities

Mt. Elgon Sub County Level 4 hospital 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.

c. Contingent assets

Mt. Elgon Sub County Level 4 hospital does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the 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.

d. Nature and purpose of reserves

Mt. Elgon Sub County Level 4 hospital creates and maintains reserves in terms of specific requirements.

e. Changes in accounting policies and estimates

Mt. Elgon Sub County Level 4 hospital recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

Notes to the Financial Statements (Continued)

f. Employee benefits

Retirement benefit plans

Mt. Elgon Sub County Level 4 hospital 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 Mt. Elgon Sub County Level 4 hospital (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump-sum payments or increased future contributions on a proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation. *(the entity to retain information relating to defined benefits or contributions, where both schemes are managed full policy applies)*

g. 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.

h. 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.

i. Related parties

Mt. Elgon Sub County Level 4 hospital regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over Mt. Elgon Sub County Level 4 hospital, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO/principal and senior managers.

j. Service concession arrangements

Mt. Elgon Sub County Level 4 hospital analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, Mt. Elgon Sub County Level 4 hospital recognizes that asset when, and only when, it controls or regulates the services. The operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, Mt. Elgon Sub County Level 4 hospital also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

k. 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.

l. Comparative figures

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

m. 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 Mt. Elgon Sub County Level 4 hospital 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 Mt. Elgon Sub County Level 4 hospital . Such changes are reflected in the assumptions when they occur.(IPSAS 1.140)

Useful lives and residual values

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

- The condition of the asset based on the assessment of experts employed by Mt. Elgon Sub County Level 4 hospital .

Mt. Elgon Sub County Level 4 Hospital (Bungoma County Government)
Annual Report and Financial Statements for The Year Ended 30th June, 2025

- The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- The nature of the processes in which the asset is deployed.
- Availability of funding to replace the asset.
- Changes in the market in relation to the asset.

Provisions

Provisions were raised and management determined an estimate based on the information available. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Notes to Financial Statements Continued

6. Transfers from the County Government

Description	2024/2025	2023/2024
	KShs	KShs
Salaries and wages	5,037,120.00	5,976,800.00
beds and beddings	-	1,000,000.00
Pharmaceuticals and Non-Pharmaceutical Supplies (other supplier	-	
Utility bills	-	400,000.00
Total grants in kind	5,037,120.00	7,376,800.00

7. In Kind Contributions from The County Government

Description	2024/2025	2023/2024
	KShs	KShs
Public donations	-	
ambulance from ministry of health GKC778A	-	6,000,000.0
Total donations and sponsorships	-	6,000,000.0

8. Rendering of Services-Medical Service Income

Mt. Elgon Sub County Level 4 Hospital (Bungoma County Government)
Annual Report and Financial Statements for The Year Ended 30th June, 2025

	Kshs	Kshs
Pharmaceuticals	410,190.00	785,317.00
Non-Pharmaceuticals	176,480.00	150,810.00
Laboratory	768,628.00	986,365.00
Radiology	51,050.00	146,100.00
Orthopedic and Trauma Technology	49,800.00	159,150.00
In patient	379,890.00	604,380.00
Theatre	38,000.00	21,500.00
Accident and Emergency Service	-	
Out patient	190,250.00	360,520.00
Nutrition service	2,400.00	
Eye clinic	42,950.00	78,050.00
Dental services	125,250.00	167,890.00
attachment fee frm students	-	12,500.00
Ambulance services		163,450.00
medical records	181,430.00	213,390.00
Public health	-	
Physiotherapy	36,600.00	47,200.00
Maternity	90,300.00	
Medical exams	17,700.00	59,400.00
Oxygen	5,000.00	20,700.00
Social Health Invoiced amounts & NHIF	17,648,616.00	13,399,610.00
other revenues	303,100.00	
Waivers & Exemptions	725,950.00	954,902.00
Total revenue from the rendering of services	21,243,584.00	18,331,234.00

9. Revenue From Rent of Facilities

Description	2024/2025	2023/2024
	Kshs	Kshs
Commercial property	5,000.00	
Total Revenue from rent of facilities	5,000.00	-

10. Miscellaneous Income

Description	2024/2025	2023/2024
	Kshs	Kshs
Attachment fee frm students	25,300.00	
Ambulance services	114,500.00	
Total Miscellaneous income	139,800.00	-

11. Medical/ Clinical Costs

Mt. Elgon Sub County Level 4 Hospital (Bungoma County Government)
Annual Report and Financial Statements for The Year Ended 30th June, 2025

Description	2024/2025	2023/2024
	Kshs	Kshs
Laboratory chemicals and reagents	1,576,420.00	919,350.00
Food and Ration	4,619,491.00	2,921,991.00
Uniform, clothing, and linen	65,170.00	21,900.00
Dressing and Non-Pharmaceuticals	3,101,934.00	1,840,428.00
Pharmaceutical supplies	2,323,354.00	1,994,997.00
Health information stationery	-	635,300.00
Sanitary and cleansing Materials	494,836.00	2,037,640.00
Purchase of Medical gases	133,000.00	171,000.00
Other medical related clinical costs (<i>specify</i>)	-	3,600,362.00
Medical records expenses	183,433.00	
Less Inventory Closing stock from respective chra	(879,162.00)	
Total medical/ clinical costs	11,618,476.00	14,142,968.00

12. Employee Costs

Description	2024/2025	2023/2024
	Kshs	Kshs
Salaries, wages, and allowances	5,037,120.00	5,976,800.00
Employee costs	5,037,120.00	5,976,800.00

13. Board of Management Expenses

Description	2024/2025	2023/2024
	Kshs	Kshs
Sitting allowance	1,168,000.00	809,750.00
Induction and training	-	640,000.00
Total	1,168,000.00	1,449,750.00

14. Depreciation and Amortization Expense

Description	2024/2025	2023/2024
	Kshs	Kshs
Property, plant and equipment	1,042,135.66	587,175.00
Total depreciation and amortization	1,042,135.66	587,175.00

15. Repairs And Maintenance

Description	2024/2025	2023/2024
	Kshs	Kshs
Property- Buildings	468,350.00	779,098.00
Medical equipment	-	180,000.00
Office equipment		387,100.00
Furniture and fittings	46,300.00	
Computers and accessories	503,000.00	101,500.00
Motor vehicle expenses	1,360,434.00	1,364,800.00
plant, machinery & equipment	172,500.00	
Total repairs and maintenance	2,550,584.00	2,812,498.00

16. General Expenses

Description	2024/2025	2023/2024
	Kshs	Kshs
Catering expenses	883,000.00	881,440.00
Bank charges	42,769.25	19,000.00
Electricity expenses	376,600.00	1,511,221.00
Fuel and Lubricants	1,672,000.00	2,624,664.00
Other fuels	293,000.00	
Travel and accommodation allowance	2,101,900.00	2,382,280.00
General office supplies	1,222,771.00	
Pending bill accrued	300,270.00	
Printing and stationery	-	507,820.00
Water and sewerage costs	-	122,500.00
Telephone and mobile phone services	214,000.00	250,000.00
Internet expenses	239,020.00	93,000.00
Total General Expenses	7,345,330.25	8,391,925.00

*Mt. Elgon Sub County Level 4 Hospital (Bungoma County Government)
Annual Report and Financial Statements for The Year Ended 30th June, 2025*

17. Medical Services Contracts Gains /Losses

Description	2024/2025	2023/2024
	Kshs	Kshs
Waivers and Exemptions	725,950	954,902
Total Gain/Loss	725,950	954,902

18. Cash And Cash Equivalents

Description	2024/2025	2023/2024
	Kshs	Kshs
Current accounts	1,172,867.67	54,795.00
Total cash and cash equivalents	1,172,867.67	54,795.00

27 (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	1108115381	20,614.27	52,363.00
national bank	0100205548600	1,152,253.40	2,432.00
Sub- total		1,172,867.67	54,795.00
Grand total		1,172,867.67	54,795.00

19. Receivables From Exchange Transactions

Description	2024/2025	2023/2024
	KShs	KShs
Medical services receivables	3,547,920.0	7,982,658.0
Total receivables	3,547,920.0	7,982,658.0

Analysis of Receivables From Exchange Transactions

Description	2024/2025		2023/2024	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	2,009,142.00	66%	7982658	100%
Between 1- 2 years	1,538,778.00	34%	-	%
Total (a+b)	3,547,920.00	100%	7982658	100%

20. Inventories

Description	2024/2025	2023/2024
	KShs	KShs
Pharmaceutical supplies	276,971.00	-
Non-Pharmaceutical supplies	158,891.00	
Laboratory supplies	193,670.00	
Maintenance supplies	19,800.00	
Food supplies	105,990.00	
Cleaning materials supplies	23,000.00	
Medical records	48,000.00	
General supplies	17,840.00	
Other fuel	35,000.00	
Total	879,162.00	-

Detailed disclosure on inventories

	2024/2025	2023/2024
	KShs	KShs
Opening balance	-	
Additional Inventory in the year	879,162.00	
Inventory expensed in the year	-	
Write-downs in the year	-	
Closing balance	879,162.00	-

*Mt. Elgon Sub County Level 4 Hospital (Bungoma County Government)
Annual Report and Financial Statements for The Year Ended 30th June, 2025*

Notes to the Financial Statements (Continued)

21. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
Cost							
rate		2%	13%	12.50%	30%	2.50%	
At 1 July 2023 (previous year)				80,000.00	254,500.00		334,500.00
Additions			6,000,000.00		454,200.00	1,000,000.00	7,454,200.00
At 30 th Jun 2024	-	-	6,000,000.00	80,000.00	708,700.00	1,000,000.00	7,788,700.00
At 1 July 2024 (current year)	-	-	6,000,000.00	80,000.00	708,700.00	1,000,000.00	7,788,700.00
Additions	-	416,018.00	-	-	-	248,211.85	664,229.85
At 30 th Jun 2025	-	416,018.00	6,000,000.00	80,000.00	708,700.00	1,248,211.85	8,452,929.85
Depreciation and Impairment							
At 1 July 2023 (previous year)		-		10,000.00	76,350.00	25,000.00	111,350.00
Depreciation for the year			375,000.00	10,000.00	177,175.00	25,000.00	587,175.00
At 30 June 2024		-	375,000.00	20,000.00	253,525.00	50,000.00	698,525.00
At July 2024 (current year)		-	375,000.00	20,000.00	253,525.00	50,000.00	698,525.00
Depreciation		8,320.36	780,000.00	10,000.00	212,610.00	31,205.30	1,042,135.66
At 30 th June 2025	-	8,320.36	1,155,000.00	30,000.00	466,135.00	81,205.30	1,740,660.66
Net book values							
At 30 th Jun 2024 (previous)	-	-	5,625,000.00	60,000.00	455,175.00	950,000.00	7,090,175.00
At 30 th Jun 2025 (current)	-	407,697.64	4,845,000.00	50,000.00	242,565.00	1,167,006.55	6,712,269.19

*Mt Elgon Sub County Level 4 Hospital (Bungoma County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025*

22. Trade and other Payables

Description	2024/2025		2023/2024	
	KShs		KShs	
Trade payables	8,004,238.00		7,757,556.00	
Total trade and other payables	8,004,238.00		7,757,556.00	
Ageing analysis:	2024/2025	% of the Total	2023/2024	% of the total
Under one year	1,528,206.00	19%	3833582	49%
1-2 years	2,956,958.00	37%		%
2-3 years	-	0%	3923974	51%
Over 3 years	3,519,074.00	50%		%
Total	8,004,238.00	106%	7757556	100%

23. Cash Generated from Operations

Description	2024/2025	2023/2024
	KShs	KShs
Surplus for the year before tax	(3,062,092)	(2,607,984)
Adjusted for:		
Depreciation	1,042,136	587,175
Increase in inventory	(879,162)	(2,020,809)
Increase in receivables	4,434,739	-
Increase in payables	246,682	-
Net cash flow from operating activities	1,782,303	(2,020,809)

24. 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

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

economic environment. The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024 (previous year)				
Receivables from exchange transactions	7,982,658	7,982,658	-	-
Bank balances	54,795	54,795	-	-
Total	8,037,453	8,037,453	-	-
At 30 June 2025 (current year)				
Receivables from exchange transactions	3,547,920	3,547,920	-	-
Bank balances	1,172,867.67	1,172,867.67	-	-
Total	4,720,787.67	4,720,787.67	-	-

Notes to the Financial Statements (Continued)

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the hospital has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The entity has significant concentration of credit risk on amounts due from Social Health Authority. 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 Mt. Elgon sub county hospital 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

*Mt Elgon Sub County Level 4 Hospital (Bungoma County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025*

due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024				
Trade payables			7,757,556	7,757,556-
Total			7,757,556-	7,757,556-
At 30 June 2025				
Trade payables	246,682	1,200,000	6,557,556	8,004,238
Total	246,682	1,200,000	6,557,556	8,004,238

(iii) Market risk

The hospital has put in place an internal audit function to assist it in assessing the risk faced by Mt. Elgon Sub County Hospital on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect Mt. Elgon Sub County Hospital 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 and for the day-to-day implementation of those policies. There has been no change to Mt. Elgon Sub County Hospital 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:

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

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

Foreign currency sensitivity analysis

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

b) Interest rate risk

Interest rate risk is the risk that the 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

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

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 Mt. Elgon Sub County Hospital 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:

*Mt Elgon Sub County Level 4 Hospital (Bungoma County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025*

Description	Fy 2024-2025	FY 2023-2024
	Kshs	Kshs
Retained earnings	4,345,705.86	7,407,797
Total funds	4,345,705.86	7,407,797
Less: cash and bank balances	(1,172,867.67)	(54,795)
Net debt/ (excess cash and cash equivalents)	1,118,072	(7,606,901)
Gearing	184%	104%

25. Related Party Balances

Nature of related party relationships

Mt. Elgon Sub County Hospital 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.

Bungoma County Government is the principal shareholder of Mt. Elgon Sub County Hospital, holding 100% of Mt. Elgon Sub County Hospital 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

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Transactions with related parties		
a) Expenses incurred on behalf of related party		
Payments of salaries and wages for 44 employees	5,037,120	5,976,800
Payments for goods and services for xxx	22,556,525	25,934,566
Total	27,593,645	31,911,366

*Mt Elgon Sub County Level 4 Hospital (Bungoma County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025*

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
b) Key management compensation		
Directors' emoluments	1,168,000	1,449,750
Total	28,761,645	33,361,116

26. Events after the Reporting Period

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

27. Ultimate and Holding Entity

Mt. Elgon Sub County Hospital is a Semi- Autonomous Government Agency under the Department of Health and Sanitation. Its ultimate parent is the County Government of Bungoma

28. Currency

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

20. Appendices

Appendix 1: Progress on Follow Up of Auditor Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
OAG/KRO/AUD/2023-2024/MESCH/I/4.1	<p>Observation Examination of the financial statements revealed inaccuracies and non-compliance with the International Public Sector Accounting Standards (IPSAS) financial reporting template for 2023/2024 financial year,</p>	All corrections and completeness were done in Revised financial statements	resolved	31 dec 2024
OAG/KRO/AUD/2023-2024/MESCH/I/4.3	Review of the supporting schedules for the listed components revealed variances between the reported amounts and balances in the	1. Uniform, clothing and linen a variance of kshs. 1000000 arose from items received in-kind from His excellency Governor Bungoma	resolved	31/12/2024

**M. P. EIGOU SUB-COUNTY LEVEL 4 HOSPITAL (BUNGOMA COUNTY GOVERNMENT)
Annual Report and Financial Statements for The Year Ended 30th June 2025**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	financial statements and the supporting schedules provided for audit review a;	<p>county a promise he made to the facility worthy kshs. 1000000 Attached is the delivery note for items donated.</p> <p>2. Medical services receivables amounting to kshs. 7982658 annexed list of batch numbers claims that were not yet paid as at the closure of financial year.</p> <p>3. Employee costs -salaries and wages to facility casuals are corrected in revised financial statement.</p> <p>4. Public contributions and donations- the principal secretary medical services under national government donated an ambulance worthy kshs. 600000/= from world bank, no</p>		

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<i>documents provided. The value was at market price.</i>		
OAG/KRO/AUD/2023-2024/MESCH/I/4.5	The statement of financial performance reflects total expenditure amount of Kshs.30,162,143 and total revenue amount of Kshs.30,361,398. However, review of the supporting documents provided for audit revealed that the Hospital did not prepare the trial balance in support of the financial statement balances.	Trial balance was prepared	resolved	13/12/2024
OAG/KRO/AUD/2023-2024/MESCH/I/4.1.1	The statement of financial position reflects receivables from exchange transactions balance of Kshs.7,982,658 as disclosed in Note 16 to the financial statements. However,	The balances of receivables arose from nhif amout owed to facility , the aging analysis was corrected on revised financial statement.	resolved	31/12/2024

*Mt Elgon Sub County Level 4 Hospital (Bungoma County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025*

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	details in support of the receivables and ageing analysis were not provided for audit review.			
OAG/KRO/AUD/2023-2024/MESCH/I/4.4	The statement of comparison of budget and actual amounts for the year ended 30 June, 2024 reflects total revenues and expenditure of Kshs.27,959,252 and Kshs.26,259,803 respectively. However, the Hospital did not provide the annual approved budget for audit. No explanations were provided why the budget was not provided during the audit exercise. This was contrary to Regulation 29(1) of the Public Finance Management (County Government) Regulations, 2015.	County assembly approves budget for every county government department and entity, for financial year under review budget was approved. Annexed copy for budget	Partly resolved	31/12/2024
OAG/KRO/AUD/2023-2024/MESCH/	During the financial year under	procurement plan was	Party resolved	31/12/2025

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
I/4.5.1	review, Management did not prepare and submit its annual procurement plan to the County Department of Health and Medical Services for review and consolidation.	attached to revised financial statement		
OAG/KRO/AUD/2023-2024/MESCH/ I/4.5.2	Review of the procurement records provided for audit review by the Management, revealed that, there was no evidence of market survey to guide the prices for the procurement for goods, services and works as a basis for the professional opinion by the procurement officer. This is in contrary to Regulation 91(4) of the Public Procurement and Asset Disposal Regulation, 2020.	We admit that market survey was not done and promise to do it for the facility work effectively and efficiently	Not resolved	31/12/2025
OAG/KRO/AUD/2023-2024/MESCH/ I/4.5.3	It was noted that, Management procured goods and services during the year under review	The list was attached to revised financial statement	resolved	31/12/2024

*Mt Elgon Sub County Level 4 Hospital (Bungoma County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025*

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	from several suppliers. However, the Management did not provide list of registered suppliers used during the year for audit review. It was not possible to ascertain whether suppliers used met the prescribed criteria as per the law.			
	During the financial year under review, the Management of the Hospital did not disclose the inventories. In addition, the annual stock takes reports for each item of stores were not provided for audit.	<i>End year cut off procedures for inventories were not done hence we did not include in financial statement but we commit that coming years will correct.</i>	Partially resolved	
OAG/KRO/AUD/2023-2024/MESCH/I/4.6	Review of the Information Technology Internal Controls revealed that Mt. Elgon Sub-County Level 4 Hospital did not have an approved ICT Policy, IT security policy, policy on physical access to IT	<i>Policy on ICT is centralised at the county ICT department and it is still at amendment stage at the county assembly.</i>	Not resolved	31/12/25

*Mt Elgon Sub County Level 4 Hospital (Bungoma County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025*

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	environment and IT continuity and disaster recovery plan in place to guide ICT operations. Further, the Hospital did not have an approved IT strategic committee and steering committee which is important in performing the oversight function and formulation of policies to ensure that IT department functions properly to assist in achievement of organizational objectives in an economic, efficient and effective way.			
OAG/KRO/AUD/2023-2024/MESCH/I/4.7	Review of documents revealed that the Hospital does not have a Risk Management Policy, Waste disposal and management policy and Disaster Recovery Plan respectively.	These policies are not yet prepared	Not solved	31/12/2025
OAG/KRO/AUD/2023-2024/MESCH/	The Hospital has not	<i>Internal audit is domiciled</i>	Not resolved	

*Mt Elgon Sub County Level 4 Hospital (Bungoma County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025*

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
I/4.8	<p>established an audit committee and internal audit function. This was contrary to Regulation 167(1) of the Public Finance Management (County Governments) Regulations, 2015 which requires County Government entities to establish audit committees in accordance with prescribed regulations to monitor the entities governance process, accountability process and control systems, offer objective advice on issues concerning internal control, regulatory requirements and governance. In the circumstances, the effectiveness of internal controls and Risk management not be confirmed</p>	<p><i>at department of finance and economic planning where its staff periodically come to the facility to check on internal control system.</i></p>		
OAG/KRO/AUD/2023-2024/MESCH/I/4.9	<p>Records maintained by the facility and analysis of healthcare staffing, and</p>	<p><i>The management has requested for staff severally from the</i></p>	Not resolved	Long term

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	physical verification of medical equipment available at the facility revealed that the following shortfalls against what was required as per Kenya Quality Model for Health of a level 4 facility.	<i>appointing officer. Currently we are referring clients who require specialized care. In long term a medical complex building is under constructions once complete it will cure shortage.</i>		
OAG/KRO/AUD/2023-2024/MESCH/I/4.10	Reported in the statement of financial performance and Note 8 to the financial statement is Rendering of Services-Medical Service Income amount of Kshs.16,995,985. Review of the Revenue Collection System revealed that, the Hospital uses manual invoicing and receipting for Rendering Medical Services. There was no automated revenue collection system used in recording and reporting for revenue generated.	Bungoma county government had started to install ICT infrastructure in the facility but have not finished.	Not resolved	31/12/2025

*Mt Elgon Sub County Level 4 Hospital (Bungoma County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025*

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
OAG/KRO/AUD/2023-2024/MESCH/I/4.12	The statement of financial position reflects Property, Plant and Equipment balance of Kshs.6,454,200 which, as disclosed in Note 17 to the financial statements, represents assets acquired during the year under review (additions). However, review of the Hospital records and physical inspection revealed that the Hospital had items of Plant, Property and Equipment, Freehold land, Buildings, Motor Vehicles that were not valued for inclusion in the statement of financial position. Further, the land on which the Hospital is built, and the developments therein did not have ownership documents. In addition, the Hospital did not have an asset register.		Not resolved	


Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
OAG/KRO/AUD/2023-2024/MESCH/I/4.13	<p>The summary statement of appropriation reflects approved final receipts budget and actual on comparable basis of Kshs.27,959,252 and Kshs.22,995,985 respectively resulting to an under-funding of Kshs.4,963,267 or 18% of the budget.</p> <p>Similarly, the fund expended Kshs.30,162,143. against an approved budget of Kshs.26,259,803 resulting to an over expenditure of KShs.3,902,340 or 33% of the budget</p>			
OAG/KRO/AUD/2023-2024/MESCH/I/4.14	<p>Review of the documents provided for audit verification revealed that, there were no safety and health audits carried out by the hospital during the year under review, as required by the Occupational Safety and Health Act, 2007.</p>	<p>The management commit to do safety and health audit</p>	<p>Not resolved</p>	<p>1 year</p>

*Mt Elgon Sub County Level 4 Hospital (Bungoma County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025*

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
OAG/KRO/AUD/2023-2024/MESCH/I/4.16.1	The supporting schedules provided for audit review revealed that the Hospital reported monthly casual employee net pay salaries of Kshs.5,152,664. However, there was no evidence that the amounts were paid to the respective employees. The monthly summaries were not supported with the payroll details of the employees.	Master roll copy was attached to revised financial statement	Resolved	
OAG/KRO/AUD/2023-2024/MESCH/I/4.16.2	It was noted that, the Hospital did not remit statutory deductions of Kshs.583,600 and Kshs.229,100 relating to National Social Security Fund (NSSF) and National Health Insurance Fund (NHIF) contributions respectively. These are dues relating to deductions for casual employees.		resolved	

**Mt Elgon Sub County Level 4 Hospital (Bungoma County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025**

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


 09 DEC 2025
 JEO KAPSONWOTI