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REPORT

OF

THE AUDITOR-GENERAL

ON

TESO NORTH SUB COUNTY HOSPITAL

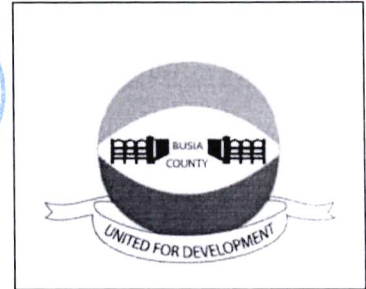
FOR THE YEAR ENDED 30 JUNE, 2025

COUNTY GOVERNMENT OF BUSIA

PAPERS LAID	
DATE	19/12/2024
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COMMITTEE	
CLERK AT THE TABLE	Angela

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*Teso North Sub County Hospital (BUSIA COUNTY GOVERNMENT)
Annual Report and Financial Statements for The Year Ended 30th June 2025*



TESO NORTH SUB COUNTY-LEVEL IV HOSPITAL (Busia County Government)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2025

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



Teso North Sub County Hospital (BUSIA COUNTY GOVERNMENT)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Teso North Sub County Hospital BUSIA COUNTY GOVERNMENT
Annual Report and Financial Statements for The Year Ended 30th June 2025

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1. Acronyms & Glossary of Terms

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

2. Key Entity Information and Management

(a) Background information

Teso North Sub County Hospital is a level (4) hospital established under gazette notice number Vol. CXXII-24 and is domiciled in Busia County under the Health & Sanitation Department. The hospital is governed by a Board of Management.

(b) Principal Activities

The principal activity/mission/ mandate of the hospital is offering comprehensive primary care including inpatient, outpatient, maternity, surgeries, emergency care, medical services, support services and public health outreaches which encompasses direct patient treatment, serving people in Teso North Sub County, and the neighbouring Sub counties.

Teso North Sub County Hospital envisions becoming a resilient, responsive, and regionally competitive hospital, dedicated to delivering quality health care within Teso North Sub-County and beyond. The hospital’s mission is to provide progressive, sustainable, technologically driven, evidence-based, and client-centered healthcare that meets the highest attainable standards. Guided by a commitment to service excellence, the hospital operates on a foundation of core values that define its culture and drive performance.

Core Value	Description
Integrity	Upholding honesty, strong moral principles, and ethical conduct in all operations.
Accountability	Taking responsibility for actions and outcomes to build public trust.
Professionalism	Demonstrating competence, respect, and commitment to high standards of service.
Stewardship	Managing resources efficiently and effectively for the public good.
Responsiveness	Acting promptly and appropriately to meet the health needs of the community.
Transparency	Ensuring openness and clarity in decision-making, communication, and reporting.
Confidentiality	Safeguarding patient and staff information with the utmost care and discretion.

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(c) Key Management

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

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

(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. Kiplagat Evans Sumbeiywo
2.	Hospital Administrator	Evans Amoo Okedi
3.	Nursing Officer in Charge	Elizabeth Nasipwondi Wanyonyi
4.	Head of Finance	Charity Ngilu
5.	Head of Supply Chain	Fridah Wanyama Nelima
6.	Head of Pharmacy	Dr. Oligo Jacob Asoka
7.	Head of Public Health	Priscillah Akisa
8.	Head of Clinical	Fidel Owen Obare
9.	Head of Laboratory	Mwanahamisi Tolo
10.	Head of Nutrition	Flavian Ouyo
11.	Biomedical Engineer	Eunice Minabo
12.	Head of Reporting unit	CPA Ruth Ipuwa

(e) Fiduciary Oversight Arrangements

- Clinical Research and Standards Committee.
- Audit committee
- Risk Committee
- County Assembly
- Parliamentary committees
- Other oversight committees
-

Key Entity Information and Management (continued)

(f) Entity Headquarters

P.O. Box 99 Amagoro
Teso North Building

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Malaba- Bungoma Highway
BUSIA, KENYA

(g) Entity Contacts

Telephone: (+254) 720480271
E-mail: Tesonorthschospital@gmail.com

(h) Entity Bankers

Kenya Commercial Bank, Malaba 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

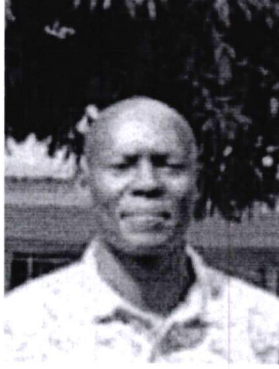


(k) County Attorney

P.O. Box. Private Bag
Busia, Kenya




3. The Board of Management

Ref	Directors	Details
1.		<p>CHRISANDUS IPALA- BOARD CHAIR</p> <p>Christandus Ipala is the current Board chair at Teso North Sub County. He holds a certificate in County Governance from Bondo University. Mr Ipala was the chairman at Malaba Town Council from 2005- 2011. Mr Ipala has also held the position of board member in different school boards hence bringing his expertise in administration and management in the running of the board.</p>
2.		<p>SILAS JUMA- SUB COUNTY ADMINISTRATOR</p> <p>Silas Juma is the current Sub County Administrator Teso North Sub County who doubles up as the acting ward administrator Angurai South Ward. Mr Juma hold a bachelor's of Arts Education as well as a Master's Degree in management from Mount Kenya university. With an extensive 10 years' experience in management, Mr Juma brings his expertise in running of the board and the hospital management at large.</p>
3.		<p>MARION MURUNGA- YOUTH REPRESENTATIVE</p> <p>Marion Murunga is an accomplished program management expert with over 4 years' experience in youth programs at the local national and global level. She holds a bachelor's degree in Business and Information management from Kisii university as well as a leadership Stu from Kansas State university. Marion brings her expertise in youth and women empowerment in helping the board foster a good relationship with women and youth at large.</p>

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4.		<p>FR. EMMANUEL CHUMBE</p> <p>Fr Emmanuel Chumbe holds a diploma in Theology and philosophy development. With extensive experience in matters religion spanning more than 10 years, he brings his expertise in helping with management issues and daily patient care.</p>
5.		<p>DR EVANS KIPLAGAT SUMBEIYWO-MEDICAL SUPRITENDANT</p> <p>Dr Evans Kiplagat Sumbeiywo is a Senior Assistant Director of Medical Services with the County Government of Busia, serving as the Medical Superintendent at Teso North Sub County Hospital since June 2023. He has fifteen years' experience in public health system management. Dr Kiplagat holds a Masters in Science Public Health System Management and Application from Kenyatta University as well as a Bachelor of Medicine and Bachelor of Surgery from University of Nairobi and chairs the Hospital Management Team (HMT) and serves as the secretary to the Board.</p>
6.		<p>CATHERINE AMOIT-</p> <p>Catherine Amoit is an O level graduate with an extensive experience in management spanning a period of fifteen years. Having held different managerial roles currently and in the past as a board member in the constituency development fund, schools and churches she brings her knowledge in running the hospital activities.</p>



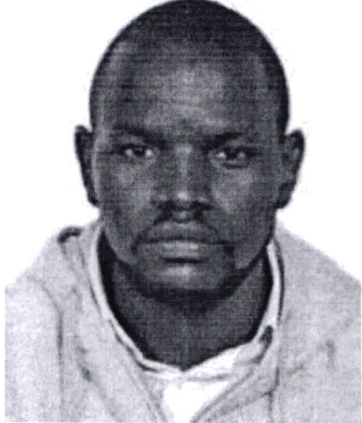
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7		<p>SELINA ALUKOL-</p> <p>Selina Alukol is an O level graduate with an extensive experience in management spanning a period of twenty years. Having held different managerial roles currently and in the past as a board member in the constituency development fund, schools and churches she brings her knowledge in running the hospital activities and decision-making processes in the facility.</p>
8		<p>STEPHEN OMUSE-Chair Finance committee</p> <p>Mr Omuse Stephen is a diploma holder in education with extensive experience spanning 30 years working as a teacher and as a board member in several board committees. His extensive experience in the public sector helps the board in the daily management of the activities affecting the facility.</p>
9		<p>EMMANUEL OMASET-</p> <p>Mr. Omaset Emmanuel is a graduate of Kenyatta university who holds a degree in Business Management with a vast experience of ten years managing funds in both the public and private sector. His vast knowledge in business is an experty that the board uses while making financial decisions affecting the facility.</p>


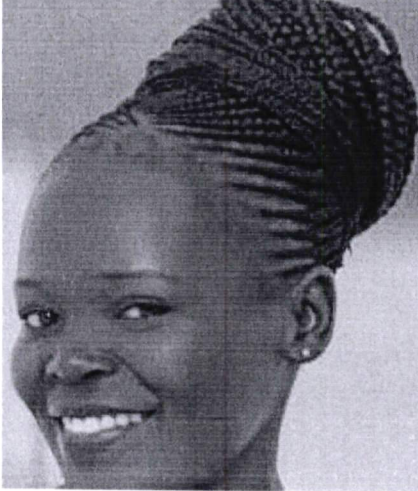
Key management Team

Ref	Management	Details
1.		<p>DR EVANS KIPLAGAT SUMBEIYWO-MEDICAL SUPRITENDANT</p> <p>Dr Evans Kiplagat Sumbeiywo is a Senior Assistant Director of Medical Services with the County Government of Busia, serving as the Medical Superintendent at Teso North Sub County Hospital since June 2023. He has fifteen years' experience in public health system management. Dr Kiplagat holds a Masters in Science Public Health System Management and Application from Kenyatta University as well as a Bachelor of Medicine and Bachelor of Surgery from University of Nairobi and chairs the Hospital Management Team (HMT).</p>
2		<p>AMOO DESTERIOUS EVANS OKEDI-HOSPITAL ADMINISTRATOR</p> <p>Amoo Desterious Evans Okedi is the Hospital Administrator Teso North Sub County Hospital. He holds a Bachelor Degree in Development Studies majoring in Leadership and Governance. Further holds Supervisory Skills Management and Senior Management Course from Kenya School of Government. The officer holds over ten years in public service and Management. In addition to every day coordination of Hospital Activities, and other administrative duties, he also serves as the Secretary to the Hospital Management Team, playing a key role in the coordination and implementation of government policies and guidelines among other responsibilities.</p>

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<p>3.</p>		<p>CPA RUTH IPUWA- HEAD OF REPORTING UNIT CPA Ruth Ipuwa is the head of reporting unit at Teso North Sub County Hospital. She is a Certified Public Accountant of Kenya and a registered member of the Institute of Certified Public Accountants of Kenya. She holds a Bachelors of Commerce Degree in Accounting from Kenyatta University with over six years' experience in the finance sector.</p>
<p>4.</p>		<p>FRIDAH NELIMA WANYAMA- PROCUREMENT Fridah Wanyama Nelima is a qualified and licensed procurement professional with a Diploma in Purchasing & Supply Management from the University of Nairobi. She is a registered member of the Kenya Institute of Supply Management (KISM), holding Membership No. 79155 and License No. K5154/24. Since 2021, Fridah has been serving as a Supply Chain Management Officer III at Teso North Sub-County Hospital, where she heads the Procurement Department.</p>
<p>5.</p>		<p>DR. ASOKA OLIGO JACOB- SENIOR PHARMACIST Dr. Jacob Oligo is a senior pharmacist currently serving as a pharmacist in charge at Teso North Sub County Hospital and as the Sub County Pharmacist for Teso North Sub County since September 2021. He holds a Bachelor's degree in Pharmacy from Kenyatta University and is currently pursuing a master's degree in Health Supply Chain Management at the university of Rwanda. He brings comprehensive expertise in pharmaceutical care, health management, health products and technologies management.</p>

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6	 A black and white portrait of a woman with dark hair styled in braids, wearing a dark top. She is smiling slightly.	<p>ELIZABETH WANYONYI-NURSING OFFICER IN CHARGE</p> <p>Mrs Elizabeth is a Principal nursing officer who is experienced and licensed with over 18 years of progressive experience in clinical nursing and health care leadership within Kenya’s healthcare and academic systems. Currently serving as a Nurse in charge at Kocholia Sub-County Hospital where she provides overall leadership and management of all nursing activities in the facility. She is also adjunct instructor at KMTC Teso Campus, where she is actively involved training future healthcare professionals, and mentoring students.</p>
7	 A black and white portrait of a woman with her hair styled in a high bun, wearing a dark top. She is smiling.	<p>CHARITY NGILU-ACCOUNTANT</p> <p>Miss Ngilu Charity is the accountant in charge at Teso North Sub County Hospital who holds a bachelors of Degree in Commerce from Kenyatta University.</p>

2. Chairman's Statement

On behalf of the Board of Management, it is my privilege to present the Chairman's Statement for the Financial Year 2024/2025. This year has been one of remarkable progress for Teso North Sub County Hospital, despite persistent resource constraints and operational challenges. Our collective efforts, supported by the County Government of Busia, development partners, and the community, have continued to strengthen our capacity to deliver quality, accessible, and patient-centered healthcare services to the people of Teso North Sub-County and its environs.

Key Activities and Achievements

During the year under review, the hospital made significant strides across its three strategic pillars Curative Health Services, Preventive and Promotive Health Services, and Universal Health Coverage (UHC). Our outpatient, inpatient, maternity, dental, and laboratory services registered notable growth, generating Ksh Twenty-four million seven hundred and fifty-eight thousand forty-two shillings (Ksh 24,758,042) in medical service income. Under the SHA/UHC programme, subsidized healthcare services reached a wider segment of the community, reducing out-of-pocket costs for many households. Several critical infrastructure projects progressed well:

- Construction of the Perimeter Wall – 50% completed, enhancing hospital security and safeguarding vital assets.
- Installation of an Oxygen Plant – supported by development partners, expected to improve emergency and critical care capacity.

Preventive and Promotive health activities remained central to our mission. Public health campaigns, medical outreach camps, distribution of sanitary and reproductive health products, and environmental health interventions benefitted thousands in our catchment area.

Challenges

Despite these achievements, the hospital continued to face systemic challenges:

- Inadequate infrastructure and equipment in some departments delayed service expansion.
- Human resource gaps in specialized cadres constrained optimal utilization.

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- Inconsistent drug and medical supply chains, requiring increased reliance on Facility Improvement Financing (FIF) procurement which has been over stretched.
- Funding limitations, which slowed the pace of some development projects.

The Board worked closely with the County Department of Health to mitigate these issues through resource mobilization, strategic partnerships, and prudent financial management.

Future Outlook

Looking ahead to FY 2025/2026, the hospital will prioritize:

- Enhanced staffing through county support and targeted recruitment.
- Improved service efficiency by expanding digital health systems and strengthening performance-based budgeting.
- Sustained community engagement to promote preventive health measures and uptake of UHC services.
- Completion of ongoing infrastructure projects to meet growing patient demand.

The Board remains committed to steering Teso North Sub County Hospital towards becoming a resilient, responsive, and regionally competitive healthcare facility. Our success will continue to depend on collaborative partnerships, staff dedication, and active community participation.

On behalf of the Board of Management, I extend my sincere appreciation to the County Government of Busia, our partners, stakeholders, and the dedicated hospital staff for their unwavering support in advancing our mission. Together, we shall continue to improve health outcomes and enhance the quality of life for the people of Teso North Sub-County and its environs.



.....
Mr. Chrisandus Ipala
Chairman to the Board

TESO NORTH SUB-COUNTY HOSPITAL
MEDICAL SUPERINTENDENT
02 DEC 2025
P. O. Box 99 - 50244,
AMAGORO

3. Report of The Medical Superintendent

It is my honor to present the Medical Superintendent's report for the financial year 2024/2025. This year has been a period of notable growth and resilience for Teso North Sub County Hospital, marked by expanded service delivery, infrastructure development, and strong community engagement, despite persistent resource and staffing challenges.

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

1. Service Delivery Performance

Curative Health Services

The hospital continued to deliver comprehensive inpatient, outpatient, maternity, laboratory, and dental services to the approximately 162,000 residents of Teso North Sub-County. During the year, the hospital generated a total of Ksh 24,758,042 in medical service income.

Key service achievements included:

Preventive and Promotive Health Services

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

- Public health inspections and environmental health campaigns.
- Disease surveillance and investigation to prevent outbreaks.
- Distribution of reproductive and sanitary items, including insecticides and rodenticides
- Procurement of health education materials to support community sensitization in school health programs.

Universal Health Coverage (UHC)

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

- Revenue from SHA services amounted to Ksh 18,264,355 representing 74% of total hospital income.
- Increased SHA awareness through targeted community sensitization campaigns has been the greatest pillar towards this achievement.

Infrastructure and Development Projects

We made significant progress on several critical projects:

- Perimeter Wall Construction – 50% complete, improving hospital security and asset protection.
- Oxygen Plant Installation – supported by an NGO, aimed at improving emergency care capacity and reducing dependency on external oxygen suppliers.

The oxygen project will significantly enhance our diagnostic, surgical, and emergency care capacity once fully operational.

Financial Performance

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

- Total Revenue: Ksh 24,758,042 (from SHA and cash-paying clients).

Our financial strategy emphasized maximizing internally generated revenue (IGR) through efficiency, improving billing systems, and adopting digital revenue collection methods to enhance transparency and accountability.

Human Resources and Capacity Building

While we have a dedicated and competent workforce, gaps remain in specialized technical cadres, particularly for theatre and radiology operations. We continued to collaborate with the County

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Department of Health to address staffing needs and improve retention. Staff development initiatives included participation in technical trainings, governance workshops, and capacity-building forums to strengthen service delivery skills.

Challenges Faced

Despite our progress, several challenges persisted:

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

Future Outlook

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

1. Operationalizing the oxygen plant to expand clinical capacity.
2. Addressing staffing gaps through advocacy with the County Government and targeted recruitment.
3. Completing the perimeter wall to fully secure the facility.
4. Strengthening community outreach to enhance preventive healthcare and SHA uptake.
5. Leveraging digital health solutions to improve efficiency, patient record management, and service tracking.

Conclusion

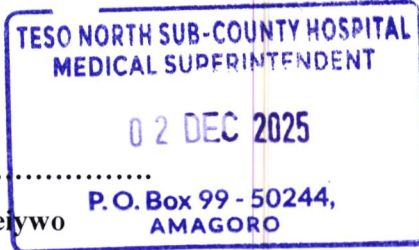
In closing, I wish to express my deep appreciation to the County Government of Busia, the Board of Management, our development partners, and the dedicated staff of Teso North Sub County Hospital for their unwavering support and commitment to our mission. With sustained collaboration and continued investment, I am confident that we will achieve even greater milestones in the

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coming year, further solidifying our role as a leading healthcare provider in Teso North Sub-County.



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Dr. Kiplagat Evans Sumbelywo
Secretary to the Board



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4. Statement of Performance Against Predetermined Objectives

Teso North Sub County hospital has 3 strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2024- 2025. These strategic pillars/ themes/ issues are as follows:

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

Teso North Sub County hospital develops its annual work plans based on the above 3 pillars/Themes/Issues. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. Teso North Sub County hospital achieved its performance targets set for the FY 2024/2025 period for its 3 strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Curative Health Services	Deliver comprehensive and timely clinical services	Total revenue from services - Number of patients served - Range of services offered	- Provision of outpatient, inpatient, maternity, laboratory, and dental services - Diagnostic support services - Drug and non-drug supply	-Revenue of Ksh 24,758,042 generated from medical services
Preventive and Promotive Health Services	Promote community health and prevent disease outbreaks	- Number of community health interventions - Health education reach - Sanitation and surveillance activities	- Public health inspections - Disease surveillance and investigation - Distribution of reproductive and sanitary materials - Provision of health information and preventive kits	- Health information materials as well Reproductive and sanitary items were distributed through the school health programme
Universal Health Coverage (UHC)	Enhance access,	- Utilization of SHA program	- Coordination of SHA services	-Revenue of Ksh 18,264,355

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	affordability, and equity in healthcare services	-Free/subsidized service beneficiaries - SHA uptake and community awareness	- Engagement of special interest groups - Health education and SHA promotion - Financial subsidies to indigents	was earned from SHA (government-subsidized healthcare) this was through extensive SHA sensitization within the community at large. - Enhanced uptake of SHA in community through outreach and sensitization campaigns
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Link to Performance Contracts

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

Management held quarterly performance review meetings to track progress, identify bottlenecks, and adapt plans as necessary. Reports were presented to the Hospital Board, ensuring accountability and continuous improvement in service delivery.

Key Challenges and Mitigation

Challenge	Mitigation Measures
Inadequate infrastructure for expanded services	Submitted funding proposals for facility upgrades
Limited in-kind contributions from the County	Maximized internally generated revenue (IGR) through efficient service delivery
Inconsistent drug supply	Procurement of pharmaceuticals and medical gases was mostly procured under FIF budget
Human resource gaps in technical cadres	Collaboration with the County Department of Health for staffing support

5. Corporate Governance Statement

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

i. Appointment and Composition of the Board

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

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

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

The Board Charter adopted at the start of the financial year defines the responsibilities, powers, and code of conduct of members. Board members serve a three-year renewable term, and removal is conducted in accordance with relevant county policies and governance laws.

ii. Roles and Functions of the Board

The Board is responsible for:

- Approving strategic plans and performance targets
- Providing policy and fiduciary oversight
- Monitoring risk, compliance, and internal controls
- Overseeing financial planning and budgeting
- Evaluating performance of the management and the hospital as a whole

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

iii. Induction, Training, and Development

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

iv. Board and Members' Performance

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

v. Board Meetings and Attendance

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In the 2024/2025 financial year, the Board convened four ordinary meetings. Members achieved 80% attendance rate. All meetings were minute, and decisions followed structured procedures in compliance with the Board Charter and Standing Orders.

vi. Succession Planning

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

vii. Conflict of Interest Policy

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

viii. Board Remuneration

Board remuneration is governed by the Salaries and Remuneration Commission (SRC) guidelines and comprises sitting allowances. In FY 2024/2025, Ksh 102,500 was paid in sitting allowances. No honoraria or other benefits were paid during the year.

ix. Ethics and Conduct

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

x. Governance Audit

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

xi. Communication Policy

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

xii. Terms of Reference of Committees

The hospital has established the following governance committees:

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

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

xiii. Related Party Transactions Policy

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

6. Management Discussion and Analysis

Teso North Sub County Hospital continues to grow as a critical healthcare provider in Teso North Sub-County, Busia County. The hospital’s operations are guided by principles of equity, accountability, and sustainability in line with national health policy and the County Integrated Development Plan (CIDP). This section outlines operational and financial performance, investment projects, statutory compliance, risk assessment, and strategic outlook, with trends from the past three years.

Despite limitations in human resources and other functionality limitations, the hospital maintained strong outpatient and specialized clinic service performance.

2. Financial Performance

a) Revenue Sources

Revenue Source	Amount (Kshs)	% of Total Revenue
SHA (UHC Programme)	18,264,355	74%
Cash-Paying Clients	6,493,687	26%
TOTAL	24,758,042	100%

In FY 2024/25, the hospital generated **Ksh 24,758,042** in total revenue, primarily from: SHA and cash collection.

TESO North Sub County Hospital BUSIA COUNTY GOVERNMENT
Annual Report And Financial Statements for the year ended 30th June 2025

b) Fund Utilization

Total expenditure for FY 2024/25 was **Ksh 14,829,834** used in:

Expenditure Category	Amount (Ksh)
Medical Supplies & Pharmaceuticals	1,773,777
Staff Remuneration & Board	-
Non-Pharmaceuticals	1,472,172
Repairs & Maintenance	1,525,000
Social Grants/Subsidies	4,844,310
Utilities & Services	544,001
Other Operational Costs	4,198,374
Acquisition of PPE	472,200

3. Ongoing and Key Investments

Teso North Sub County Hospital has attracted both county government and development partner support to address critical infrastructure and service gaps. Key investments underway include:

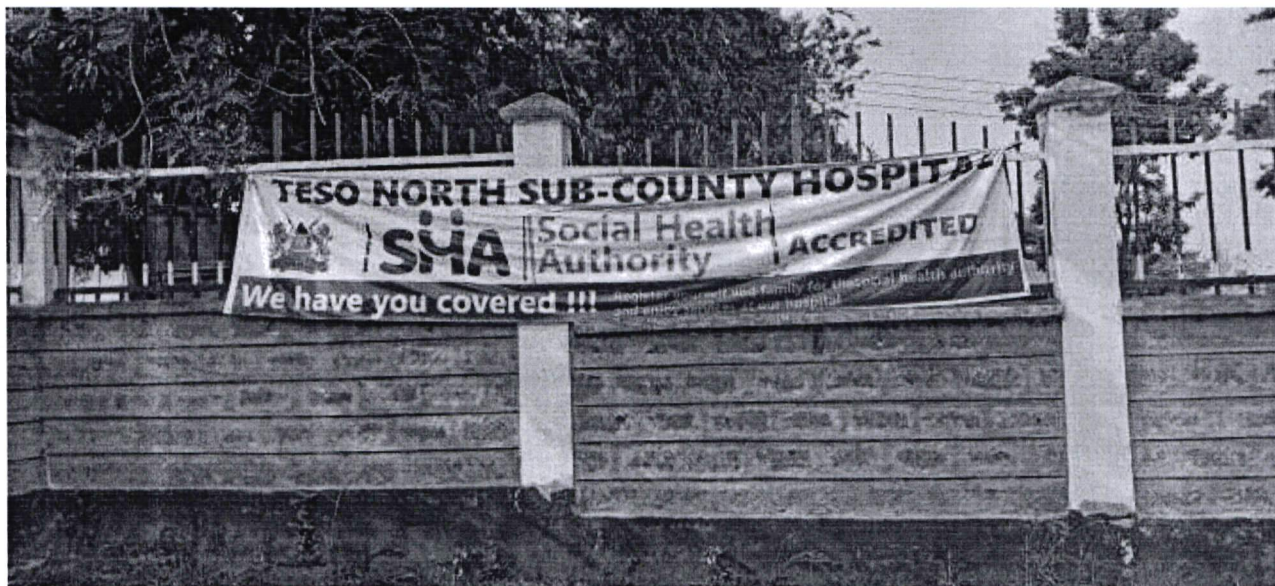
i) Construction of a Perimeter Wall (County Government)

To enhance security and control facility access, construction of a boundary wall began in FY 2024/25. This project will reduce theft, improve patient and staff safety, and secure key hospital installations such as the pharmacy and laboratories. The design includes four faces, of which two have already been completed. The remaining two faces are scheduled for construction in the next phase.

- Project Status: 50% complete (2 of 4 faces constructed).
- Financing: Funded entirely by County Government of Busia.
- Viability: High; will address persistent challenges related to theft, unauthorized access, and safety concerns.

TESO North Sub County Hospital BUSIA COUNTY GOVERNMENT
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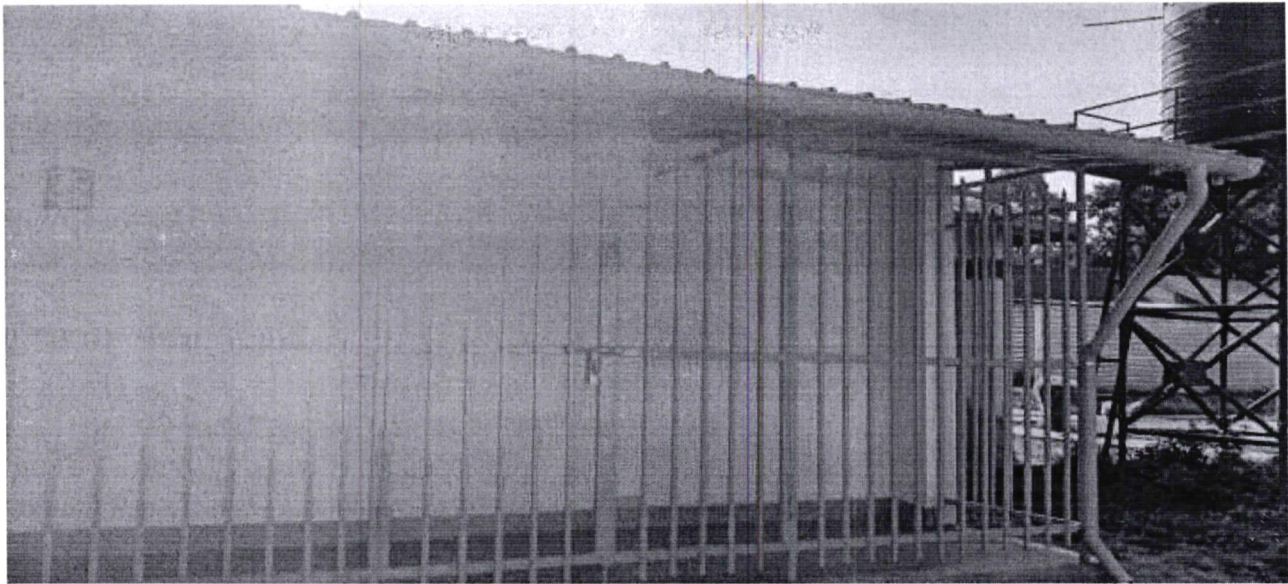
- Sustainability: Long-term sustainability is assured through minimal maintenance costs and improved security infrastructure that will reduce recurrent losses.



Phase one and two completed perimeter wall.

ii) Installation of Oxygen Plant (NGO Support)

- An oxygen plant is being financed and installed by a Non-Governmental Organization (NGO), expected to serve the hospital and neighboring facilities. This investment is critical in reducing dependence on external oxygen suppliers and improving emergency care outcomes.
- These investments are expected to significantly enhance service quality, reduce patient referrals, and increase revenue generation through expanded services.



4. Statutory Compliance

Teso North Sub County Hospital complied with:

- Public Finance Management Act, 2012
- Public Procurement and Asset Disposal Act, 2015
- Occupational Safety and Health Act, 2007
- Leadership and Integrity Act, 2012

There were no major compliance issues or audit queries raised during the period. Financial reports were submitted to the County Treasury and Auditor-General as required.

5. Risks and Mitigation

Risk	Description	Mitigation Strategy
Inadequate Drug Supply	Delay in County deliveries	Direct procurement under FIF and emergency stockpiling
Underutilization of New Facilities	Incomplete infrastructure or staffing gaps	Liaise with County Dept. for staff secondment and commissioning
High Patient Load	Overburdening available resources	Implement appointment systems and strengthen CHV outreach
Security Concerns	Open facility perimeter exposing hospital assets	Construction of perimeter wall (in progress)

6. Statutory Arrears and Financial Obligations

As of 30th June 2025:

- Trade and other payables.
- No material arrears in statutory deductions or obligations.

7. Conclusion and Outlook

The hospital has recorded strong operational growth, sustained revenue performance, and infrastructure development despite funding and staffing challenges. With ongoing support from the County Government and partners:

- There is increased community trust in hospital services, driven by outreach, subsidy programs, and improved diagnostics.
- Management will focus on performance-based budgeting, infrastructure optimization, and digital health adoption to further enhance service delivery.

8. Statement of Board of Management’s Responsibilities

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

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

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

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

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

Approval of the financial statements

The Hospital’s financial statements were approved by the Board on 30/08/2024 and signed on its behalf by:

.....
Name: Mr. Chrisandus Ipala
Chairperson
Board of Management

.....
Name: Dr. Kiplagat Evans Sumbeiywo
Accounting Officer



TESO North Sub County Hospital BUSIA COUNTY GOVERNMENT
Annual Report And Financial Statements for the year ended 30th June 2025

7. Report of The Board of Management

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

Principal activities

The principal activities of the entity are and continue to be offering of comprehensive primary care including inpatient, outpatient, maternity, minor surgery, emergency and public health outreach serving approximately 162,000 people in Teso North and its environs.

Results

The results of the entity for the year ended June 30 2025 are set out on pages 1 to 59

Board of Management

The members of the Board who served during the year are shown on above. During the year, 2024/2025. No director(s) retired/ resigned, and nine director (s)was appointed with effect from 5th July 2024.

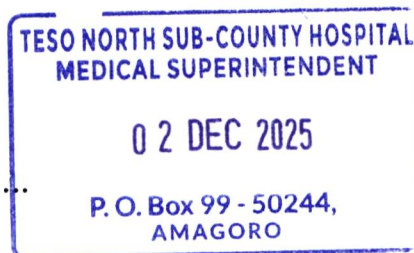
Auditors

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

By Order of the Board



.....
Dr. Kiplagat Evans Sumbeiywo
Secretary to the Board



maternity and pediatrics services. The Ksh 4.4 million spent on grants and subsidies includes support for social benefit schemes, reflecting the hospital's attention to public health justice.

v) Corporate Social Responsibility / Community Engagements

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

1. Free and Subsidized Medical Camps:

The hospital organized and supported several medical camps across remote areas of Teso North Sub-County. These camps provided free consultations, laboratory screening, maternal care services, and treatment for communicable and non-communicable diseases. These outreach efforts significantly improved access to healthcare for vulnerable populations, especially children, women, the elderly, and persons with disabilities.

2. Health Education and Public Sensitization:

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

The procurement office, led by a licensed professional, ensures fair evaluation of bids and compliance with local content policies. Priority is given to youth, women, and PWD suppliers in line with national affirmative action directives. The hospital consistently respects agreed delivery timelines, avoids unnecessary delays in approvals, and values long-term partnerships built on trust and performance.

c) Responsible marketing and advertisement or Responsible engagement with citizens

Although traditional advertising expenditures are not reflected in the 2024/2025 budget, the hospital remains active in community outreach through public health campaigns, stakeholder meetings, and information sessions during mobile clinics and medical camps.

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

d) Product stewardship or Awareness Creation

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

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

management. The hospital has institutionalized a variety of marketplace practices to promote ethical governance, fair competition, responsible procurement, and citizen-focused engagement.

a) *Responsible competition practice.*

The hospital promotes responsible competition through strict adherence to public procurement laws and policies, including the Public Procurement and Asset Disposal Act. All procurement activities are conducted through open tendering, with calls for bids and quotations published transparently and competitively. The procurement officer, registered with the Kenya Institute of Supply Management (KISM), ensures all processes meet compliance and integrity thresholds.

Although no specific allocation was made to advertising in the current year, the hospital has adopted outreach and communication tools such as community barazas and bulletin boards to inform the public of available services. Measures have been instituted to prevent corruption, including segregation of duties, use of standardized procurement procedures, and oversight by audit and risk management committees.

Service delivery is governed by a public service charter displayed within hospital premises, outlining patient rights, responsibilities, and expected turnaround times. The hospital has also embraced digital systems in revenue collection offering *cashless payments* as evidenced by the Ksh 24,758,042 generated in medical service income, much of it processed electronically.

b) *Responsible Supply chain and supplier relations*

Teso North Sub County Hospital fosters responsible supplier relationships by maintaining ethical procurement practices and honoring contractual obligations within budget constraints. As seen in the financial report, over Ksh 3,134,382 in trade and other payables had been recorded as at 30th June 2025, reflecting ongoing commitment to settle valid claims.

Career Development and Staff Motivation

While the financial statement reflects limited allocations to benefits, the hospital has continued to invest in non-financial staff support. Staff participated in several training sessions and knowledge-sharing forums during the year. Though formal appraisal and structured reward systems are still developing, the management has prioritized opportunities for professional growth, especially for heads of departments and clinical personnel.

Workplace Safety and OSHA Compliance

Teso North Sub County Hospital is committed to ensuring workplace safety in compliance with OSHA (2007). The hospital premises are routinely inspected for hazards, with appropriate signage, cleanliness, and ventilation maintained in critical areas such as laboratories, wards, and the pharmacy. No work-related injuries were reported during the financial year, a testament to the hospital's proactive safety measures and training of staff on standard operating procedures (SOPs) and infection prevention and control (IPC).

Efforts to Minimize Risk

To further promote staff safety, the hospital has invested in essential protective equipment such as uniforms, gloves, and clinical safety materials. A total of Ksh 176,460 was spent on uniforms, clothing, and linen during the year, which directly contributes to personal safety, hygiene, and professionalism. Additionally, insecticide and rodenticide expenses supported a pest-free environment, enhancing health and safety for both staff and patients.

In the upcoming financial year, the hospital plans to enhance its welfare program by expanding training opportunities, formalizing appraisal systems, and improving occupational health monitoring.

iv) Market place practices-

Teso North Sub County Hospital operates in a highly regulated public health environment, where transparency, accountability, and equity are foundational to service delivery and resource

TESO North Sub County Hospital BUSIA COUNTY GOVERNMENT
Annual Report And Financial Statements for the year ended 30th June 2025

- Plastic Reduction: Replaced single-use plastic bottles with water dispensers and reusable containers.

Climate Action Initiatives

- Tree planting: 10 indigenous trees planted across hospital grounds to offset carbon emissions.

iii) Employee welfare

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

Hiring Policies and Inclusion

The hospital has implemented structured recruitment procedures that ensure transparency and fairness. These procedures are aligned with county government guidelines and affirmative action provisions. In the financial year 2024/2025, deliberate efforts were made to maintain gender equity and enhance youth in the workforce and hospital board.

Stakeholder Engagement and Policy Review

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

8.Environmental And Sustainability Reporting

i) Sustainability strategy and profile

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

Key Achievements:

- **Energy Efficiency:** Installed solar-powered lighting in outpatient areas, reducing reliance on grid electricity.
- **Waste Management:** Implemented a waste segregation system (biodegradable, non-biodegradable, and hazardous waste) with designated disposal bins.
- **Local Procurement:** Allocated 30% of supply contracts to local vendors, supporting women- and youth-owned businesses.

Challenges & Mitigation:

- **Limited funding for green infrastructure** → Seeking partnerships with NGOs for solar energy expansion.
- **Low community awareness on recycling** → Conducted training sessions for staff and patients.

ii) Environmental performance

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

Waste Management

- **Medical Waste:** The hospital does handle its waste management since it does have an incinerator machine.

REPUBLIC OF KENYA

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NAIROBI

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Teso North Sub County Hospital - County Government of Busia set out on pages 1 to 55, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance,

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

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

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Teso North Sub County Hospital - County Government of Busia as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Accrual Basis) and comply with the Health Act, 2017, the Busia County Health Services Act, 2016, and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Doubtful Recoverability of Receivables from Social Health Authority (SHA)

The statement of financial position reflects receivables from exchange transactions balance of Kshs.5,142,935 representing claims submitted to the Social Health Authority (SHA). However, review of the SHA portal revealed the balance includes SHA claims totaling to Kshs.4,197,920 which were rejected. The rejections were attributed to the hospital's failure to file the required claim forms and submission of inadequately prepared discharge summaries, which lacked essential patient information and details regarding the patients' conditions both at admission and discharge. Further, no evidence was provided for audit to demonstrate that hospital management made any efforts to follow up or recover the rejected claims.

In the circumstances, the accuracy and recoverability of receivables from exchange transactions balance of Kshs.5,142,935 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.21,190,911 and Kshs.24,758,041 respectively resulting in over-funding of Kshs.3,567,130, or 17% above the budget. Similarly, the

hospital expended Kshs.14,730,841 against an expenditure budget of Kshs.16,968,350 resulting to an under-expenditure of Kshs.2,237,509 or 13% of the budget.

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

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Medical Equipment Functionality and Asset Management Controls

Review and physical verification of medical equipment at Teso North Sub-County Hospital revealed significant deficiencies across several departments, including missing and non-functional equipment, contrary to requirements. The key observations revealed the following:

- i. The mortuary had a storage capacity of 16 bodies (four chambers, each holding four bodies). However, as of November, 2025, it was holding 41 bodies, resulting in severe overcrowding. The cold room was not functional compromising the preservation of bodies and posing health risks.
- ii. The theater department had two anesthetic machines and only one was functional, potentially affecting surgical operations and patient safety.
- iii. The hospital had only one laundry machine, which was not operational, raising concerns about hygiene and infections control.
- iv. The radiology department only had one x-ray machine which was not functional, and only one ultrasound machine which was not fully functional, thus limiting the diagnostic capabilities.
- v. The fridge in the laboratory for storage of samples was not functional, risking sample integrity. In addition, out of two microscopes only one was partially functional, affecting diagnostic accuracy. Further, the autoclave sterilizing machine which was purchased seven years ago had not been installed rendering it unused.
- vi. Out of two incubators in the laboratory only one was functional including the water bath which was not-functional.

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.

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

2. Deficiencies in Implementation of Universal Health Coverage (UHC)

Review of hospital records, interviews and 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 by 53% of the authorized establishment as follows:

Staff Requirements	Level 4 standard	Number in Hospital	Variance	Variance in Percentage (%)
Medical officers	16	7	9	56%
Anesthesiologists	2	0	2	100%
General surgeons	2	1	1	50%
Gynecologists	2	1	1	50%
Pediatricians	2	0	2	100%
Radiologists	2	0	2	100%
Registered Community Health Nurses	75	38	37	49%
Total	101	47	54	53%

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

Service	Level 4 Hospital Standard	Actuals in the Hospital	Variance	Variance in Percentage(%)
Baby Cots	5	1	4	80%
Functional ICU beds	6	0	6	100%
HDU beds	6	0	6	100%
Renal unit with dialysis machines	5	0	5	100%
Bed Capacity	150	100	50	33%

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.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Lack of Risk Management Policy

During the financial year under review, the hospital did not have a risk management strategy in place and therefore, had no approved processes and guidelines on how to mitigate operational, legal and financial risks. Consequently, the Management did not perform formal risk assessments on all key financial risk areas such as cash, revenue and expenditure. This was contrary to Regulation 158 of the Public Finance Management (County Governments) Regulations, 2015. In the absence of a risk management policy, the Management was not in a position to identify individual risks, significance areas, likelihood of occurrence of identified risks and the appropriate control measures.

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

2. Information and Communication Technology (ICT) Internal control Weaknesses

During the year under review, the hospital did not have an approved ICT strategic policy, ICT continuity plan, disaster recovery plan and there was no ICT steering committee to assist in the development of ICT Policy framework to enable the hospital to realize long-term ICT strategic goals.

In the circumstances, the effectiveness of internal controls on ICT environment could not be confirmed.

3. Weaknesses in Board Governance Structures

The statement of financial performance reflects Board of Management expenses totaling to Kshs.102,500. However, the following unsatisfactory issues were noted:

- i. The Board operated without an approved charter, contrary to Section 1.1 1 of Mwongozo Code of Governance for State Corporations, which requires the Board of Directors to develop and adopt a Board charter which defines the roles, responsibilities and functions of the Board.
- ii. The Board did not have an approved annual Board work plan and calendar as stipulated under Chapter 1.9 of Mwongozo Code of Governance.

- iii. No evidence was provided of any Board member being a bona fide member of ICPAK as per Mwongozo code.
- iv) Board did not conduct an annual evaluation of its performance at the end of the period as required by Mwongozo guidelines.

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

4. Inventory Management Control Weaknesses

The statement of financial position and Note 31 to the financial statements reflect inventories balance of Kshs.2,562,634. However, physical verification of the inventories revealed that the hospital did not have adequate storage space for various items in the stores. Further, non-pharmaceutical store which lacked enough ventilation was also used to store food items risking food contamination.

In the circumstances, the existence and effectiveness of the internal controls on inventory management could not be confirmed.

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

Responsibilities of the Management and the Board of Management

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

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

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements

comply with the authorities which govern them and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

11 December, 2025

*Teso North Sub County Hospital BUSIA COUNTY GOVERNMENT
Annual Report And Financial Statements for the year ended 30th June 2025*

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


Description	Note	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	-	-
In- kind contributions from the County Government	7	-	-
Grants from donors and development partners	8	-	-
Transfers from other Government entities	9	-	-
Public contributions and donations	10	-	-
Revenue from exchange transactions			
Rendering of services- Medical Service Income	11	24,758,042	-
Revenue from rent of facilities	12	-	-
Finance /Interest Income	13	-	-
Miscellaneous Income	14	-	--
Revenue from exchange transactions		24,758,042	-
Total revenue		24,758,042	
Expenses			
Medical/Clinical costs	15	2,441,275	-
Employee costs	16	0	-
Board of Management Expenses	17	102,500	-
Depreciation and amortization expense	18	99,073	-
Repairs and maintenance	19	1,525,000	-
Grants and subsidies	20	4,844,310	-
General expenses	21	5,817,756	-
Finance costs	22	-	-
Total expenses		14,829,914	-
Other gains/(losses)			
Gain/Loss on disposal of non-Current assets	23	-	-

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Description	Note	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
Unrealized gain on fair value of investments	24	-	-
Medical services contracts Gains/Losses	25	(171,830)	-
Impairment loss	26	-	-
Gain on foreign exchange transactions		-	-
Total other gains/(losses)		(171,830)	-
Net Surplus / (Deficit) for the year		9,756,298	-

(The notes set out on pages 10 to 59 form an integral part of the Annual Financial Statements.)

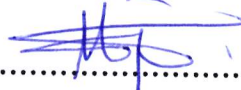
The Hospital's financial statements were approved by the Board on 30/08/2025 and signed on its behalf by:



Chairman
 Board of Management



Head of Reporting
 ICPAK No: 33853



Medical Superintendent

TESO NORTH SUB-COUNTY HOSPITAL
MEDICAL SUPERINTENDENT
 02 DEC 2025
 P.O. Box 99 - 50244,
 AMAGORO

Teso North Sub County Hospital BUSIA COUNTY GOVERNMENT
Annual Report And Financial Statements for the year ended 30th June 2025


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

Description	Note	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	27	4,812,673	-
Prepayments	28	-	-
Receivables from exchange transactions	29	5,142,935	-
Receivables from non-exchange transactions	30	-	-
Inventories	31	2,562,634	-
Total Current Assets		12,518,242	-
			-
Non-current assets			-
Property, plant, and equipment	32	373,128	-
Intangible assets	33	-	-
Investment property	34	-	-
Biological Assets	35	-	-
Total Non-current Assets		373,128	-
			-
Total assets (A)		12,891,370	-
			-
Liabilities			-
Current liabilities			-
Trade and other payables	36	3,134,382	-
Refundable deposits from Patients/Prepayments	37	-	-
Provisions	38	-	-
Finance lease obligation	39	-	-
Current portion of deferred income	40	-	-
Current portion of borrowings	41	-	-
Total Current Liabilities		3,134,382	-
			-
Non-current liabilities			-
Provisions	38	-	-
Non-Current Finance lease obligation	39	-	-
Non-Current portion of deferred income	40	-	-
Non - Current portion of borrowings	41	-	-


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Description	Note	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
Service concession Arrangements	42	-	-
Total non-current liabilities		-	-
			-
Total Liabilities (B)			-
			-
Net assets (A-B)		9,756,987	-
			-
Represented by:			-
Revaluation reserve		-	-
Accumulated surplus/Deficit		9,756,298	-
Capital Fund		689	-
			-
Net Assets		9,756,987	-


The Hospital's financial statements were approved by the Board on 30/08/2025 and signed on its behalf by:



Chairman
Board of Management



Head of Reporting
ICPAK No: 33853



Medical Superintendent

TESO NORTH SUB-COUNTY HOSPITAL
MEDICAL SUPERINTENDENT

02 DEC 2025
 P. O. Box 99 - 50244,
 AMAGORO

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

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2024 (previous year)	-	-	-	-
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	-	-	-
Capital/Development grants	-	-	-	-
As at June 30, 2024(previous year)	-	-	-	-
At July 1, 2025 (current year)	-	-	-	-
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	9,756,298	689	9,756,987
Capital/Development grants	-	-	-	-
At June 30, 2025 (current year)	-	9,756,298	689	9,756,987

(Note:

1. For items that are not common in the financial statements, the entity should include a note on what they relate to – either on the face of the statement of changes in equity/net assets or among the notes to the financial statements.
2. Prior year adjustments should have an elaborate note describing what the amounts relate to. In such instances, a restatement of the opening balances needs to be done.)

Teso North Sub County Hospital BUSIA COUNTY GOVERNMENT
Annual Report And Financial Statements for the year ended 30th June 2025

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

Description	Note	FY	FY
		2024/2025	2023/2024
		Kshs	Kshs
Cash flows from operating activities			-
Receipts			-
Transfers from the County Government		-	-
Grants from donors and development partners		-	-
Transfers from other Government entities		-	-
Public contributions and donations		-	-
Rendering of services- Medical Service Income		19,443,277	-
Revenue from rent of facilities		-	-
Finance / interest income		-	--
Miscellaneous receipts(<i>specify</i>)		-	-
Total Receipts		19,443,277	-
			-
Payments			-
Medical/Clinical costs		1,869,527	-
Employee costs		-	-
Board of Management Expenses		102,500	-
Repairs and maintenance		1,525,000	-
Grants and subsidies		4,844,310	-
General expenses		5,817,756	-
Finance costs			-
Total Payments		14,159,093	-
Net cash flows from operating activities	43	5,284,184	-
Cash flows from investing activities			-
Purchase of property, plant, equipment		(472,200)	-
Purchase of intangible assets			-
Proceeds from the sale of PPE		-	-
Acquisition of investments		-	-
Net cash flows used in investing activities		(472,200)	-
Cash flows from financing activities			-
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Capital grants received		-	-

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Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		4,811,984	-
Cash and cash equivalents as at 1 July	27	689	-
Cash and cash equivalents as at 30 June	27	4,812,673	-

(PSASB has now prescribed the direct method of cashflow presentation for all entities under the IPSAS Accrual basis of accounting).

*Teso North Sub County Hospital BUSIA COUNTY GOVERNMENT
Annual Report and Financial Statements for The Year Ended 30th June 2025*

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	-
Budget carryovers from the previous year	-	-	-	-	-	-
Receipts	-	-	-	-	-	-
Transfers from the County Government	-	-	-	-	-	-
Grants from donors and development partners	-	-	-	-	-	--
Transfers from other Government entities	-	--	-	-	--	-
Public contributions and donations	-	-	-	-	-	-
Rendering of services- Medical Service Income	15,773,704	5,417,207	21,190,911	24,758,042	3,567,131	116%
Revenue from rent of facilities						%
Finance / interest income						%
Miscellaneous receipts (<i>specify</i>)						%
Total receipts	15,773,704	5,417,207	21,190,911	24,758,042	3,567,131	116%
Payments						
Medical/Clinical costs	1,919,000	956,000	2,875,000	2,441,275	433,724	84%
Employee costs	-	-	-	-	-	
Remuneration of directors	125,500	22,500	148,000	102,500	45,500	69%
Repairs and maintenance	1,585,700	159,300	1,745,000	1,525,000	220,000	87%
Grants and subsidies	4,888,901	611,199	5,500,100	4,844,310	655,790	88%
General expenses	4,660,346	2,039,904	6,700,250	5,817,756	799,501	88%
Finance costs	-	-	-	-	-	-
Refunds	-	-	-	-	-	-
Total Operational Expenditure paid	13,179,447	3,788,903	16,968,350	14,730,841	2,154,516	87%
Capital Expenditure paid	-	-	-	-	-	

Teso North Sub County Hospital BUSIA COUNTY GOVERNMENT
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Surplus	2,594,257	1,628,304	4,222,561	10,027,201	1,412,614	
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(Budget carryovers This is for entities whose budget lapses at year-end, but the surpluses are not legally required to be remitted to the Exchequer. Budget carryovers should not include third-party funds such as contractors' retention.)*

(Entities can present the Statement of Comparison of Budget & Actual amounts in a different format/categorization as approved by the governing body.)

Budget notes

1. Provide an explanation of differences between actual and budgeted amounts (any over/ 90% under) IPSAS 24.14
2. Provide an explanation of changes between the original and final budget, indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)

:

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	10,027,201
1	Unutilised operation budget	433,724
2	Miscellaneous budget adjustments	1,655,790
3	Capital Expenditure savings	799,501
4		
	Closing Cash and Cash Equivalent as per the statement of Cash flows	4,812,673

10. Notes to the Financial Statements

1. General Information

Teso North Sub County Hospital is established by and derives its authority and accountability from Act. The entity is wholly owned by the Busia County Government and is domiciled in Busia County in Kenya. The entity's principal activity is rendering of medical services.

2. Statement of Compliance and Basis of Preparation

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

3. Adoption of New and Revised Standards

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

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

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

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

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

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

iii) Early adoption of standards

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

4. Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Rental income

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

Notes to the Financial Statements (Continued)

b. Budget information

The original budget for FY 2024/2025 was approved by Board on *1ST November 2024*. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the *entity* recorded additional appropriations of **5,417,207** on the budget following the Board's approval. The *entity's* budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

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

c. Taxes

Sales tax/ Value Added Tax

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

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

Notes to the Financial Statements (Continued)

d. Investment property

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

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

e. Property, plant and equipment

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

Notes to the Financial Statements (Continued)

f. Leases

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

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

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

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

g. Intangible assets

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

Notes to the Financial Statements (Continued)

h. Biological Assets

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

i. Research and development costs

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

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

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

j. Financial instruments

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

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note 26*

Financial liabilities

Classification

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

k. Inventories

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

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

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

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

l. Provisions

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

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

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

Notes to the Financial Statements (Continued)

m. Social Benefits

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

n. Contingent liabilities

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

o. Contingent assets

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

p. Nature and purpose of reserves

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

q. Changes in accounting policies and estimates

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

Notes to the Financial Statements (Continued)

r. Employee benefits

Retirement benefit plans

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

s. Foreign currency transactions

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

t. Borrowing costs

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

construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

u. Related parties

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

v. Service concession arrangements

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

w. Cash and cash equivalents

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

x. Comparative figures

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

y. Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

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

(Include provisions applicable for your organisation e.g provision for bad debts, provisions of obsolete stocks and how management estimates these provisions).

Notes to Financial Statements Continued

6. Transfers from the County Government

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

6 b Transfers from The County Government

Name of the Entity sending the grant	Amount recognized to Statement of financial performance* KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	Comparative Period
			KShs	KShs	KShs
Bus County Government	-	-	-	-	-
Total	-	--	-	-	-

(Ensure that the amount recorded above as having been received from the County fully reconciles to the amount recorded by the amount recorded as transferred by the County. An acknowledgement note/receipt should be raised in favour of the sending County Government. The details of the reconciliation have been included under appendix).

*Amount recognised in the statement of financial performance should be the recurrent grant and the development grant to the extent that there are no conditions attached. Total of column 1 should tie to note 6(the part on unconditional grants).

Notes to Financial Statements Continued

7. In Kind Contributions from The County Government

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

(These include payments made directly by the County Governments for staff salaries and medical drugs. These should be recorded both as income and expense for completeness of financial statements)

8. Grants From Donors and Development Partners

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

(Provide brief explanation for this revenue)

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

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

Notes to Financial Statements Continued

9. Transfers From Other Government Entities

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

10. Public Contributions and Donations

Description	2024/2025	2023/2024
	KShs	KShs
Public donations	-	-
Donations from local leadership	-	-
Donations from religious institutions	-	-
Donations from other international organisations and individuals	-	-
Other donations(<i>specify</i>)	-	-
Donations in kind-amortised	-	-
Total donations and sponsorships	-	-

10 (a)Reconciliations of amortised grants

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

Notes to Financial Statements Continued

11. Rendering of Services-Medical Service Income

Description	2024/2025	2023/2024
	Kshs	Kshs
Pharmaceuticals	487,376	-
Non-Pharmaceuticals	0	-
Laboratory	1,133,255	-
Radiology	1,287,810	-
Orthopedic and Trauma Technology	142,700	-
Theatre	56,500	-
Accident and Emergency Service		-
Anesthesia Service		-
Ear Nose and Throat service		-
Nutrition service	61,550	-
Cancer centre service		-
Dental services	16,650	-
Reproductive health	0	-
Paediatrics services	274,510	-
Farewell home services	1,240,700	-
Ambulance services	36,250	-
Other medical services income		-
Inpatient services	795,064	-
Outpatient Services	369,581	-
Books & Files	142,860	-
Dermatology Clinic	8,350	-
Eye	17,500	-
Occupational Therapy	18,600	-
Physio	170,600	-
Attachment	59,000	-
MOPC	3,000	-
NHIF & SHA REIMBURSEMENTS	12,949,589.50	-
UN- REIMBURSED SHA CLAIMS	5,314,765	-
Cash Waivers	171,830	-
Total revenue from the rendering of services	24,758,042	-

Notes to the Financial Statements (Continued)

12. Revenue From Rent of Facilities

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

(Provide brief explanation for this revenue)

13. Finance /Interest Income

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

(Provide brief explanation for this revenue)

14. Miscellaneous Income

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

(NB: All income should be classified as far as possible in the relevant classes and miscellaneous income should be used to recognise income not elsewhere classified).

Notes to the Financial Statements (Continued)

15. Medical/ Clinical Costs

Description	2024/2025	2023/2024
	Kshs	Kshs
Dental costs/ materials	0	-
Laboratory chemicals and reagents	146,190	-
Public health activities		-
Food and Ration	389,745	-
Uniform, clothing, and linen	49,500	-
Dressing and non-pharmaceuticals	800,545	-
Pharmaceutical supplies	729,421	-
Health information stationery	0	-
Reproductive health materials	0	-
Sanitary and cleansing Materials	126,460	-
Purchase of Medical gases	0	-
X-Ray/Radiology supplies	180,214	-
Other medical related clinical costs (specify)		-
Therapy equipment	68,700	-
		-
		-
		-
Total medical/ clinical costs	2,441,275	-

(Other medical/clinical related costs refers to all other costs involved in management of the patients directly not analysed above.)

16. Employee Costs

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

(Social contribution relates to expenses incurred by the employer towards social welfare of Employees)

Notes to the Financial Statements (Continued)

17. Board of Management Expenses

Description	2024/2025	2023/2024
	Kshs	Kshs
Chairman's Honoraria	0	0
Sitting allowance	102,500	0
Mileage	0	0
Insurance expenses	0	0
Induction and training	0	0
Travel and accommodation allowance	0	0
Airtime allowances	0	0
Total	102,500	102,500

18. Depreciation and Amortization Expense

Description	2024/2025	2023/2024
	Kshs	Kshs
Property, plant and equipment	99,073	-
Intangible assets		-
Investment property carried at cost		-
Total depreciation and amortization	99,073	-

19. Repairs And Maintenance

Description	2024/2025	2023/2024
	Kshs	Kshs
Property- Buildings	194,036	-
Medical equipment	1,042,106	-
Office equipment	0	-
Furniture and fittings	78,000	-
Computers and accessories	72,000	-
Motor vehicle expenses	110,858	-
Maintenance of civil works	0	-
Maintenance of Computer	28,000	-
Total repairs and maintenance	1,525,000	0

Notes to the Financial Statements (Continued)

20. Grants And Subsidies

Description	2024/2025	2023/2024
	Kshs	Kshs
RMNCAH	598,788	-
Non-Communicable Diseases	598,788	-
School Health Programme	598,788	-
Tb & Leprosy	598,788	-
Disease Surveillance	598,788	-
Health Promotion	598,788	-
Community Health Services	598,788	-
Monitoring and Evaluation	652,794	-
Malaria Outreaches	54,000	-
Total grants and subsidies	4,844,310	-

Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42.

21. General Expenses

Description	2024/2025	2023/2024
	Kshs	Kshs
Advertising and publicity expenses	206,581	0
Catering expenses	405,500	0
Waste management expenses	0	0
Insecticides and rodenticides	0	0
Audit fees	0	0
Bank charges	8422	0
Conferences and delegations	0	0
Consultancy fees	0	0
Contracted services	0	0
Electricity expenses	1,231,505.42	0
Fuel and Lubricants	1,462,000	0
Insurance	0	0
Research and development expenses	0	0
Travel and accommodation allowance	620,000	0
Legal expenses	0	0
Licenses and permits	0	0
Courier and postal services	30,600	0
Printing and stationery	265,000	0
Hire charges	0	0
Rent expenses	0	0

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Description	2024/2025	2023/2024
	Kshs	Kshs
Water and sewerage costs	45,000	-
Skills development levies	0	-
Telephone and mobile phone services	337,852	-
Internet expenses	247,000	-
Staff training and development	0	-
Subscriptions to professional bodies	0	-
Subscriptions to newspapers periodical, magazines, and gazette notices	0	-
Office Materials	-	-
Parking charges	0	-
Computer Accessories	281,967	-
Other Fuels	371,429	-
Office Furniture	105,400	-
Computer Printers & Photocopiers	199,500	-
Total General Expenses	5,817,756	-

22. Finance Costs

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

(Borrowing costs that relate to interest expense on acquisition of non-current assets and do not qualify for Capitalisation as per IPSAS 5: on borrowing costs should be included under this note.)

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

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

24. Unrealized Gain On Fair Value Investments

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

Notes to the Financial Statements (Continued)

25. Medical Services Contracts Gains /Losses

Description	2024/2025	2023/2024
	KShs	KShs
Comprehensive care contracts with NHIF/SHA	-	-
Non- Comprehensive contracts care with NHIF/SHA	-	-
Linda Mama Program	-	-
Waivers and Exemptions	171,830	-
Total Gain/Loss	171,830	-

26. Impairment Loss

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

27. Cash And Cash Equivalents

Description	2024/2025	2023/2024
	KShs	KShs
Current accounts	4,806,484	-
On - call deposits	-	-
Fixed deposits accounts	-	-
Cash in hand	6189	-
Others(<i>specify</i>)- Mobile money	-	-
Total cash and cash equivalents	4,812,673	-

(The amount should agree with the closing and opening balances as included in the statement of cash flows)

Notes to the Financial Statements (Continued)

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	1264006292	3,134,383	-
Kenya Commercial Bank	1102098337	1,672,101	--
Sub- total		4,806,484	-
b) On - call deposits			-
Kenya Commercial bank		-	-
		-	-
Sub- total		-	-
c) Fixed deposits account			-
Bank Name		-	-
Sub- total		-	-
d) Others(specify)		-	-
cash in hand		6,189	-
Mobile money- Mpesa, Airtel money		-	-
Sub- total		6,189	-
			-
Grand total		4,812,673	0

28. Prepayments

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

29. Receivables From Exchange Transactions

Description	2024/2025	2023/2024
	KShs	KShs
Medical services receivables	5,314,765	-
Rent receivables	-	-
Other exchange debtors	-	-
Less: impairment allowance	171830	-
Total receivables	5,142,935	-

The impairment basically refers to the total waivers that were written off during the year under review.

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	0	%	5,142,935	%
Between 1- 2 years	0	%	0	%
Between 2-3 years	0	%	0	%
Over 3 years	0	%	0	%
Total (a+b)	0	%	5,142,935	%

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30. Receivables From Non-Exchange Transactions

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

(Undisbursed donor funds refer to funds expected where conditions for disbursements have been met by the recipient as at the reporting date)

Analysis of Receivables From Non-Exchange Transactions

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

31. Inventories

Description	2024/2025	2023/2024
	KShs	KShs
Pharmaceutical supplies	904,887	-
Maintenance supplies	269,762	-
Food supplies	849,520	-
Linen and clothing supplies	-	-
Cleaning materials supplies	387,830	-
General supplies non pharmaceuticals	150,635	-
Less: provision for impairment of stocks	-	-
Total	2,562,634	-

Detailed disclosure on inventories

	2024/2025	2023/2024
Opening balance	0	-
Additional Inventory in the year	4,651,644	-
Inventory expensed in the year	2,089,010	-
Write-downs in the year	-	-
Others specify	-	-
Closing balance	2,562,634	-

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Notes to the Financial Statements (Continued)

32. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (specify)	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh	Ksh
Cost									
At 1 July 2023	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-	-	-	-
At 30th Jun 2024	-	-	-	-	-	-	-	-	-
At 1 July 2025 (current year)	-	-	-	-	-	-	-	-	-
Additions	-	-	-	135,400	268,100	68,700	-	-	472,200
Disposals	-	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-	-	-	-
At 30th Jun 2025	-	-	-	135,400	268,100	68,700	-	-	472,200
Depreciation and impairment									
At 1 July 2023	-	-	-	-	-	-	-	-	-
Depreciation for the year	-	-	-	-	-	-	-	-	-

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Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (specify)	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh	Ksh
Disposals	-	--	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-
At 30 June 2024	-	-	-	-	-	-	-	-	-
At July 2024 (current year)	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	16,925	80,430	1,718	-	-	99,073
Disposals	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-	-	-	-	-
At 30th June 2025	-	-	-	-	-	-	-	-	-
Net book values									
At 30 th Jun 2024	-	-	-	-	-				
At 30 th Jun 2025	-	-	-	118,475	187,670	66,983			373,128

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Notes to the Financial Statements (Continued)

33. Intangible Assets-Software

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

34. Investment Property

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

(For investment property held at fair value, changes in fair value should go through the statement of financial performance. Where cost model is elected, depreciation and impairment should not be charged. Investment measured at fair value should be evaluated at the end of the reporting period for changes in fair value.). Entity should disclose the independent valuers, rental income from the investment property if any and the direct costs attributed to the investment property. Any charges on the investment property as well as any difficulty in classifying this asset as an investment property.

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Notes to the Financial Statements (Continued)

35. Biological Assets

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

36. Trade and other Payables

Description	2024/2025		2023/2024	
	KShs		KShs	
Trade payables	3,134,382		-	
Employee dues	-		-	
Third-party payments (e.g. unremitted payroll deductions)	-		-	
Audit fee	-		-	
Doctors' fee	-		-	
Total trade and other payables	3,134,382		--	
Ageing analysis:	Current FY	% of the Total	Compa rative FY	% of the total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	-	%	-	%

37. Refundable Deposits from Customers/Patients

Description	2024/2025		2023/2024	
	KShs		KShs	
Medical fees paid in advance	-		-	
Credit facility deposit	-		-	
Rent deposits	-		-	
Others (specify)	-		-	
Total deposits	-		-	
	-		-	
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the Total

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Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	-	%	-	%

38. Provisions

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

39. Finance Lease Obligation

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

40. Deferred Income

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

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Notes to the Financial Statements (Continued)

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

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

41. Borrowings

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

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

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

(Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature of borrowings, security and interest rates should be disclosed).

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Notes to the Financial Statements (Continued)

42. Service Concession Arrangements

Description	2024/2025	2023/2024
	KShs	KShs
Fair value of service concession assets recognized under PPE	0	0
Accumulated depreciation to date	(0)	0
Net carrying amount	<u>0</u>	<u>0</u>
Service concession liability at beginning of the year	0	0
Service concession revenue recognized	(0)	(0)
Service concession liability at end of the year	<u>0</u>	<u>0</u>

43. Cash Generated from Operations

Description	2024/2025	2023/2024,
	KShs	KShs
Surplus for the year before tax	9,756,298	-
Adjusted for:		
Depreciation	99,073	-
Non-cash grants received	-	-
Impairment	-	-
Gains and losses on disposal of assets	-	-
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
Working Capital adjustments		
Increase in inventory	(2,562,634)	-
Increase in receivables	(5,142,935)	-
Increase in deferred income		-
Increase in payables	3,134,382	-
Increase in payments received in advance	-	-
Net cash flow from operating activities	5,284,184	-

(The total of this statement should tie to the cash flow section on net cash flows from/ used in operations)

Notes to the Financial Statements (Continued)

44. Financial Risk Management

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

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

(i) Credit risk

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024		-	--	-
Receivables from exchange transactions	-	-	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-
At 30 June 2025 (current year)	-	-	-	-
Receivables from exchange transactions	-	-	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-

(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)

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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 .The board of management sets the hospital's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(ii) Liquidity risk management

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2025				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-

Notes to the Financial Statements (Continued)

(iii) Market risk

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

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

a) Foreign currency risk

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

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

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

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Notes to the Financial Statements (Continued)

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

Foreign currency sensitivity analysis

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

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

b) Interest rate risk

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

Management of interest rate risk

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

Notes to the Financial Statements (Continued)

Sensitivity analysis

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

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 (20: KShs). A rate increase/decrease of 5% would result in a decrease/increase in surplus of KShs (20 – KShs)

iv) Capital Risk Management

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

Description	2024/2025	2023/2024
	Kshs	Kshs
Revaluation reserve	-	-
Retained earnings	-	--
Capital reserve	-	-
Total funds	-	--
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/ (<i>excess cash and cash equivalents</i>)	-	-
Gearing	-	--

TESO North Sub County Hospital BUSIA COUNTY GOVERNMENT
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Notes to the Financial Statements (Continued)

45. Related Party Balances

Nature of related party relationships

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

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

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

Description	2024/2025	2023/2024
	Kshs	Kshs
Transactions with related parties		
a) Services offered to related parties		
Services to	-	-
Sales of services to	-	-
Total	-	-
b) Grants from the Government		
Grants from County Government	-	-
Grants from the National Government Entities	-	-
Donations in kind	-	-
Total	-	-
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for employees	-	-
Payments for goods and services for	-	-
Total	-	-
d) Key management compensation		

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Description	2024/2025	2023/2024
	Kshs	Kshs
Directors' emoluments	-	-
Compensation to the medical Sup	-	-
Compensation to key management	-	-
Total	-	-

46. Segment Information

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

47. Contingent Liabilities

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

(Give details)

48. Capital Commitments

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

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

49. Events after the Reporting Period

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

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50. Ultimate and Holding Entity

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

51. Currency

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

TESO North Sub County Hospital BUSIA COUNTY GOVERNMENT
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11. Appendices

Appendix 1: Progress on Follow Up of Auditor Recommendations

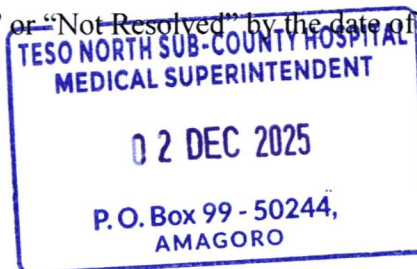
The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

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)

Guidance Notes:

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

.....
Accounting Officer



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Appendix II: Projects Implemented by The Entity

Projects

Projects implemented by the Hospital Funded by development partners

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

Status of Projects completion

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

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

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Appendix III: Inter-Entity Confirmation Letter

Name of Transferring entity.....

Name of Beneficiary entity.....

Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30 th June (Current FY)					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
Total					

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

Head of Accounts Department - Disbursing Entity:
 Name Sign Date

Head of Accounts Department - Beneficiary Entity:
 Name Sign Date.....