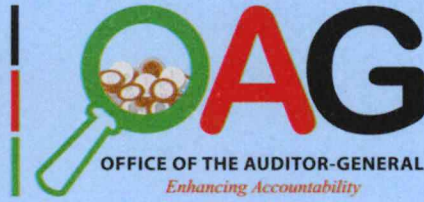
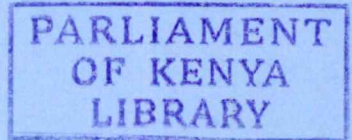


REPUBLIC OF KENYA



REPORT



OF

THE AUDITOR-GENERAL

ON

KAKAMEGA COUNTY HEALTH SERVICES FUND

**FOR THE YEAR ENDED
30 JUNE, 2025**

PAPERS LAID	
DATE	02/12/2025.
TABLED BY	S.M.L
COMMITTEE	-
CLERK AT THE TABLE	Chenop



COUNTY GOVERNMENT OF KAKAMEGA

KAKAMEGA COUNTY HEALTH SERVICES FUND

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

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

11

Kakamega County Health Services Fund.
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1. Acronyms and Definition of Key Terms

A. Acronyms

BOM	Board of Management
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
Kshs	Kenya Shillings

B. Definition of Key Terms

Fiduciary Management- Members of Management directly entrusted with the responsibility of financial resources of the organization.

Comparative Year- Means the prior period.

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2. Key Entity Information and Management

a) Background information

Kakamega County Health Services Fund is established by and derives its authority and accountability from Kakamega County Health Services Act, 2022 enacted by the County Assembly of Kakamega. The Fund is wholly owned by the County Government of Kakamega and is domiciled in Kenya.

The fund's objective is to establish an effective, efficient and sustainable health care system to ensure provision of quality, affordable and accessible health care services in the County and for connected purposes to provide for financial autonomy to Health Facilities to raise, retain and use funds generated.

b) Principal Activities

The principal activity/mission/ mandate of the Fund is to provide for financial autonomy to Health Facilities to raise, retain and use funds generated.

c) Fund Administration Committee

Ref	Name	Position
1	CPA. Livinstone Imbayi Dr.	Chairperson
2	Dr. David Alila	Fund Administrator
3	Dr. Jeophita June Mwajuma	Member
4	Rose Muhanda	Member
5	CS. Vivianne Mmbaka	Member
6	Dr, Stephen Wandei	Secretary
7	Dr Ayub Misiani	Member
8	Mr. William Olaka	Member

d) Key Management team

Ref	Name	Position
1	Dr.David Alila	Fund Administrator
1	Ms.Christine Bwire	County Health Administrative Officer
2	CPA.Wycliffe Kotonya	Fund Accountant
3	Dr. Christian Lamba	Medical Superintendent-County General Hospital
4	Dr. Ayub Misiani	County Pharmacist
5	Mr. Acleus Mbatl	County Public Health Officer
6	Mr.George Lipesa	County Nursing Officer
7	Dr. Moses Okware	Representative of medical superintend level 4

Kakamega County Health Services Fund.
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e) Fiduciary Oversight Arrangements

SN	Position	Name
1	Directorate Internal Audit	Director Internal Audit
2	Parliamentary committee activities	Speaker of the Senate
3	County Assembly of Kakamega	Speaker of County Assembly
4	Controller of Budget	Controller of Budget
5	Office of the Auditor General	Auditor General
6	Audit Committee	Chair audit committee

f) Registered Offices

P.O. Box 36-50100
County General Hospital
General Hospital
Kakamega Kenya

g) Fund Contacts

Telephone: (254) 056-31850/1852/31855
E-mail: Health@kakamega.go.ke
Website: www.kakamega.go.ke

h) Fund Bankers

1. Family Bank of Kenya
Kakamega branch

i) Independent Auditors

Auditor General
Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GOP 00100
Nairobi, Kenya

j) Principal Legal Adviser

The Attorney General
State Law Office

Kakamega County Health Services Fund.
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Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

k) County Attorney




County Attorney,
Legal Office,
Kakamega Town,
P.O. Box 36,
Kakamega, Kenya

Kakamega County Health Services Fund.
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3. Fund Administration Committee

Name	Details of qualifications and experience
 <p>1. CPA. Livingstone Imbayi Dr.</p>	<p>Chairperson of the Fund.</p> <ul style="list-style-type: none"> ● Date of Birth: 1979 ● CECM Health Services ● Bachelor of Business Management (Finance and Banking) ● Master's Degree in Business Administration (Finance) ● 21 years' Experience ● Holds a Honorary Doctoral Certificate having been awarded by the Corporate Institute of Strategic Research for Strategic Leadership Executive Director
 <p>2. Dr. David Alila</p>	<ul style="list-style-type: none"> ● Date of birth 18/07/1975 ● B.Ed.(Science) ● MSc (Statistics) ● PhD (Statistics) ● Data Mining and analytics ● Chief officer Medical Services <p>Executive Director</p>
 <p>3. Dr. Jeophita June Mwajuma</p>	<p>Chief Officer Finance</p> <ul style="list-style-type: none"> ● Holds PhD in Environmental Microbiology, Master of Science degree in Microbiology, Bachelor of Science degree (Botany/Zoology) from Kenyatta University. ● Laboratory Assistant at Mumias Sugar Company ● Mombasa Polytechnic University College as an Assistant Lecturer ● Served as Chief Officer County Government of Mombasa. <p>Executive Director</p>

Kakamega County Health Services Fund.
Annual Report and Financial Statements for the year ended June 30, 2025

 <p>4. Rose Muhanda</p>	<ul style="list-style-type: none"> ● D.O.B: 08/10/1969 ● Ag Chief Officer Public Health ● KCE Division 11 ● Master's degree community health development ● Over 15 years' experience ● Executive director
 <p>5 CS. Vivianne Mmbaka</p>	<p>County Attorney</p> <ul style="list-style-type: none"> ● Doctor of philosophy in Law (PhD candidate) University of Nairobi, Masters of Law, ● Holds Post graduate Diploma in Law, and Bachelor Degree in Law. Certified secretary (CPSK) ● Member of the chartered institute of certified arbitrators. ● An advocate of the high court of Kenya and a member of the law society of Kenya with over 14 years' experience in legal practice in both private and public spheres with a bias in public law and corporate governance ● Executive director
 <p>6. Dr. Stephen Wandei</p>	<ul style="list-style-type: none"> ● DOB 26th October 1978 ● Masters in Public Health (HSM) ● Bachelors Degree in Dental Surgery ● Over 15 years experience as a manager in the Health Sector. ● A distinguished IMPACT fellow ● Holds a Certificate in Quality Health Management from Harvard University. ● Currently County Director of Medical Services

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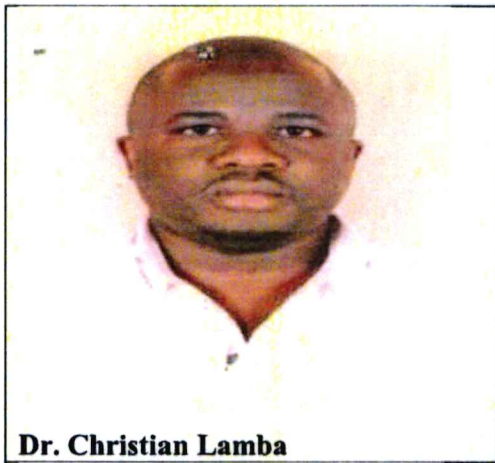


 <p>7. Dr Ayub Misiani</p>	<ul style="list-style-type: none"> ● Born on 11th August 1984 ● Bachelor of Pharmacy, University of Nairobi ● Masters in Health Supply Chain Management, University of Rwanda. ● Currently works with the County Government of Kakamega as the County Pharmacist and Head of Health Products and Technologies, Kakamega. ● Has worked in Public Service for 14 years.
 <p>8. William Olaka</p>	<ul style="list-style-type: none"> ● Born on 12/08/1967 ● Masters in Public Health (Epidemiology and Disease Control) at JOOUST. ● BSc in Environmental Health ● 35 years working experience ● Divisional PHO, Kanduyi division; Divisional PHO, Mumias division; County Disease Surveillance Coordinator, Kakamega County; Director Public Health, Kakamega County ● Currently Director Public Health ● Executive Director

Kakamega County Health Services Fund.
Annual Report and Financial Statements for the year ended June 30, 2025

4. Management Team

NAME	Details of Qualifications and Experience
 <p>Dr. David Alila</p>	<ul style="list-style-type: none"> ● Date of birth 18/07/1975 ● B.Ed.(Science) ● MSc (Statistics) ● PhD (Statistics) ● Data Mining and analytics ● Work experience-Lecturer at MMUST and ● Currently serves as the Chief officer Medical services County Government of Kakamega ● Fund Administrator.
 <p>Christine Bwire</p>	<ul style="list-style-type: none"> ● Born on 31st August 1967 ● Bachelor of Arts in Social Work form University of Nairobi. ● Diploma in Health Systems Management from Galilee University, Israel. ● Has worked in Public Service for 33 years. ● Currently the County Health Administrative Officer
 <p>Wycliffe Kotonya</p>	<ul style="list-style-type: none"> ● Date of Birth: 28th March 1980 ● BCOM. Finance Option in progress ● CPA (K) ● Work experience 14 years ● Worked in various hospital in Kakamega County as accountant. ● Currently Fund Accountant.

Kakamega County Health Services Fund.
Annual Report and Financial Statements for the year ended June 30, 2025

 <p>Dr. Christian Lamba</p>	<ul style="list-style-type: none"> ● D.O.B: 28th April 1978 ● Medical Superintendent, KCGH ● Masters in Orthopaedics and Surgery ● 12 years' work experience in medicine.
 <p>Dr. Ayub Misiani</p>	<ul style="list-style-type: none"> ● Born on 11th August 1984 ● Bachelor of Pharmacy, University of Nairobi ● Masters in Health Supply Chain Management, University of Rwanda. ● Currently works with the County Government of Kakamega as the County Pharmacist and Head of Health Products and Technologies, Kakamega. ● Has worked in Public Service for 14 years.
 <p>Acleus Mbatl Emichende</p>	<ul style="list-style-type: none"> ● Date of Birth: 21/04/1973 ● BSc. Environmental Health Sciences. ● Working experience- 28 years . ● Worked in Kajiado and Nyamira District, as Deputy DPHO in Butere-Mumias, SCPHO for Khwisero and Mumias East. ● Currently County Public Health Officer.

Kakamega County Health Services Fund.
Annual Report and Financial Statements for the year ended June 30, 2025



George Lipesa

- Born on 23rd August, 1966.
- BSc. Nursing at MMUST
- Masters in Nursing in progress at MMUST.
- 33 years of experience.
- Worked at Bukura and Makunga Health Centre as officer in charge
- Worked at CGH as nursing officer in charge.
- Was at Mukumu MTC as dean of students.
- Currently the County Nursing Officer.



Dr. Moses Okware Opari

- Date of Birth: Feb 5, 1978
- Bachelor of Medicine & Bachelor of Surgery
- Work experience 21 yrs
- Malava SCMOH & Med supt 2016 – 2021.
- SCMOH LURAMBI- 2012 – 2016.
- Currently Lurambi SCMOH 2021.

Kakamega County Health Services Fund.
Annual Report and Financial Statements for the year ended June 30, 2025

5. Fund Chairperson's Report

It is my pleasure to present the Kakamega County Health Services Fund Financial Reports and Statements for the year ended 30th June 2025. The statements present the financial performance of the Fund for the year ended 30th June 2025.

The Financial Statements have been prepared in line with the Public Finance Management (PFM) Act 2012 and are in line with the format prescribed by the Public Sector Accounting Standards Board. The PFM Act Section 163 to 168 requires that these statements be submitted to the Office of Auditor General and copied to the National Treasury, The Controller of Budget, and The Commission of Revenue Allocation after end of the year.

The Financial Statements present the recent actual fiscal performance for the year and make comparisons to the budget appropriations for the same period. They further provide a comprehensive financial review with sufficient information to show changes from the projections outlined in the latest County Fiscal Strategy Paper 2024/2025.

During the financial year 2024/2025, Kakamega County Health Services Fund delivered on the following activities.

- i) Facilitate collection of revenues from level 4 & level 5 Hospitals and Public Health Units.
- ii) Disburses funds received to level 4 & level 5 Hospitals and Public Health Units.

The fund had a budget of Kshs. 952,294,392 and actual revenue received was Kshs. 894,185,858. The actual expenditure was Kshs. 912,606,857 translating to 96% absorption rate.

The advisory committee was in place as from July 2024 being chaired by the executive committee member for Health Services who was appointed by the Governor.

The executive committee member for Health appointed the other committee members comprising of 8 members as stated above.

Pursuant to Sec 149 of the PFM Act, 2012, I confirm that there was accountability to the County Assembly in ensuring that the resources of the Fund were authorized and lawfully utilized in an effective, efficient, economical and transparent manner.

Some of the Challenges we faced as a Fund during the financial year 2024/2025 were

- i. Delays in disbursements from NHIF/SHA

CONCLUSION

The fund recorded good progress in implementation of their activities. On behalf of Fund, I would like to thank H.E. the Governor, H.E. the Deputy Governor for the leadership and support they have provided during the period. Further, my sincere gratitude goes to the fund committee members and staff for their continued efforts to realize the goals as set in the budget FY 2024/2025.

Kakamega County Health Services Fund.
Annual Report and Financial Statements for the year ended June 30, 2025

I extend my gratitude to all other stake holders for pulling together and for their continued commitment, dedication and hard work to ensure service delivery to the people of Kakamega County. I would also like to thank the County Assembly under the leadership of the Speaker and the County Clerk for their co-operation and oversight role as well as donors who have continued to support us in implementing our roles.

Name.....LIVINGSTONE IMBAYI.....Signature.....[Signature].....Date...2011/02

Chairperson of the advisory committee

Kakamega County Health Services Fund.
Annual Report and Financial Statements for the year ended June 30, 2025

6. Report of The Fund Administrator

It is my pleasure to present the County Government of Kakamega Health Services Fund Annual Financial Report and Statement for the financial year 2024/2025. The statement present the financial performance of the Fund for the financial year 2024/2025.

The Financial Statements have been prepared in line with the Public Finance Management (PFM) Act, 2012 and are in line with the format prescribed by the Public Sector Accounting Standards Board. The PFM Act, 2012 requires that these statements be submitted to the Office of the Auditor General and copied to the Clerk of County Assembly, The National Treasury, The Controller of Budget and The Commission on Revenue Allocation and the County Treasury within 3 month after the end of financial Year.

The Financial Statements present the recent actual fiscal performance for the year 2024-2025 and make comparisons to the budget appropriations for the same period. They further provide a comprehensive financial review with sufficient information to show changes from the projections outlined in the latest County Fiscal Strategy Paper 2024/2025.

a) Functions of the County Government Health Services Fund.

- i. improving the quality of patient care;
- ii. strengthening preventive and promotive health care;
- iii. improve infrastructure within existing health facilities;
- iv. maintenance, improvement and renovation of health care facilities;
- v. supplement the purchase of health products, medical equipment and technologies; and
- vi. Any other expenditure that is within the approved budget.

b) Budget performance against actual amounts for current year and for cumulative to-date based on programmes

Fund's financing

The Fund finances its daily operations by retaining 3% of the Hospitals revenues that has been swiped into the fund account. This money is used to offset administrative costs.

To ensure optimum collection of revenues from hospitals and public health Units the fund management is coming up with measures of curbing revenue leakages by ensuring all revenues have been collected through the system and banked directly from the source.

Budget Allocation

In the Financial year 2024/2025, the Fund had an approved budget of Kshs 952,294,392 being receipts from hospitals and public health units. This amount was allocated as follows 97% of the budget was transfers to the Health Facilities and public Health units while 3% of the budget was

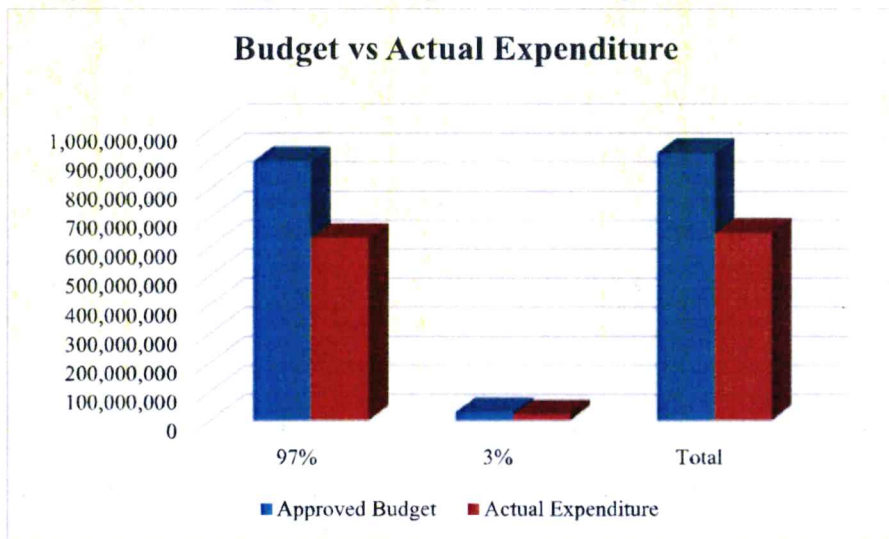
Kakamega County Health Services Fund.
Annual Report and Financial Statements for the year ended June 30, 2025

retained for the fund daily operations translating to Kshs. 923,725,560 and Kshs. 28,568,832 respectively.

Budget Absorption

During the year under review the fund received Kshs. 894,185,858 which is 94% of the budget. The actual expenditure was Kshs. 912,606,857. Kshs. 885,442,057 was for the transfers to hospitals and Public Health Units and Kshs. 27,164,800 on administrative Costs.

Comparison of Budget amount against actual expenditure.



c) Physical progress based on outputs, outcomes and impacts since establishment of the fund.

The implementation of the fund begun in July 2023 and has been in operation for one financial year.

However it has realized tremendous progress that has recorded improvement in the financial management of the Health facilities within the county government of Kakamega.

Some of the physical progress are

- i. Timely Disbursement of funds to the health facilities-This has reduced delays in disbursement of funds and has ensured efficiency in planning and execution of the programmes within the health sector.
- ii. Improved revenue collection-the fund has ensured tremendous improvement in revenue collection by increasing from 350M from the fy 2022/2023 to 894M in Fy 2024/2025.

Kakamega County Health Services Fund.
Annual Report and Financial Statements for the year ended June 30, 2025

iii. Prudent financial management-the fund has put in place proper structures that have reduced revenue leakages and improper spending.

d) **Comment on value-for-money achievements,**

The Fund has achieved much on value for the money as highlighted above under the physical progress.

e) **List the implementation challenges**

i. Delays in disbursements from NHIF/SHA

f) **Highlight key risk management strategies applied by the Fund**

Risk	Risk Implication	Mitigation Measures
Revenue Leakage	Loss of County revenue	Revenue Automation
Misappropriation of funds	Loss of County funds	Enhance internal control system process
Delay in disbursement	Slow operations	Improve own source collections
Inadequate Financial resources	Inefficiency in service delivery	Resource mobilisation

CONCLUSION

On behalf of the County Government of Kakamega, I would like to thank H.E. the Governor, H.E. the Deputy Governor for the leadership and support they have provided during the period. Further, my sincere gratitude goes to the Fund Committee Members for their continued efforts to realize the goals as set in the budget FY 2024/2025. I extend my gratitude to Hospital management and health care workers for their continued commitment, dedication and hard work to ensure service delivery to the people of Kakamega County. I would also like to thank the County Assembly under the leadership of the Speaker and the County Clerk for their co-operation and oversight role.

Name DAVIS ACILAH Signature [Handwritten Signature] Date 27/10/22

Fund administrator

Kakamega County Health Services Fund.
Annual Report and Financial Statements for the year ended June 30, 2025

7. Statement of Performance against the County Fund’s Predetermined Objectives

Introduction

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting officer when preparing financial statements of each County Government entity Government entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the county government entity’s performance against predetermined objectives.

The key development objectives of the Fund as per the strategic plan for FY 2024/2025

The key development objectives of the Fund as per the strategic plan for the period 2024/2025 are to:

- The principal activity/mission/ mandate of the Fund is to provide for financial autonomy to Health Facilities to raise, retain and use funds generated.

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
financial autonomy to Health Facilities	To ensure health facilities get disbursements timely	Efficiency in service delivery	Amount disbursed 885,442,057	99% transfers made to health facilities against collection of Kshs. 894,185,858

8. Corporate Governance Statement

a. Process of appointment and removal of trustees/ Administration Committee members,

The Chairperson is appointed by the Governor. The executive committee member for Health shall make appointments under sub section 30 (1) (b,c,d,e,f,g,h) of the Kakamega County Health services improvement Act. Members can be removed by the Governor if it appears to him or her that the Committee has failed to carry out its functions in the interest of the county. Thereafter, the Governor with the assistance of the Executive Committee constitutes a caretaker committee for a period not exceeding six months within which a new Committee shall be constituted

b. Roles and functions of the Board of Directors,

The following are the roles and functions of the advisory committee members

- i. Receive and approve budget estimates;
- ii. Review, verify and approve funding to health facilities and public health units;
- iii. Receive reports on the performance of the Fund from the Fund Administrator;
- iv. Approve guidelines and work plans for proper functioning of the\

c. Induction and training, Administration Committee members and member's performance,

Members are always inducted after engagement and are frequently trained on quarterly basis

d. Number of Fund Administration Committee meetings held and the attendance to those meetings by members,

The current committee was competitively recruited and sworn in, in the Financial Year 2023/2024 hence committees have been formed and hold quarterly meetings as guided by the board charter.

e. Succession plan,

The Administration Committee Members are always competitively recruited and legally constituted after their term has ended.

f. Conflict of interest,

At the beginning of every Board meeting members are requested to declare if they had any conflict of interest issues on the agenda at hand.

No conflict of interests were raised during board meetings.

g. Board remuneration,

Kakamega County Health Services Fund.
Annual Report and Financial Statements for the year ended June 30, 2025

The administration committee members are County staffs and are remunerated by the department of Public Service and Administration as per the Salaries and Remuneration.

h. Ethics and conduct as well as governance audit undertaken if any

The corporation relies on Directorate of internal Audit of the County Government Executive to conduct governance audit.

i. Existence of a service charter, Governance audit

The fund has a service charter in place.

Fund committee Composition

- i. County Executive Committee Member for Health Services who shall be the chairperson and shall be appointed by the Governor;
- ii. Chief Officer responsible for health services; 18 No. 4 Kakamega County Health Services 2022
- iii. Chief Officer responsible for finance or a representative duly nominated in writing; (d) County Attorney;
- iv. County Director of Health Services who shall be the secretary;
- v. County Head of Health Products and Technologies;
- vi. County Head of Health Administrative and support services; and
- vii. County Head of Public Health Services; and
- viii. fund administrator who shall be an ex official member

Kakamega County Health Services Fund.
Annual Report and Financial Statements for the year ended June 30, 2025

9. Management Discussion and Analysis

The fund has been in existence for a period of one year therefore there has not been much to compare with the operations of the previous years.

However during this year of operation the fund has made tremendous progress as stated below

Budget Allocation

In the Financial year 2024/2025, the Fund had an approved budget of Kshs 952,294,392 being receipts from hospitals and public health units. This amount was allocated as follows 97% of the budget was transfers to the Health Facilities and public Health units while 3% of the budget was retained for the fund daily operations translating to Kshs. 923,725,560 and Kshs. 28,568,832 respectively.

Budget Absorption

During the year under review the fund received Kshs. 894,185,858 which is 94% of the budget The actual expenditure was Kshs. 885,442,057 for the transfers to hospitals and Public Health Units and Kshs. 26,889,149 on administrative Costs.

Kakamega County Health Services Fund.
Annual Report and Financial Statements for the year ended June 30, 2025

10. Environmental and Sustainability Reporting

i. Sustainability strategy and profile –

The Fund was established by an Act of the County Assembly. The County Treasury and Ministry of Health Services as the parent Ministry budgeted for funds to support the funds operations in achieving its mandate.

ii. Environmental performance

The Fund adopted the environmental policy of its parent ministry, the Ministry of Health for Kakamega County.

iii. Employee welfare

The Fund had staff appointed from its parent ministry of health at the County level who are on Permanent and Pensionable terms or on contract basis. The current staff conform to Public Service hiring and appraisal policies.

The Fund's management conducts weekly/monthly meetings with its staff allowing them to share their success stories and challenges while following the annual work plan. Where possible and when resources allow, the staffs are supported to attend short courses, professional development courses, workshops and seminars to improve their skills and work performance.

The entity is also in compliance with Occupational Safety and Health Act of 2007.

iv. Market place practices-

a) The Fund being a County entity has trained its staff on Code of Conduct of public servants and the Ethics and Anti-corruption Act. It's funded by public funds and ensures high standards of corporate governance.

b) All fund's staffs conform and adhere to the public service code of conduct and remain neutral to political issues while delivering services to the public.

The fund being a public entity works within structures created by the National and County Governments that govern public procurement. It works within the confines of public procurement act and public finance management act and respects its suppliers and is open to scrutiny in the public procurement process.

v. Corporate Social Responsibility / Community Engagements

The organization did not conduct any Corporate Social Responsibility activities during the financial year in question. However, a lot of community engagements occurred between the staff and community in the course of undertaking their duties.

Kakamega County Health Services Fund.
Annual Report and Financial Statements for the year ended June 30, 2025

11. Report of The fund administration committee

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2025 which show the state of the Fund affairs.

Principal activities

The principal activity/mission/ mandate of the Fund is to provide for financial autonomy to Health Facilities to raise, retain and use funds generated.

Results

The results of the Fund for the year ended June 30, 2025 are set out on page 1 to page 3

Trustees

The members of the Board of Trustees who served during the year are shown on page iii.

There was no changes in the Board during the financial year

Auditors

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

By Order of the Board

.....
.....
.....

Chair of the advisory Committee

Date: 27/10/2025

Kakamega County Health Services Fund.
Annual Report and Financial Statements for the year ended June 30, 2025

12. Statement of Management's Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by The County Assembly shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year 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 Fund; (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 Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund'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. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2025, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Administrator to indicate that the Fund 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 Fund's financial statements were approved by the Board on 28/10/ 2025 and signed on its behalf by:

CICIA M. T. J. O.
.....

Administrator of the County Public Fund

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON KAKAMEGA COUNTY HEALTH SERVICES FUND FOR THE YEAR ENDED 30 JUNE, 2025

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.

An Unmodified Opinion is issued when the Auditor-General concludes that 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 aim to address the Auditor-General's statutory roles and responsibilities 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

Opinion

I have audited the accompanying financial statements of Kakamega County Health Services Fund set out on pages 1 to 27, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of

Report of the Auditor-General on Kakamega County Health Services Fund for the year ended 30 June, 2025

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, the financial statements present fairly, in all material respects, the financial position of Kakamega County Health Services Fund as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Kakamega County Health Services Act, 2022 and the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kakamega County Health Services Fund 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 opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Other Matter

Unresolved Prior Year Matters

In the audit of the previous year, one issue was raised under Emphasis of Matter and Report on Lawfulness and Effectiveness in the Use of Public Resources, as detailed in **Appendix I**. However, Management has not resolved the issues or given reasons for the delay in resolving the issues.

Other Information

Management is responsible for the Other Information set out on page iii to xxiii which comprise of Key Entity Information and Management, Fund Administration Committee, Management Team, Fund Chairperson's Report, Report of the Fund Administrator, Statement of Performance Against County Predetermined Objectives, Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Fund Administration Committee and Statement of Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effects of the matter 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

Long Outstanding Trade and Other Payables from Exchange Transactions

The statement of financial position and as disclosed in Note 15 to the financial statements reflects trade and other payables from exchange transactions balance of Kshs.2,231,000, which had been outstanding for more than one (1) year. However, Management did not provide explanations for non-settlement of the debts. This was contrary to Regulation 41(2) of the Public Finance Management (County Governments) Regulations, 2015 which states debt service payments shall be a first charge on the County Revenue Fund and the Accounting Officer shall ensure this is done to the extent possible that the County Government does not default on debt obligations.

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

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 and based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

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 those Charged with Governance

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

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

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

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

Those charged with governance are responsible for overseeing the Fund'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 also 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

17 November, 2025

Appendix I

Unresolved Prior Year Matters


Observation
Emphasis of Matter
Budgetary Control and Performance
Report on Lawfulness and Effectiveness in the Use of Public Resources
Irregular Withdrawals from the Kakamega County Health Services Fund Account


Kakamega County Health Services Fund.
Annual Report and Financial Statements for the year ended June 30, 2025

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

Description	Note	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Public Contributions and Donations	6	0	252,025
Transfers From the County Government	7	0	78,617,364
		0	78,869,389
Revenue From Exchange Transactions			
Other Income	8	894,185,858	565,388,260
		894,185,858	565,388,260
Total Revenue		894,185,858	644,257,649
Expenses			
Use of goods and services	9	26,889,149	19,994,304
Depreciation and Amortization Expense	10	275,651	215,711
Transfers to Health Facilities	11	885,442,057	606,207,117
Total Expenses		912,606,857	626,417,132
Surplus/(Deficit) for the Period		(18,420,999)	17,840,517

The notes set out on pages 19 to 24 form an integral part of these Financial Statements


 Name: Davis M. Latt
 Administrator of the Fund


 Name: K. M. W.
 Fund Accountant
 ICPAK Member Number: 28801-

Kakamega County Health Services Fund.
Annual Report and Financial Statements for the year ended June 30, 2025

15. Statement of Financial Position as at 30 June 2025

Description	Note	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	12	1,314,100	239,855
Current Portion of Long- Term Receivables from Exchange Transactions	13	0	19,399,593
Total current assets		1,314,100	19,639,448
Non-Current Assets			
Property, Plant and Equipment	14	336,418	432,069
Total non- current assets		336,418	432,069
Total Assets (A)		1,650,518	20,071,517
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	15	2,231,000	2,231,000
Total current liabilities		2,231,000	2,231,000
Non-Current Liabilities			
Non-Current Provisions	16	0	0
Total Liabilities (B)		2,231,000	2,231,000
Net Assets (A-B)		(580,482)	17,840,517
Represented By:			
Revolving Fund		0	0
Reserves		0	0
Accumulated Surplus		(580,482)	17,840,517
Net Assets		(580,482)	17,840,517

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 27/10/25 2025 and signed by:

.....
 Name: DAVID AKLOT
 Administrator of the Fund

.....
 Name: KATHY W
 Fund Accountant
 ICPAK Member Number: 28805

Kakamega County Health Services Fund.
Annual Report and Financial Statements for the year ended June 30, 2025

16. Statement of Changes in Net Assets for the year ended 30th June 2025

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance As At 1 July 2023	0	0	0	0
Surplus/(Deficit) For the Period	0	0	17,840,517	17,840,517
Balance As At 30 June 2024	0	0	17,840,517	17,840,517
Balance As At 1 July 2024	0	0	17,840,517	17,840,517
Surplus/(Deficit) For the Period	0	0	(18,420,999)	(18,420,999)
Balance As At 30 June 2025	0	0	(580,482)	(580,482)

Kakamega County Health Services Fund.
Annual Report and Financial Statements for the year ended June 30, 2025

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

Description	Note	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Public contributions and donations	6	0	252,025
Transfers from the county government		19,399,593	59,217,771
Receipts from other operating activities	8	894,185,858	565,388,260
Total receipts		913,585,451	624,858,056
Payments			
Use of goods and services	9	(26,889,149)	(17,763,304)
Transfers to Health Facilities	11	(885,442,057)	(606,207,117)
Total Payments		(912,331,206)	(623,970,421)
Net cash flows from operating activities	17	1,254,245	887,635
Cash flows from investing activities			
Purchase of property, plant, equipment and Intangible assets		(180,000)	(647,780)
Net cash flows used in investing activities		(180,000)	(647,780)
Cash flows from financing activities			
Proceeds from revolving fund receipts		0	0
Net cash flows used in financing activities		0	0
Net increase/(decrease) in cash & cash Equivalents		1,074,245	239,855
Cash and cash equivalents at 1 July 2024	12	239,855	0
Cash and cash equivalents at 30 June 2025	12	1,314,100	239,855

PSASB has prescribed the direct method of cash flow preparation/ presentation for all entities under the IPSAS accrual basis of accounting.

Kakamega County Health Services Fund.
Annual Report and Financial Statements for the year ended June 30, 2025

18. Statement of Comparison of Budget and Actual Amounts for the Period 2025

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
Receipts						
Other Income	952,294,392	0	952,294,392	894,185,858	58,108,534	94
Total Income	952,294,392	0	952,294,392	894,185,858	58,108,534	94
Expenses						
Use of goods and services	28,568,832	0	28,568,832	26,889,149	1,679,683	95
Transfers to Health Facilities	923,725,560	0	923,725,560	885,442,057	38,283,503	96
Total Expenditure	952,294,392	0	952,294,392	912,331,206	39,963,186	96
Capital expenditure						
Surplus For the Period				(18,145,348)		

Budget notes

1. There was no underutilization below 90% and no overutilization above 90%.
2. There was no changes between original and final budget.

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	(18,145,348)
1	Adjustment on receivables in the FY 2023/2024 received in FY 2024/2025-This amount was accrued in FY 2023/2024.	19,399,593

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2	Non recognition of Depreciation amount in the statement of comparison of budget and actual amount. Depreciation is a non-cash item.	
	Cash generated from operating activitie	1,254,245

Kakamega County Health Services Fund.
Annual Report and Financial Statements for the year ended June 30, 2025

19. Notes to the Financial Statements

Significant Accounting Policies

1. General Information

Kakamega County Health Services fund is established by and derives its authority and accountability from Health Act. The entity is wholly owned by the Kakamega County Government and is domiciled in Kenya. The principal activity/mission/ mandate of the Fund is to provide for financial autonomy to Health Facilities to raise, retain and use funds generated.

2. Statement of compliance and basis of preparation

The Fund's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Fund. The accounting policies have been consistently applied to all the years presented. The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

3. Adoption of new and revised standards

When an IPSAS becomes effective on 1st January 2024, it is applicable in Kenya from 1st July 2024.

(i) New and amended standards and interpretations in issue but not yet 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: Leases	Applicable 1st January 2025 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. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44:	Applicable 1st January 2025 The Standard requires,

Kakamega County Health Services Fund.
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<p>Non- Current Assets Held for Sale and Discontinued Operations</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>
<p>IPSAS 45: Property Plant and Equipment</p>	<p>Applicable 1st January 2025</p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
<p>IPSAS 46: Measurement</p>	<p>Applicable 1st January 2025</p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
<p>IPSAS 47: Revenue</p>	<p>Applicable 1st January 2026</p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance 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>Applicable 1st January 2026</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</p>

Kakamega County Health Services Fund.
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	cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS 49: Retirement Benefit Plans	Applicable 1st January 2026 The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.
IPSAS 50: Exploration For & Evaluation of Mineral Resources	Applicable 1st January 2027 The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires: <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard 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.

(i) Early adoption of standards

The Entity did not early – adopt any new standards in the financial year.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

ii. Revenue from exchange transactions

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 each period.

Dividends

Kakamega County Health Services Fund.
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Dividends or similar distributions must be recognized when the shareholder's or the Entity's right to receive payments is established.

Rental income

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

b) Budget information

The original budget for FY 2024/2025 was approved by the County Assembly on 28th June 2024. There was no additional appropriations on the budget.

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 financial cash flows has been presented.

c) 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.

During the year management purchased computer which was subjected to depreciation on a reducing balance method at a rate of 33.3%

a) 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,

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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.

b) 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. 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.

c) 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. 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

Kakamega County Health Services Fund.
Annual Report and Financial Statements for the year ended June 30, 2025

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).

Kakamega County Health Services Fund.
Annual Report and Financial Statements for the year ended June 30, 2025

Summary of Significant Accounting Policies (Continued)

Financial liabilities

Classification

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

d) 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 of 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 of cost and 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.

e) 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.

f) 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.

Kakamega County Health Services Fund.
Annual Report and Financial Statements for the year ended June 30, 2025

Summary of Significant Accounting Policies (Continued)

g) 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.

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.

h) Nature and purpose of reserves

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

i) 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 proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

Kakamega County Health Services Fund.
Annual Report and Financial Statements for the year ended June 30, 2025

Summary of Significant Accounting Policies (Continued)

j) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

k) 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.

l) 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 and senior managers.

m) 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.

n) Comparative figures

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

Kakamega County Health Services Fund.
Annual Report and Financial Statements for the year ended June 30, 2025

Summary of Significant Accounting Policies (Continued)

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.

State all judgements, estimates and assumptions made e.g.

a) 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.

b) 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

c) Provisions

Provisions were raised and management determined an estimate based on the information available.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Kakamega County Health Services Fund.
Annual Report and Financial Statements for the year ended June 30, 2025

Notes to the Financial Statements Continued

6. Public contributions and donations

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Donation From Development Partners	0	252,025
Total	0	252,025

7. Transfers from County Government

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Transfers From County Govt. –Seed Money	0	59,217,771
Transfers From County Govt. –Pay Ambulance Services	0	19,399,593
Total	0	78,617,364

8. Other income

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Receipts From SHA/NHIF	603,905,389	308,292,884
Receipts from Hospital revenue	263,912,505	230,910,172
Receipts from PHOs	26,367,964	26,185,205
Total Other Income	894,185,858	565,388,260

9. Use of Goods and Services

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Admiration expenses	21,834,200	14,595,338
Committee Allowances	3,175,700	2,788,200
Bank Charges	460,935	145,063
General Office Expenses	1,418,314	174,703
Catering services expenses	0	2,231,000
Telephone and Communication Expenses	0	60,000
Total	26,889,149	19,994,304

10. Depreciation and Amortization Expenses

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Property Plant and Equipment	275,651	215,711

Kakamega County Health Services Fund.
Annual Report and Financial Statements for the year ended June 30, 2025

Total	275,651	215,711
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11. Transfers to Health Facilities

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Transfers to Level 4 and 5 Hospitals	860,379,527	532,803,711
Transfers to PHOs	25,062,530	24,045,084
Transfers to Level 2 and 3 Hospitals	0	5,232,526
Payments made on behalf of Hospitals	0	44,125,796
Total	885,442,057	606,207,117

12. Cash and cash equivalents

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Current Account	1,314,100	239,855
Total Cash and Cash Equivalents	1,314,100	239,855

Detailed analysis of the cash and cash equivalents are as follows:

Financial Institution	Account number	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
a) Current Account			
Family Bank	78000059667	1,314,100	239,855
Total		1,314,100	239,855

13. Receivables from exchange transactions

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Current Receivables		
Transfers due from the County Government	0	19,399,593
Total Current Receivables	0	19,399,593
Non-Current Receivables		
Long Term Loan Repayments Due	0	0
Total Non- Current Receivables	0	0
Total Receivables From Exchange Transactions	0	19,399,593

Kakamega County Health Services Fund.
Annual Report and Financial Statements for the year ended June 30, 2025

14. Property, plant, and equipment

	Land	Buildings	Motor Vehicles	Furniture and fittings	Computers and office equipment	Total
Rate	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
At 1st July 2023	0	0	0	0	0	0
Additions	0	0	0	0	647,780	647,780
At 30th June 2024	0	0	0	0	647,780	647,780
At 1st July 2024	0	0	0	0	647,780	647,780
Additions	0	0	0	0	180,000	180,000
At 30th June 2025	0	0	0	0	827,780	827,780
Depreciation And Impairment						
At 1 st July 2023	0	0	0	0	0	0
Depreciation	0	0	0	0	215,711	215,711
At 30th June 2024	0	0	0	0	215,711	215,711
At 1st July 2024	0	0	0	0	215,711	215,711
Depreciation	0	0	0	0	275,651	275,651
Disposals	0	0	0	0	0	0
At 30th June 2025	0	0	0	0	491,362	491,362
Net Book Values						
At 30th June 2024	0	0	0	0	432,069	432,069
At 30th June 2025	0	0	0	0	336,418	336,418

Kakamega County Health Services Fund.
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15. Trade and other payables from exchange transactions

Description	FY 2024/2025		FY 2023/2024	
	Kshs		Kshs	
Trade Payables	2,231,000		2,231,000	
Total Trade and Other Payables	2,231,000		2,231,000	
Ageing analysis (Trade and other payables)	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	0	%	2,231,000	100%
Over one year	2,231,000	100%	0	0
Total (tie to above total)	2,231,000	100%	2,231,000	100%

16. Provisions

Description	Leave provision	Gratuity Provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs
Balance b/f	0	0	0	0
Additional provisions	0	0	0	0
Total provisions year end	0	0	0	0
Current Provisions	0	0	0	0

17. Cash generated from operations.

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax	(18,420,999)	17,840,517
Adjusted For:		
Depreciation	275,651	215,711
Working Capital Adjustments		
Decrease In Receivables	19,399,593	(19,399,593)
Increase/Decrease In Payables	0	2,231,000
Net Cash Flow From Operating Activities	1,254,245	887,635

Kakamega County Health Services Fund.
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18. Related party balances

a) Nature of related party relationships

Entities and other parties related to the Fund include those parties who have 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. The fund/scheme is related to the following entities:

- a) The County Government;
- b) The Parent County Government Ministry;
- c) Key management;
- d) Board of Trustees; etc.

b) Related party transactions

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Transfers From Related Parties'	0	59,217,771

c) Due from related parties

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Due From Parent Ministry	0	19,399,593
Total	0	19,399,593

Kakamega County Health Services Fund.
Annual Report and Financial Statements for the year ended June 30, 2025

19. Financial risk management

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

a) Credit risk

The Fund 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 entity's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

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

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

b) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Fund Administrator, who has 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 Fund 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.

c) Market risk

The board 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.

Kakamega County Health Services Fund.
Annual Report and Financial Statements for the year ended June 30, 2025

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 Fund'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 manner in which it manages and measures the risk.

i. 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:

Foreign currency sensitivity analysis

The following table demonstrates the effect on the Fund'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.

ii. 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 entity's interest rate risk arises from bank deposits. This exposes the Fund to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Fund's deposits.

Management of interest rate risk

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

Sensitivity analysis

The Fund 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.

Kakamega County Health Services Fund.
Annual Report and Financial Statements for the year ended June 30, 2025

d) Capital risk management.

The objective of the Fund's capital risk management is to safeguard the Fund's ability to continue as a going concern.

20. Events after the reporting period

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

21. Ultimate and Holding Entity

The entity is a County Public Fund established by County Assembly Health Act under the Ministry of health. Its ultimate parent is the County Government of Kakamega.

22. Currency

The financial statements are presented in Kenya Shillings (Kshs)

Kakamega County Health Services Fund.
Annual Report and Financial Statements for the year ended June 30, 2025

20. Annexes

Annex I: Progress on Follow Up Of Prior Year Auditor's Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe : (Put a date when you expect the issue to be resolved)
Emphasis of matter	<p>Budgetary Control and performance</p> <p>The statement of comparison of budget and actual amounts reflects final receipts budget and actual amounts on comparable basis of Kshs.919,869,389 and kshs.644,257,649 respectively, resulting to under-funding of Kshs.275,611,740 or 30% of the budget. Similarly, the fund expended Kshs.626, 417,132 against an approved budget of Kshs.919,869,389 resulting to underperformance of Kshs.293, 452,257 or 32% of the budget.</p>	<p>Management response</p> <p>Explanation of the Under-funding of Kshs.275, 611,740 or 30% of the budget</p> <p>The Kshs.275, 611,740 was supposed to be collected from Level 4 and 5 hospitals as fees and charges mainly from patients. The amount was not collected due to the nationwide doctor's strike which took a period of 4 month running from August 2023 to December 2023, this slowed down operations of Health facilities hence under collection.</p> <p>Explanation of the Underperformance of Kshs.293, 452,257 or 32% of the budget</p>	Implemented the recommendation of audit and waiting for senate resolution	30 th June 2026

Kakamega County Health Services Fund.
Annual Report and Financial Statements for the year ended June 30, 2025

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe : (Put a date when you expect the issue to be resolved)
	The underfunding and under-performance affected the planned activities and may have impacted negatively on service delivery to the public.	The under absorption of Kshs.293,452,257 was due to non-collection of Kshs.275,611,740 caused by nationwide doctor's strike that slowed down operations of Health facilities. The balance of Kshs.17, 840,517 was part of the receivable balance of Kshs.19, 399,593 paid by the fund on 20 th May, 2024 for ambulance services on behalf of the parent ministry which was later refunded on 12 th July, 2024.		
Basis for Conclusion	<p>Irregular withdrawals from the Kakamega County Health Services Fund Account.</p> <p>The statement of financial performance reflects use of goods and services amounting to Kshs.19,994,304 as disclosed in note 4 to the financial statements.</p>	<p>Management response</p> <p>The management noted that section 36 of the Kakamega County Health Service Fund Act,2022 was inconsistent with Article 207 (4) (b) of the Constitution of Kenya, 2010 and Sections 21 and 22 of The Facilities Improvement Financing Act, 2023 and hence was consequentially</p>	Implemented the recommendation of audit and waiting for senate resolution	30th June 2026

Kakamega County Health Services Fund.
Annual Report and Financial Statements for the year ended June 30, 2025

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe : (Put a date when you expect the issue to be resolved)
	<p>However approvals from the controller of budget were not sought before spending contrary to section 36 of the Kakamega county health services Act 2022 which states that the fund administrator shall obtain written approval of the controller of budget before withdrawing money from the Kakamega county health services fund account.</p> <p>In the circumstances, management was in breach of the law.</p>	<p>amended through Part II section 3 of the Kakamega County Finance Act, 2024.</p>		

Fund Administration Manager.

Date..... 

Kakamega County Health Services Fund.
Annual Report and Financial Statements for the year ended June 30, 2025

Annex II: Inter-Fund Confirmation Letter

COUNTY GOVERNMENT OF KAKAMEGA



MINISTRY OF FINANCE AND ECONOMIC PLANNING

THE COUNTY TREASURY

P O BOX 36 – 50100

KAKAMEGA.

Level 4 and 5 Hospitals

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

Confirmation of amounts received by Level 4 and 5 Hospitals as at 30 th June 2025							
Reference Number	Date Disbursed	Amounts Disbursed by Health Services fund of Kshs. 885,442,057 as at 30 th June 2025				Amount Received by [beneficiary Fund] (KShs) as at 30 th June 2025 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
Various	Various dates	885,442,057	0	0	885,442,057	885,442,057	0

Kakamega County Health Services Fund.
Annual Report and Financial Statements for the year ended June 30, 2025

Total		<u>885,442,057</u>		<u>885,442,057</u>	885,442,057	

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

Head of Accountants department of beneficiary Fund:

Name ESTHER WIGGERS Sign  Date 29/10/2025

Kakamega County Health Services Fund.
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Annex III: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		

Kakamega County Health Services Fund.
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Annex IV: Reporting on Disaster Management Expenditure

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments

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