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**REPORT**

OF

176

**THE AUDITOR-GENERAL**

ON

**SHIBWE SUB COUNTY HOSPITAL**

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

**COUNTY GOVERNMENT OF KAKAMEGA**

PAPERS LAID	
DATE	19/2/22
TABLED BY	Sen. Otekeni
COMMITTEE	
CLERK AT THE TABLE	May

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# SHIBWE SUB COUNTY HOSPITAL (COUNTY GOVERNMENT OF KAKAMEGA)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2025

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

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

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

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

*(This list is an indication of the common acronyms and glossary of terms; the entity should include all from the annual report and financial statements prepared)*

**2. Key Entity Information and Management**

**(a) Background information**

Shibwe Sub county Hospital is a level 4 hospital established under gazette notice number 17 and is domiciled in Kakamega County under the Health Department. The hospital is governed by a Board of Management.

**(b) Principal Activities**

The hospital Vision is to have an Efficient and effective Medical Services System for a healthy Nation.

The Mission is to promote and participate in provision of an integrated quality curative and rehabilitative services to all Kenyans.

**(c) Key Management**

Shibwe Sub County management is under the following key organs:

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

**(d) Fiduciary Management**

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

No.	Designation	Name
1.	Medical Superintendent	<b>Mr Julius Odanga</b>
2.	Hospital Health Administrative Officer	<b>Mrs Valentine Khaemba</b>
3.	Head of Finance	<b>Mrs. Janet Lumula</b>

**(e) Fiduciary Oversight Arrangements**

The key Fiduciary Oversight Arrangements include the following;

No.	Entity	Role
1.	Parliamentary committee activities	Legislation, Oversight, Representation
2.	County Assembly of Kakamega	Legislation, Oversight, Representation
3.	Controller of Budget	Oversight and advisory
4.	Office of the Auditor General	Oversight and advisory, Accountability, Express opinion on Books of account, Offer quality assurance on fiscal and monetary matters.
5.	Audit Committee	Monitoring and reviewing risk, control and governance processes that have been established.
6.	Development Partners	Setting financial accountability standards, monitoring fund utilization, and enforcing compliance to prevent misuse. They also build capacity in financial management systems and promote transparency through audits, reporting, and public disclosure. This helps safeguard resources while strengthening long-term accountability.

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

**(f) Entity Headquarters**

P P.O. Box 1589-50100  
Hospital Building  
Idakho Central Ward- Ikolomani Sub County  
Kakamega, KENYA

**(g) Entity Contacts**

Telephone: (+254) 728617255  
E-mail: shibwesubdistricthospital@gmail.com  
Website: kakamega.go.ke

**(h) Entity Bankers**

S/No	Account name	Account number	Bank	Branch
1.	Shibwe Sub county KCB Collection	1151915807	KCB	KAKAMEGA
2.	Shibwe KCB Imprest Operation	1252408919	KCB	KAKAMEGA
3.	Shibwe KCB Imprest Account	1151915882	KCB	KAKAMEGA

**(i) Independent Auditors**

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




**(j) Principal Legal Adviser**




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

**(k) County Attorney**




Office of the County Attorney  
County Government of Kakamega  
County Headquarters Annex, Room 112  
P.O. Box. 36 - 50100  
KAKAMEGA, KENYA  
Email: [kakamegalegal@gmail.com](mailto:kakamegalegal@gmail.com)

### 3. The Board of Management

Ref	Directors	Details
1.	<p>Chairpeson of the Board</p>  <p>Mr Gaston Shigoli</p>	<p><b>Qualification</b></p> <ul style="list-style-type: none"> <li>-KCE Education</li> <li>-77 Artillery Battalion</li> <li>-Instructor Artillery school</li> <li>Brigade Administrative welfare officer</li> </ul> <p><b>Experience</b></p> <ul style="list-style-type: none"> <li>20 years' experience in Military Administration</li> <li>Staff officer peace keeping mission Ethiopia</li> </ul>
2.	<p>Medical Superitendant Secretary of the Board</p>  <p>Mr Julius Odanga</p>	<p><b>Qualification</b></p> <ul style="list-style-type: none"> <li>Diploma in Clinical Medicine</li> </ul> <p><b>Experience</b></p> <ul style="list-style-type: none"> <li>15 Years' experience as a clinical officers Administration and management of Health facilities over 10 years experience</li> </ul>
3.	<p>Member of The Board</p>  <p>Mr Fabian Liyayi</p>	<p><b>Qualification</b></p> <ul style="list-style-type: none"> <li>Diploma in Theology St Pauls University</li> <li>KCE Certificate Div Three Musingu High School</li> </ul> <p><b>Experience</b></p> <ul style="list-style-type: none"> <li>Over 20 Years' Experience East Africa post and Telecommunication</li> <li>Over Ten Year Experience church Management</li> </ul>

<p>4.</p>	<p>Member of the Board</p>  <p><b>Mr Antony Lumula</b></p>	<p><b>Qualification</b></p> <p>Master Degree in science water and Natural resources Management International Telematic University</p> <p>Bachelor of Art Public administration and Management</p> <p>Certified Secretary KASNEB</p> <p><b>Experience</b></p> <p>10 Years' Experience program Management</p> <p>Over 10 Years in Board management and Public sector Administration</p>
<p>5.</p>	<p>Sub County Administrator</p>  <p><b>Mr .Geofrey Lumbasi</b></p>	<p><b>Qualification</b></p> <p>Master Degree in Public AdministrationTrack(Sung Degree in Business Administration</p> <p><b>Experience</b></p> <p>20 Year's experience in Management</p> <p>10 Year experience in County administration</p>
<p>6.</p>	<p>Member of Board</p>  <p><b>Mr Eric Indeche</b></p>	<p><b>Qualification</b></p> <p>Certificate in Photographic and Video Editing</p> <p>Training Cobbler</p> <p>Artisan in Drawing and Design</p> <p><b>Experience</b></p> <p>Over 5 years' Experience in sacco management</p>

**4. Key Management Team**

Ref	Management	Details
1.	Medical Superintendent Board Secretary  Mr Julius Odanga <b>Medical superintendent                      /Secretary of the Board</b>	<b>Qualification</b> Diploma in Clinical Medicine <b>Experience</b> 15 Years experience as a clinical officers Administration and management of Health facilities over 10 years experience
2.	 Shibwe Hospital Administrator <b>Mrs Valentine Khaemba</b>	<b>Qualification</b> Master Degree in Business Administration MBA Human Resources Option University of Nairobi Bachelor Degree in Social works Experience
3.	 Accountant Shibwe Sub counting Hospital Hospital Mrs Janet Lumula	<b>Qualification</b> Diploma in Business Administration CPA Part I <b>Experience</b> Over 15 Years in Public sector accounting

**5. Chairman’s Statement**

Shibwe Sub County hospital is a level four facility located in Idakho Central IKolomani Sub County, in Kakamega County. There only two level four facility within the sub county offering comprehensive services, this puts a heavy load on the workforce who have to bear the workload despite extreme staff shortage and minimal infrastructural support.

The facility offers both outpatient and inpatient which is inclusive of Maternity, Mother Child Health Clinic, Medical Outpatient Clinic, Dental, Rehabilitative services and operating Theatre services.

This financial year the facility took steps in increasing surgical operations by utilizing the maternity Theatre to serve not only expectant mothers that needed operations but all operations within the facility’s scope. This has boosted patient attendance numbers and in effect increased revenue collected by the facility, this is a positive for the facility as we await the rolling out of the Kakamega Health Facility Fund (FiF).

The board managed to meet in all the quarters as well as the three sub committees and reports to the full board presented.

The facility still has a bed capacity of 50 which is not sufficient to cater for the large and ever-growing population of Ikolomani.

The facility incurs revenue losses through unnecessary referrals to Kakamega County Teaching and Referral Hospital due to lack of bed spaces, this adds a financial burden to the clients in need of inpatient services.

The board has pushed through lobbying at county level to have infrastructural improvement as well as human resource boost, this push was due to the need by the community for a comprehensive facility that serves their needs.

To achieve these objectives Jacaranda has committed to construct and equip a comprehensive Maternity Unit to be able to cater for this, this would be a great addition and boost to the facility’s capacity and infrastructure.

There is more that needs to be done to improve the facility to a truly comprehensive Level 4, challenges such as inconsistent water supply, frequent power interruption and inadequate Human Resource need to be resolved to move the facility forward.

The erratic fund disbursement from the county allocation has derailed plans to improve the facility and clear its pending bills, this in-efficient system needs to be changed and a better health facility financing system developed. There is hope with the introduction of the Kakamega Health Facility Fund with the expectation that revenue collected shall be retained and utilized.

The facility needs a lot of infrastructural development which need to be factored in the county development budget.

More needs to be done to improve the facility as a whole.



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**Name. Mr Gaston Shigoli**

**Chairman to the Board**

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

Shibwe Sub County Hospital is a level four facility located in Idakho Central within Ikolomani Sub-County in Kakamega County. The Sub County has an estimated population of 80,000. The facility has been allocated a catchment population of 30,000 and serves as the only referral facility for the 10 facilities within the sub county which burdens it care of total population.

The facility has a bed capacity of 45 with an occupancy rate of two days, the bed space is divided in the following manner:

1. Maternity - 22 beds
2. Paediatric Ward – 6 Beds
3. Male Ward –6 Beds
4. Female Ward –6 Beds
5. Isolation – 5 Bed

The facility offers the following services but not limited to:

1. Out-patient Services
2. In patient Services
3. Maternity Services
4. Laboratory Services
5. Radiology Services
6. Mother Child Health services
7. Plaster Technology services
8. Health Record Services
9. Public Health Services
10. Pharmacy Services
11. Nutrition Services
12. Immunization Services

These services are provided by a competent and dedicated team of staff whom despite a persistent staff shortage strive to provide quality services in the facility.

### **IMPROVEMENT IN THE FACILITY**

Expanded Operations in the Operating Theatre

Expansive land

The facility is situated on a 10-ha piece of land that is not utilized adequately. Only 3 ha has been put in use

**Improved security**

Fencing of the entire facility with chain link that has enhanced security within the hospital

**Development of a Master Plan**

Shibwe Sub County Hospital for the longest time had no Master Plan, HMC and Management have taken steps and the process under way to have a Master Plan for the facility. This would bring efficiency in terms of development planning.

**Monthly Data Review Meeting**

Data acts as a measure of quality and is the main steering point in policy formulation and implementation. The Initiation of Monthly Data Review meetings has improved data entry and made retrospective review and future planning possible. The resultant improvement has made an impact visible at County level.

**Internet connectivity**

The facility is currently having LAN a national govt utility that has improved networking within the facility

**CHALLENGES FACING THE FACILITY**

**Inadequate Bed Capacity**

Shibwe Sub County Hospital has a bed capacity of 50 with a Male ward bed capacity of 10 beds, this has forced patients that needed admission to be referred to other facilities for admissions with many declining due to distance and lack of financial capacity. This has led to referrals of cases that could be handled here and in-effect revenue loss.

**Lack of Proper Infrastructure**

The facility was upgraded from a Health Centre to a Level four in 2006, but has never seen an infrastructural upgrade to match the growth, this has forced management to utilize staff quarters as service points for various departments.

**Staff Shortage**

The facility experiences an acute shortage of staff to man the various departments, this has forced certain departments to be unable to offer comprehensive services on a 24hr basis.

**Inadequate Funding**

The facility has experienced inadequate funding, this caused an increase in pending bills and utility stock-outs. The stock outs lead to poor patient turn-up and a reflective revenue dip.

Current hope is that the newly signed Kakamega Health Facility Improvement Fund Act will partly sort out this issue.

**Pump Failure**

The facility has a borehole whose pump has failed; this has caused an acute water shortage as Water supply in the region is scarce. Acquisition of a new pump, test pumping, Flushing and Installation of pump is needed.



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**Name: Mr Julius Odanga**  
**Secretary to the Board**

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

**Strategic Development Objectives as adopted by Kakamega County**

Kakamega County CIDP 2018-2022 has its goal stated as;

To achieve Social-economic transformation of the people through sustainable in all sectors by 2022.

To achieve this the county government of Kakamega has identified Five(5) strategic pillars within the current strategic Plan for FY 2024/2025. These strategic pillars are as follows:

1. To improve food security from 68 per cent to 80 per cent by 2022.
2. To improve transport infrastructure.
3. To improve access to quality and affordable health services
4. To improve quality of education.
5. To improve access to clean and safe water.

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

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Pillar/ theme/ issue 1: To Improve access to quality and affordable health services	To Reduce preventable mortalities	Reduction of preventable mortalities	Number of Emergency Surgeries done	120
			Number of rehabilitative Services started	3
			Number of departments started	2
			Percentage of clients counselled and tested for HIV	100%

Shibwe Sub County Hospital (Kakamega County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025

			Number of rehabilitative Services started	3
			Percentage of HIV positive Clients linked to care	94%
			Percentage of Clients with a viral load of <200cp	95%
			Number of Women of reproductive age screened for Ca Cervix	86
			Number of stake holders meeting by MOH/partner	6
			Number of open Maternity Days done	3
	To provide accessible and appropriate curative and diagnostic services	Increased number of diagnostic tests carried out by the facility	Number of new diagnostic tests done	2
		Introduction of specialized clinic	Number of Clinics done	48

### **8. Corporate Governance Statement**

The Shibwe Sub-County Hospital Management Committee was elected on Jan,22 they were gazetted on 18<sup>th</sup> February, 2022 The Kenya Gazette Vol.CXXIV – No. 31. The members are as listed below:

1. Gastone shigoli – Chairperson
2. Medical Superintendent – Secretary
3. Geoffrey lumbasi – Member (representing the office of the Sub County Administrator)
4. Willimina atondolo – Member-Women rep
5. Antony lumula – Member
6. Fabian liyayi – Member rep FBO
7. Ereck Indenje – Member rep PWD
8. Parick mamadi – Member, Area chief(exofficial)

Ad Hoc Members were adopted by the Accounting officer for easier coordination; The Nursing Officer In-Charge and Health Administrative Officer.

The Sub Committees were divided into the following:

1. Audit Sub Committee
  1. Erick indenje - Chairperson
  2. Wilimina atondolo – Secretary
  3. Geoffrey lumbasi - Member
2. Finance Sub Committee
  1. Gastone shigoli – Chairperson
  2. Valentine khaemba – Secretary(Adm)
  3. Antony lumula - Member
3. Quality Improvement Sub Committee
  1. Fabian liyayi – Chairperson
  2. Josphat wekesa – Secretary (NOI)
  3. Patrick mamadi - Member

The board is on a three-year appointment and members are eligible to vie for two terms, at the end of their term a new board is elected and a handing over is done for continuity of office.

In the current sitting HMC all members attended the scheduled meetings and when missing a representative or an apology was sent beforehand.

The facility has an organogram depicting the role of the board in managing the facility but no official charter other than the one inherited from the national government under the Mwongozo Code of governance is used, the code's core values are; Transparency, Accountability, Integrity, Professionalism, innovativeness and customer focus.

Other than the Audit Sub Committee the two sub committees cover the following functions:

1. Governance
2. Risk
3. Compliance

The board is on a three-year appointment and members are eligible to vie for two terms, at the end of their term a new board is elected and a handing over is done for continuity of office.

In the current sitting HMC all members attended the scheduled meetings and when missing a representative or an apology was sent beforehand.

The facility has an organogram depicting the role of the board in managing the facility but no official charter other than the one inherited from the national government under the **Mwongozo Code of governance** is used, the code's core values are; Transparency, Accountability, Integrity, Professionalism, innovativeness and customer focus.

The remuneration for board members is as follows:


Full Board;

- i. Chairman – 4,500 Ksh
- ii. All other Members – 2,500 Ksh

**Sub Committees;**

All Members – 2,500 Kshs

More needs to be done to have an efficient and performing board, a formal induction is yet to be done neither is an official appointment letters from the County.



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**Name: Mr Julius Odanga**

**Secretary to the Board**

## 9. Management Discussion and Analysis

The financial report for Shibwe Sub County Hospital presents the financial situation of the facility over the past one year.

The promulgation of the Constitution of Kenya, 2010 under Chapter 11 ushered Kenya into a new system of governance, replacing the centralized system with a devolved system of governance. The devolved system of governance consists of the National Government and 47 County Governments. Health was among the devolved functions.

The following is a highlight analysis of the facility:

### Clinical/operational performance

- Bed capacity of the hospital.  
Shibwe Level 4 Sub County Hospital has a bed capacity of 45
- Overall patient attendance during the year for both inpatient and outpatient 37,284
- Accident and Emergency attendance 34,155
- Specialised clinic attendance 6,672
- Average length of stay for in patient two days
- Bed occupancy rate two days
- Mortality rate 0.6%
- Surgical theatre utilisation (number of operations over a period of time) 120 operations in 12 months
- Sponsorships and partnerships  
The facility receives its main support from the County Government of Kakamega and other program supporting partners and stakeholders

### Financial performance that includes: -

- Revenue sources,  
The facility's main source of revenue is Kakamega County Improvement Fund ,Kakamega county Swift ,National Social Insurance and cash banked by clients consuming services
- Utilisation of funds  
The funds are collected into two accounts, one collects revenue received from NHIF and the other is for cash-based collection, the funds are then swiped to The County Revenue Account. The facility then receives allocated funds from disbursements and spends using Imprest Accounts after acquisition of AIE from Chief Officer Health Services.



.....  
**Name. Mr Julius Odanga**

**Secretary to the Board**

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

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

Shibwe Level 4 Sub County hospital maintains a Mission to promote and participate in provision of an integrated quality curative and rehabilitative services to all Kenyans. This is a continuous objective that needs to be sustained over time, to achieve this Shibwe Level 4 Sub County Hospital has identified the following sustainability priorities; consultative planning and budgeting process, improving revenue collection and lobbying for staff deployment.

In consultative planning and budgeting the facility has brought together the county health management and various stakeholders in order to achieve the facility's mandate. This has directly affected the budgeting process where aside from the in-house priorities, program-based targets are given a say in the budgets. This has greatly influenced indicators of the facility on the positive side.

On matters improving revenue the Hospital management team in line with the gazetted County charges for level four have sealed loopholes that led to revenue loss. This together with encouraging the local populous on NHIF uptake has led to tremendous revenue increase.

Staff numbers and appropriate deployment is key to quality service provision which is line with the facility's core mandate, this has put to task the Medical Superintendent and the Board to lobby for deployment of staff to Shibwe Level 4 Sub County Hospital.

However, in the course of implementation of the above mentioned, there are challenges experienced in the facility. They include; inadequate staffing, Inadequate funding and delays in disbursement also had a derail in implementation of the facility annual work plan.

### **ii) Environmental performance**

Shibwe Level 4 Sub County Hospital has yet to establish an environmental policy guideline, however the facility uses established National Guidelines on environmental issues as its guiding principles in the matter.

Some of the environmental issues experienced in the facility include; waste generation, waste segregation, waste disposal and management, disposal of unclaimed bodies. These still remain a challenge for the facility and more engagements are needed.

### **iii) Employee welfare**

The Majority of employees within the facility are County Government of Kakamega employees, followed by UHC engaged staff. Despite the effort the facility has a massive shortage of staff that, that gap is plugged by Casual staff engaged by the board.

To improve staff performance, Shibwe Level 4 Sub-County Hospital has initiated capacity building programmes to staffs through on-job trainings, continuous medical education, workshops and conference attendance that is supported. Furthermore, the facility management conducts staff appraisal performance which is coordinated from the County department of health and the Human Resource Department. The facility has complied to Occupational Safety and Health Act of 2007, (OSHA) by providing adequate office space that is regularly cleaned, providing sanitation facilities, regular trainings on drug and substance abuse and providing PPEs to all staff.

**iv) Market place practices-**

The facility outlines its efforts to:

**a Responsible competition practice.**

All staff are inducted into the Code of Conduct, Human Resource Manual and Disciplinary process as well as made aware of their scope of service, this sorts a lot of the issues with regards to corruption. The facility has also embraced a total cashless system for easier accountability and reduce the risk of corruption.

**b Responsible Supply chain and supplier relations**

All procurement processes in the facility adhere to the laid down regulations, with the facility procurement officer taking lead to ensure guidelines and regulations are followed. The facility maintains good practices and treats its own suppliers responsibly by honouring contracts, all of which are subject to funds availability.

**c Responsible marketing and advertisement**

. The facility through Continuous Medical Examination ensures that all its staff are well aligned with the International, National and County guidelines in regards to Ethical practices within the facility.

**d Product stewardship**

The Patients' rights Charter which all staff are well aligned with and frequently reminded of is one of the documents we use to ensure that Client's rights are respected and upheld.

**e Corporate Social Responsibility / Community Engagements**

Shibwe Sub-County Hospital is fostering interaction with the surrounding community from which majority of clients come from. Regular community dialogues are conducted on dialogue days which are usually planned and executed. The dialogue brings on board the administrative arm of the government, the community health volunteers and other NGOs.

Community Health volunteers linked to the facility are also engaged in marketing the facility services and escort clients especially for delivery and Ante natal clinic services. This has led to a drop in maternal mortalities and morbidities.

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

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

**Principal activities**

The principal activities of the entity in summary are (continue to be) to be the link between the community and the facility as well as hold the facility management responsible as guided by the Mwongozo Code of Governance

**Results**

The results of the entity for the year ended June 30 2025 are set out on pages 1 To 7

**Board of Management**

The members of the Board who served during the year are shown on page vi-vii.

**Auditors**

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

By Order of the Board



.....

**Name: Mr Julius Odanga**

**Secretary to the Board**

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

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

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

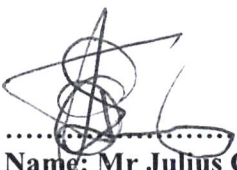
The Board of Management accepts responsibility for the Hospital’s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the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

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

### Approval of the financial statements

The Hospital’s financial statements were approved by the Board on **28<sup>th</sup> August 2025** and signed on its behalf by:

  
.....  
Name: Mr Gaston Shigoli  
Chairperson  
Board of Management

  
.....  
Name: Mr Julius Odanga  
Accounting Officer

# REPUBLIC OF KENYA

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



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

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

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### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### **Qualified Opinion**

I have audited the accompanying financial statements of Shibwe Sub County Hospital - County Government of Kakamega set out on pages 1 to 42, which comprise of

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

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Shibwe Sub-County Hospital - County Government of Kakamega 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, the Health Act, 2017, and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

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

The statement of financial position and Note 17 to the financial statements reflect receivables from non-exchange transactions balance of Kshs.1,434,588 in respect to transfers from Facility Improvement Fund (FIF). However, the supporting transactions ledgers and revenue collection reports were not provided for audit review.

In the circumstances, the accuracy and completeness of receivables from non-exchange transactions balance of Kshs.1,434,588 could not be confirmed.

#### **2. Incomplete Disclosure of Property, Plant and Equipment**

The statement of financial position reflects property, plant and equipment balance of Kshs.28,000 and as disclosed in Note 19 to the financial statements. However, review of the hospital records and physical inspection revealed that the hospital was located on a freehold land and equipped with ICT equipment, furniture and fittings, and buildings, that were not valued and not disclosed in the financial statements. Further, the land did not have a title-deed, and Management did not have an updated asset register in the format prescribed by the Guidelines from The National Treasury. Additionally, the assets had not been depreciated.

In the circumstances, the accuracy and completeness of property, plant and equipment balance of Kshs.28,000 could not be confirmed.

#### **3. Unsupported Revaluation Reserve Balance**

The statement of financial position reflects revaluation reserve balance of Kshs.1,207,946 as at 30 June, 2025. However, the hospital did not revalue its assets and property, plant and equipment balance of Kshs.28,000 comprises of an ICT equipment which was recognized at cost.

In the circumstances, the accuracy and completeness of revaluation reserve balance of Kshs.1,207,946 could not be confirmed.

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

## **Emphasis of Matter**

### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.43,449,546 and Kshs.43,449,546 respectively, resulting to 100% utilization of the budget. However, the transfers from other government entities erroneously indicates a performance difference of Kshs.1,434,588. Similarly, the hospital spent Kshs.39,198,349 against a budget of Kshs.44,884,134 resulting to an under-expenditure of Kshs.5,685,785 or 12% of the budget.

The under-expenditure affected the planned activities and programs and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

## **Key Audit Matters**

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

## **Other Information**

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

In connection with my audit on the Hospital's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I

conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

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

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

### Conclusion

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

### Basis for Conclusion

#### 1. Non-Compliance with the Facilities Improvement Financing Act, 2023

The statement of cash flows and Note 14 to the financial statements indicate transfers to Facility Improvement Fund (FIF) of Kshs.19,686,697. Further, the statement includes transfers from other Government entities amount of Kshs.19,859,508 which as disclosed in Note 7 to the financial statements relates to transfer from Facility Improvement Fund. However, a balance of Kshs.172,811 was overpaid to the hospital. Overpayment implies that funds collected from another facility were paid to the hospital.

This was contrary to Section 5(1) of the Facilities Improvement Financing Act, 2023 which provides that there shall be retention of all monies raised or received by or on behalf of all public health facilities.

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

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

#### 2. Failure to Meet Level 4 Hospital Requirements

Review of records maintained by the hospital and analysis of healthcare staffing at the facility revealed the following shortfalls against what was required by the Kenya Quality Model for Health Policy Guidelines of a Level 4 Facility:

Staff requirement	Level 4 Standard	Number in Hospital	Variance
Medical Officers	16	0	16
Anesthesiologist	2	0	2
General Surgeons	2	0	2
Gynecologists	2	0	2
Pediatrics	2	0	2
Radiologist	2	0	2
Kenya Registered Community Health Nurses	75	18	57
<b>Total</b>	<b>101</b>	<b>18</b>	<b>83</b>

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

Services	Level 4 Standard	Number in Hospital	Variance
Beds	150	41	109
Resuscitaire (2 in labour and 1 in theatre)	3	1	2
New born unit incubators	5	0	5
New born unit cots	5	0	5
Functional ICU Beds	6	0	6
High Dependency Unit (HDU) Beds	6	0	6
Renal unit with at least 5 dialysis Machines	5	0	5
Two functional operating theatres-Maternity and General	2	0	2

The absence of these essential components implies that the hospital is operating below the prescribed standards for a Level 4 hospital.

In the circumstances, the public may not efficiently get the required medical services that are expected to be offered by a level 4 hospital.

### 3. Failure to Gazette Hospital Board Members

Review of records provided for audit revealed that the hospital Board of Management members had not been formally gazetted and their appointment letters were not provided for audit review. This was contrary to Part 1.11 of Mwongozo Code of Governance, 2015 which provides that each Board member shall be formally appointed to the Board through a Gazette Notice and thereafter an appointment letter.

In the circumstances, the regularity of appointment of Board members could not be confirmed.

#### **4. Failure to Undertake Safety and Health Audits**

During the year under review, there were no safety and health audits carried out at the hospital. This was contrary to Section 11(1) of the Occupational Safety and Health Act, 2007, which states that the occupier of a workplace shall cause a thorough safety and health audit of his workplace to be carried out at least once in every period of twelve months by a safety and health advisor, who shall issue a report of such an audit containing the prescribed particulars to the occupier on payment of a prescribed fee and shall send a copy of the report to the Director.

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

#### **5. Operating without Approved Strategic Plan**

During the year under review, the hospital did not have a strategic plan. This was contrary to Section 149(2)(g) of the Public Finance Management Act, 2012 which states that an Accounting Officer designated for a County Government entity shall prepare a strategic plan for the entity in conformity with the medium-term fiscal framework and financial objectives of the County Government.

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

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

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

#### **Conclusion**

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

#### **Basis for Conclusion**

##### **1. Failure to Establish Internal Audit Unit and Audit Committee**

It was observed that the Hospital had not established an internal audit function and Audit Committee. This was contrary to Regulation 167(1) of the Public Finance Management (County Governments) Regulations, 2015 which requires County Government entities to

establish audit committees in accordance with prescribed regulations to monitor the entities' governance process, accountability process and control systems, offer objective advice on issues concerning internal control, regulatory requirements and governance.

In the circumstances, Management was in breach of law and the effectiveness of internal controls and risk management could not be confirmed.

## **2. Lack of Risk Management Policy and Risk Registers**

During the year under review, the hospital did not have a risk management policy and risk registers. This was contrary to Regulation 158 of the Public Finance Management (County Governments) Regulations, 2015, which states that, the Accounting Officer shall ensure that the County Government entity develops risk management strategies, which include fraud prevention mechanism and that the entity develops a system of risk management and internal control that builds robust business operations.

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

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

## **Responsibilities of the Management and the Board of Governors**

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 Shibwe Sub-County Hospital's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to cease operations.

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

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

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

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

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

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

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

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

  
FCPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

**Nairobi**

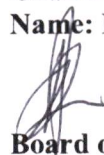
**15 December, 2025**

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

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from the County Government	6	5,283,946	0
Transfers from other Government entities	7	19,859,508	0
		<b>25,143,454</b>	0
<b>Revenue from exchange transactions</b>			
Rendering of services- Medical Service Income	8	19,740,680	0
		<b>19,740,680</b>	0
<b>Total revenue</b>		<b>44,884,134</b>	0
<b>Expenses</b>			
Medical/Clinical costs	9	16,036,555	0
Employee costs	10	2,773,544	0
Board of Management Expenses	11	368,000	0
Depreciation and amortization expense	12	12,000	0
Repairs and maintenance	13	1,703,415	0
Transfers	14	19,686,697	0
General expenses	15	8,339,178	0
<b>Total expenses</b>		<b>48,919,389</b>	0
<b>Total other gains/(losses)</b>		0	0
<b>Net Surplus / (Deficit) for the year</b>		<b>(4,035,255)</b>	0

(The notes set out on pages 24 to 33 form an integral part of the Annual Financial Statements.)  
The Hospital's financial statements were approved by the Board on **28<sup>th</sup> August 2025** and signed on its behalf by:

**Chairman:**  
**Name: Mr Gaston Shigoli**



**Board of Management**

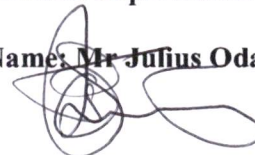
**Head of Finance:**  
**Mrs Michael Omulayi**



**ICPAK No:**

**Medical Superintendent. s**

**Name: Mr Julius Odanga**



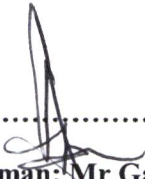
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**15. Statement of Financial Position As At 30<sup>th</sup> June 2025**


Description	Note	2024/2025	2023/2024
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	16	4,734,159	0
Receivables from non-exchange transactions	17	1,434,588	0
Inventories	18	684,984	0
<b>Total Current Assets</b>		<b>6,853,731</b>	<b>0</b>
<b>Non-current assets</b>			
Property, plant, and equipment	19	28,000	0
<b>Total Non-current Assets</b>		<b>28,000</b>	<b>0</b>
		<b>6,881,731</b>	
<b>Total assets (A)</b>			<b>0</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	20	9,709,040	0
<b>Total Current Liabilities</b>		<b>9,709,040</b>	<b>0</b>
<b>Total non-current liabilities</b>		<b>0</b>	<b>0</b>
<b>Total Liabilities (B)</b>		<b>9,709,040</b>	<b>0</b>
<b>Net assets (A-B)</b>		<b>(2,827,309)</b>	<b>0</b>
<b>Represented by:</b>			
Revaluation reserve		1,207,946	0
Accumulated surplus/Deficit		(4,035,255)	0
Capital Fund		0	0
<b>Net Assets</b>		<b>(2,827,309)</b>	<b>0</b>

*(The notes on pages 24 to 33 form an integral part of the Annual Financial Statements.)*

The Hospital's financial statements were approved by the Board on **28<sup>th</sup> August 2025** and signed on its behalf by:

.....  
  
**Chairman: Mr Gaston Shigoli**  
**Board of Management**

.....  
  
**Head of Finance:  
 Mr Michael Omulayi**  
**ICPAK No:**

.....  
  
**Medical Superintendent**  
**Name: Mr Julius Odanga**

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

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
<b>As at July 1, 2023</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Revaluation gain	0	-	-	0
Surplus/(deficit) for the year	-	0	-	0
Capital/Development grants	-	-	0	0
<b>As at June 30, 2024</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>At July 1, 2024</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Revaluation gain	1,207,946	-	-	1,207,946
Surplus/(deficit) for the year	-	(4,035,255)	-	(4,035,255)
Capital/Development grants	-	-	0	0
<b>At June 30, 2025</b>	<b>1,207,946</b>	<b>(4,035,255)</b>	<b>0</b>	<b>(2,827,309)</b>

*(Note:*

**Detailed analysis of revaluation reserve**

S/No	Details	Amount
1.	Imprest Account	452,347
2.	Revenue Collection account	70,615
3.	Closing Inventory	684,984
	<b>TOTAL</b>	<b>1,207,946</b>

1. *Prior year adjustments should have an elaborate note describing what the amounts relate to. In such instances, a restatement of the opening balances needs to be done.)*

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

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from the County Government		5,283,946	0
Grants from donors and development partners		0	0
Transfers from other Government entities		18,424,920	0
Public contributions and donations		0	0
Rendering of services- Medical Service Income		19,740,680	0
Revenue from rent of facilities		0	0
Finance / interest income		0	0
Miscellaneous receipts( <i>specify</i> )		0	0
<b>Total Receipts</b>		<b>43,449,546</b>	<b>0</b>
<b>Payments</b>			
Medical/Clinical costs		11,036,944	0
Employee costs		2,416,124	0
Board of Management Expenses		368,000	0
Repairs and maintenance		1,289,655	0
Transfers		19,686,697	0
General expenses		4,400,929	0
Finance costs		0	0
Refunds paid out		0	0
<b>Total Payments</b>		<b>39,198,349</b>	<b>0</b>
<b>Net cash flows from operating activities</b>	21	<b>4,251,197</b>	<b>0</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment		(40,000)	0
Purchase of intangible assets		0	0
Proceeds from the sale of PPE		0	0
Acquisition of investments		0	0
<b>Net cash flows used in investing activities</b>		<b>4,211,197</b>	<b>0</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		0	0
Repayment of borrowings		0	0
Capital grants received		0	0

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<b>Net cash flows used in financing activities</b>			0
<b>Net increase/(decrease) in cash and cash equivalents</b>		4,211,197	0
Cash and cash equivalents as at 1 July 2024		522,962	0
<b>Cash and cash equivalents as at 30 June 2025</b>	16	4,734,159	0

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

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	<b>a</b>	<b>b</b>	<b>c=(a+b)</b>	<b>d</b>	<b>e=(c-d)</b>	<b>f=d/c%</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	
Budget carryovers from the previous year	0	0	0	0	0	0%
<b>Receipts</b>						
Transfers from the County Government	5,283,946	0	5,283,946	5,283,946	0	100%
Grants from donors and development partners	0	0	0	0	0	0%
Transfers from other Government entities	19,859,508	0	18,424,920	18,424,920	1,434,588	93%
Public contributions and donations	0	0	0	0	0	0%
Rendering of services- Medical Service Income	19,740,680	0	19,740,680	19,740,680	0	100%
Revenue from rent of facilities	0	0	0	0	-	0%
Finance / interest income	0	0	0	0	-	0%
Miscellaneous receipts ( <i>specify</i> )	0	0	0	0	-	0%
<b>Total receipts</b>	<b>43,449,546</b>		<b>43,449,546</b>	<b>43,449,546</b>		<b>100%</b>
<b>Payments</b>						
Medical/Clinical costs	13,087,078	0	13,087,078	11,036,944	2,050,134	84%
Employee costs	3,553,651	0	3,553,651	2,416,124	1,137,527	68%
Remuneration of directors	1,613,169	0	1,613,169	368,000	1,245,169	23%
Repairs and maintenance	2,144,944	0	2,144,944	1,289,655	855,289	60%
Transfers	19,686,697	0	19,686,697	19,686,697	0	100%
General expenses	4,798,595	0	4,798,595	4,400,929	397,666	92%
<b>Total Operational Expenditure paid</b>	<b>44,884,134</b>		<b>44,884,134</b>	<b>39,198,349</b>	<b>5,685,785</b>	<b>88%</b>
<b>Capital Expenditure paid</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>40,000</b>	<b>0</b>	<b>%</b>
<b>Surplus</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,251,197</b>	<b>0</b>	<b>%</b>

**Budget notes**

1. Provide an explanation of differences between actual and budgeted amounts (any over/90% under) IPSAS 24.14

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2. Provide an explanation of changes between the original and final budget, indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)

:  
**Budget Reconciliation**

	Description of Particulars	Amount in Kshs
	<b>Actual Surplus Amounts as per the statement of Budget</b>	<b>4,251,197</b>
1	Capital Expenditure	(40,000)
2	Opening Cash and Cash Equivalents	522,962
	<b>Closing Cash and Cash Equivalent as per the statement of Cash flows</b>	<b>4,734,159</b>

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

### **1. General Information**

Shibwe Sub County Hospital is established by and derives its authority and accountability from an Act. The entity is wholly owned by the Kakamega County Government and is domiciled in Kakamega County in Kenya. The entity's principal activity is to provide quality and affordable healthcare services to the residents.

### **2. Statement of Compliance and Basis of Preparation**

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

### 3. Adoption of New and Revised Standards

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

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

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

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

Standard	Effective date and impact:
	<p>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><i>State the expected impact of the standard to the Entity if relevant</i></p>
<p>IPSAS 46 Measurement</p>	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
<p>IPSAS 47- Revenue</p>	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
<p>IPSAS 48- Transfer Expenses</p>	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and</p>

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

***iii) Early adoption of standards***

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

#### **4. Summary of Significant Accounting Policies**

##### **a. Revenue recognition**

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

##### **Transfers from other Government entities**

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

##### **ii) Revenue from exchange transactions**

##### **Rendering of services**

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

##### **Sale of goods**

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

##### **Interest income**

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

##### **Rental income**

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

**Notes to the Financial Statements (Continued)**

**b. Budget information**

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

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

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

**c. Taxes**

**Sales tax/ Value Added Tax**

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

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

**Notes to the Financial Statements (Continued)**

**d. Investment property**

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

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

**e. Property, plant and equipment**

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

**Notes to the Financial Statements (Continued)**

**f. Leases**

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

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

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

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

**g. Intangible assets**

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

**Notes to the Financial Statements (Continued)**

**h. Biological Assets**

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

**i. Research and development costs**

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

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

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

**j. Financial instruments**

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

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

## **Financial assets**

### **Classification of financial assets**

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

### **Subsequent measurement**

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

### **Amortized cost**

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

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

**Fair value through net assets/ equity**

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

**Fair value through surplus or deficit**

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

**Trade and other receivables**

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

**Impairment**

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

## **Financial liabilities**

### **Classification**

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

#### **k. Inventories**

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

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

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

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

#### **l. Provisions**

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

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

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

**Notes to the Financial Statements (Continued)**

**m. Social Benefits**

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

**n. Contingent liabilities**

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

**o. Contingent assets**

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

**p. Nature and purpose of reserves**

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

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

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

**Notes to the Financial Statements (Continued)**

**r. Employee benefits**

**Retirement benefit plans**

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

**s. Foreign currency transactions**

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

**t. Borrowing costs**

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

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

**u. Related parties**

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

**v. Service concession arrangements**

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

**w. Cash and cash equivalents**

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

**x. Comparative figures**

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

**y. Subsequent events**

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

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

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

**Estimates and assumptions.**

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

**Useful lives and residual values**

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

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

**Provisions**

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

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

**Notes to Financial Statements Continued**

**6. Transfers from the County Government**

Description	2024/2025	2023/2024
	KShs	KShs
<b>Unconditional grants</b>		
Transfers from the County Treasury	5,283,946	0
Level 4/5 grants	0	0
Unconditional development grants	0	0
Other grants ( <i>specify</i> )	0	0
	0	0
<b>Conditional grants</b>		
User fee forgone	0	0
Transforming health services for Universal care project (THUCP)	0	0
DANIDA	0	0
Wards Development grant	0	0
Paediatric block grant	0	0
Administration block grant	0	0
Laboratory grant	0	0
<b>Total government grants and subsidies</b>	<b>5,283,946</b>	<b>0</b>

**6 b Transfers from The County Government**

Name of the Entity sending the grant	Amount recognized to Statement of financial performance* KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total Transfer income during the year	2023/2024
			KShs	KShs	KShs
Kakamega County Government	5,283,946	0	0	5,283,946	0
<b>Total</b>	<b>5,283,946</b>	<b>0</b>	<b>0</b>	<b>5,283,946</b>	<b>0</b>

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

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

Notes to Financial Statements Continued

7. Transfers From Other Government Entities

Description	2024/2025	2023/2024
	KShs	KShs
Transfer from FIF	19,859,508	0
<b>Total Transfers</b>	<b>19,859,508</b>	<b>0</b>

8. Rendering of Services-Medical Service Income

Description	2024/2025	2023/2024
	Kshs	Kshs
Pharmaceuticals	10,500,000	0
Non-Pharmaceuticals	7,000,000	0
Laboratory	2,000,000	0
Radiology	240,680	0
Orthopedic and Trauma Technology	0	0
Theatre	0	0
Accident and Emergency Service	0	0
Anesthesia Service	0	0
Ear Nose and Throat service	0	0
Nutrition service	0	0
Cancer centre service	0	0
Dental services	0	0
Reproductive health	0	0
Paediatrics services	0	0
Farewell home services	0	0
Ambulance services	0	0
Other medical services income ( <i>specify</i> )	0	0
<b>Total revenue from the rendering of services</b>	<b>19,740,680</b>	<b>0</b>

**Notes to the Financial Statements (Continued)**

**9. Medical/ Clinical Costs**

Description	2024/2025	2023/2024
	Kshs	Kshs
Food and Ratio Total	2,865,654	0
Lab material Total	1,046,740	0
Medical drugs Total	4,336,625	0
Medical records Total	841,000	0
Non-pharms Total	6,408,182	0
Medical oxygen	28,000	0
Sanitary material Total	510,354	0
<b>Total medical/ clinical costs</b>	<b>16,036,555</b>	<b>0</b>

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

**10. Employee Costs**

Description	2024/2025	2023/2024
	Kshs	Kshs
Salaries, wages, and allowances	2,773,544	0
Contributions to pension schemes	0	0
Service gratuity	0	0
Performance and other bonuses	0	0
Staff medical expenses and Insurance cover	0	0
Group personal accident insurance and WIBA	0	0
Social contribution	0	0
Other employee costs (specify)	0	0
<b>Employee costs</b>	<b>2,773,544</b>	<b>0</b>

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

**Notes to the Financial Statements (Continued)**

**11. Board of Management Expenses**

Description	2024/2025	2023/2024
	Kshs	Kshs
Chairman's Honoraria	0	0
Sitting allowance	368,000	0
Mileage	0	0
Insurance expenses	0	0
Induction and training	0	0
Travel and accommodation allowance	0	0
Airtime allowances	0	0
<b>Total</b>	<b>368,000</b>	<b>0</b>

**12. Depreciation and Amortization Expense**

Description	2024/2025	2023/2024
	Kshs	Kshs
Property, plant and equipment	12,000	0
Intangible assets	0	0
Investment property carried at cost	0	0
<b>Total depreciation and amortization</b>	<b>12,000</b>	<b>0</b>

**13. Repairs And Maintenance**

Description	2024/2025	2023/2024
	Kshs	Kshs
computer Accessories Total	397,000	0
maintenance of plant and machinery Total	571,855	0
Motor vehicle repair Total	137,560	0
BUIDING MAINT	597,000	0
<b>Total repairs and maintenance</b>	<b>1,703,415</b>	<b>0</b>

**Notes to the Financial Statements (Continued)**

**14. Transfers**

Description	2024/2025	2023/2024
	Kshs	Kshs
Transfers to FIF – Cash collection Account	4,678,462	0
Transfers to FIF – SHA Account	15,008,235	0
<b>Total grants and subsidies</b>	<b>19,686,697</b>	<b>0</b>

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

**15. General Expenses**

Description	2024/2025	2023/2024
	Kshs	Kshs
Contracted Catering services Total	2,150,258	0
Contracted Cleaning Services Total	<b>2,518,279</b>	0
Domestic travel Total	<b>611,200</b>	0
Fire extinguisher service total	74,983	0
Linen Total	65,000	0
DSA	386,000	0
Electricity	598,951	0
Household alliance total	45,000	0
Bank charges	66,740	0
Telephone	400,000	0
Water	5,000	0
Other fuel Total	177,400	0
Postal services total	14,000	0
Refined fuel Total	874,361	0
Contra total	122,000	
GOS	230,006	0
<b>Total General Expenses</b>	<b>8,339,178</b>	<b>0</b>

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

**16. (a) Cash And Cash Equivalents**

Description	2024/2025	2023/2024
	KShs	KShs
Current accounts	<b>4,734,159</b>	0
On - call deposits	0	0
Fixed deposits accounts	0	0
Cash in hand	0	0
Others( <i>specify</i> )- Mobile money	0	0

<b>Total cash and cash equivalents</b>	<b>4,734,159</b>	<b>0</b>
--	------------------	----------

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

**Notes to the Financial Statements (Continued)**

**(b). Detailed Analysis of Cash and Cash Equivalents**

Description		2024/2025	2023/2024
Financial institution	Account number	KShs	KShs
<b>a) Current account</b>			
Imprest account KCB		4,662,520	0
Revenue account KCB		71,639	
SHA KCB		0	
<b>Sub- total</b>		<b>4,734,159</b>	<b>0</b>
<b>b) On - call deposits</b>			
Kenya Commercial bank		0	0
Equity Bank – etc		0	0
<b>Sub- total</b>		<b>0</b>	<b>0</b>
<b>c) Fixed deposits account</b>			
Bank Name		0	0
<b>Sub- total</b>		<b>0</b>	<b>0</b>
<b>d) Others(specify)</b>		<b>0</b>	<b>0</b>
cash in hand		0	0
Mobile money- Mpesa, Airtel money		0	0
<b>Sub- total</b>		<b>0</b>	<b>0</b>
<b>Grand total</b>		<b>4,734,159</b>	<b>0</b>

**17. Receivables From Non-Exchange Transactions**

Description	2024/2025	2023/2024
	KShs	KShs
Transfers from the FIF	1,434,588	0
Undisbursed donor funds	0	0
Other debtors ( <i>non-exchange transactions</i> )	0	0
Less: impairment allowance	0	0
<b>Total</b>	<b>1,434,588</b>	<b>0</b>

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

**Analysis of Receivables From Non-Exchange Transactions**

Description	2024/2025		2023/2024	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	1,434,588	100%	0	%
Between 1- 2 years	0	%	0	%
Between 2-3 years	0	%	0	%
Over 3 years	0	%	0	%
<b>Total (a+b)</b>	<b>1,434,588</b>	<b>100%</b>	<b>0</b>	<b>%</b>

**18. Inventories**

Description	2024/2025	2023/2024
	KShs	KShs
Lab materials	120,740	0
Pharmaceuticals Supplies	278,292	0
Medical stationery	44,100	0
Non-pharms Supplies	241,852	0
Cleaning materials supplies	0	0
General supplies	0	0
Less: provision for impairment of stocks	0	0
<b>Total</b>	<b>684,984</b>	<b>0</b>

**Detailed disclosure on inventories**

Description	2024/2025	2023/2024
Opening balance	0	0
Additional Inventory in the year	11,036,944	0
Inventory expensed in the year	(10,351,960)	0
Write-downs in the year	0	0
Others specify	0	0
<b>Closing balance</b>	<b>684,984</b>	<b>0</b>

Notes to the Financial Statements (Continued)

19. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment (12.5%)	ICT Equipment (30%)	Plant and medical Equipment (40%)	Other Assets (specify)	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh	Ksh
<b>Cost</b>									
<b>At 1 July 2023</b>	0	0	0	0	0	0	0	0	0
Additions	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0	0
Transfers/adjustments	0	0	0	0	0	0	0	0	0
Revaluation Adjustments	0	0	0	0	0	0	0	0	0
<b>At 30<sup>th</sup> Jun 2024</b>	0	0	0	0	0	0	0	0	0
<b>At 1 July 2024</b>	0	0	0	0	0	0	0	0	0
Additions	0	0	0	0	40,000	0	0	0	40,000
Disposals	0	0	0	0	0	0	0	0	0
Transfer/adjustments	0	0	0	0	0	0	0	0	0
Revaluation Adjustments	0	0	0	0	0	0	0	0	0
<b>At 30<sup>th</sup> Jun 2025</b>	0	0	0	0	40,000	0	0	0	40,000
<b>Depreciation and impairment</b>									
<b>At 1 July 2023</b>		0	0	0	0	0	0	-	0
Depreciation for the year		0	0	0	0	0	0	-	0
Disposals		0	0	0	0	0	0	-	0

*Shibwe Sub County Hospital (Kakamega County Government)  
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Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment (12.5%)	ICT Equipment (30%)	Plant and medical Equipment (40%)	Other Assets (specify)	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh	Ksh
Impairment		0	0	0	0	0	0	-	0
<b>At 30 June 2024</b>		0	0	0	0	0	0	-	0
<b>At July 2024</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>0</b>
Depreciation		0	0	0	12,000	0	0	0	12,000
Disposals		0	0	0	0	0	0	-	0
Impairment		0	0	0	0	0	0	-	0
Transfer/adjustment		0	0	0	0	0	0		0
<b>At 30<sup>th</sup> June 2025</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>28,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>28,000</b>
<b>Net book values</b>									
<b>At 30<sup>th</sup> Jun 2024</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>At 30<sup>th</sup> Jun 2025</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>28,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>28,000</b>

**Notes to the Financial Statements (Continued)**

**20. Trade and other Payables**

Description	2024/2025		2023/2024	
	KShs		KShs	
Trade payables	9,351,620		0	
Employee dues	357,420		0	
Third-party payments (e.g. unremitted payroll deductions)	0		0	
Audit fee	0		0	
Doctors' fee	0		0	
<b>Total trade and other payables</b>	<b>9,709,040</b>		<b>0</b>	
<b>Ageing analysis:</b>	<b>Current FY</b>	<b>% of the Total</b>	<b>Comparative FY</b>	<b>% of the total</b>
Under one year	9,709,040	%	0	%
1-2 years	0	%	0	%
2-3 years	0	%	0	%
Over 3 years	0	%	0	%
<b>Total</b>	<b>9,709,040</b>	<b>%</b>	<b>0</b>	<b>%</b>

**21. Cash Generated from Operations**

Description	2024/2025		2023/2024	
	KShs		KShs	
Surplus for the year before tax	(4,035,255)		0	
<b>Adjusted for:</b>	0			
Depreciation	12,000		0	
Non-cash grants received	0		0	
Impairment	0		0	
Gains and losses on disposal of assets	0		0	
Contribution to provisions	0		0	
Contribution to impairment allowance	0		0	
<b>Working Capital adjustments</b>	0			
Increase in inventory	0		0	
Increase in receivables	(1,434,588)		0	
Increase in deferred income	0		0	
Increase in payables	9,709,040		0	
Increase in payments received in advance	0		0	
<b>Net cash flow from operating activities</b>	<b>4,251,197</b>		<b>0</b>	

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

**Notes to the Financial Statements (Continued)**

**22. Financial Risk Management**

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

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

**(i) Credit risk**

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2023 (previous year)</b>				
Receivables from exchange transactions	0	0	0	0
Receivables from –non-exchange transactions	0	0	0	0
Bank balances	0	0	0	0
<b>Total</b>	0	0	0	0
<b>At 30 June 2024 (current year)</b>				
Receivables from exchange transactions	0	0	0	0
Receivables from –non-exchange transactions	0	0	0	0
Bank balances	0	0	0	0
<b>Total</b>	0	0	0	0

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

**Notes to the Financial Statements (Continued)**

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the hospital has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The entity has no significant concentration of credit risk on amounts. The board of management sets the hospital's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

**(ii) Liquidity risk management**

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2023</b>				
Trade payables	0	0	0	0
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred income	0	0	0	0
Employee benefit obligation	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>At 30 June 2024</b>				
Trade payables	0	0	0	0
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred income	0	0	0	0
Employee benefit obligation	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Notes to the Financial Statements (Continued)**

**(iii) Market risk**

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

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

**a) Foreign currency risk**

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

Description	KShs	Other currencies	Total
	Kshs		Kshs
<b>At 30 June 2022</b>			
Financial assets (investments, cash, debtors)	0	0	0
<b>Liabilities</b>			
Trade and other payables	0	0	0
Borrowings	0	0	0
Net foreign currency asset/(liability)	0	0	0

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

**Notes to the Financial Statements (Continued)**

Description	KShs	Other currencies	Total
	Kshs		Kshs
<b>At 30 June 2025</b>			
Financial assets (investments, cash, debtors)	0	0	0
<b>Liabilities</b>			
Trade and other payables	0	0	0
Borrowings	0	0	0
Net foreign currency asset/(liability)	0	0	0

**Foreign currency sensitivity analysis**

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

Description	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
<b>2024 (previous year)</b>			
Euro	10%	0	0
USD	10%	0	0
<b>2025 (current year)</b>			
Euro	10%	0	0
USD	10%	0	0

**b) Interest rate risk**

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

**Management of interest rate risk**

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

**Notes to the Financial Statements (Continued)**

**Sensitivity analysis**

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of financial performance if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs 0 (2025: KShs 0). A rate increase/decrease of 5% would result in a decrease/increase in surplus of KShs 0 (2025 – KShs 0).

**iv) Capital Risk Management**

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

Description	2024/2025	2023/2024
	Kshs	Kshs
Revaluation reserve	0	0
Retained earnings	0	0
Capital reserve	0	0
<b>Total funds</b>	0	0
Total borrowings	0	0
Less: cash and bank balances	0	0
Net debt/ ( <i>excess cash and cash equivalents</i> )	0	0
<b>Gearing</b>	0%	0%

**Notes to the Financial Statements (Continued)**

**23. Related Party Balances**

**Nature of related party relationships**

Entities and other parties related to the entity include those parties who have the ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates, and close family members. Kakamega County Government is the principal shareholder of the *entity*, holding 100% of the *entity's* equity interest. The National Government of Kenya has provided full guarantees to all long-term lenders of the entity, both domestic and external. The related parties include:

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

Description	2024/2025	2023/2024
	Kshs	Kshs
<b>Transactions with related parties</b>		
<b>a) Services offered to related parties</b>		
Services to other Parties	0	0
Sales of services to other parties	0	0
<b>Total</b>	0	0
<b>b) Grants from the Government</b>		
Grants from County Government	0	0
Grants from the National Government Entities	0	0
Donations in kind	0	0
<b>Total</b>	0	0
<b>c) Expenses incurred on behalf of related party</b>		
Payments of salaries and wages for other party employees	0	0
Payments for goods and services for other parties	0	0
<b>Total</b>	0	0
<b>d) Key management compensation</b>		

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Description	2024/2025	2023/2024
	Kshs	Kshs
Directors' emoluments	0	0
Compensation to the medical Sup	0	0
Compensation to key management	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

#### 24. Segment Information

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

#### 25. Contingent Liabilities

Contingent liabilities	2024/2025	2023/2024
	Kshs	Kshs
Court case 0 against the hospital	0	0
Bank guarantees in favour of subsidiary	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

*(Give details)*

#### 26. Capital Commitments

Capital Commitments	2024/2025	2023/2024
	Kshs	Kshs
Authorised For	0	0
Authorised And Contracted For	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

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

#### 27. Events after the Reporting Period

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

#### 28. Ultimate and Holding Entity

*Shibwe Sub County Hospital (Kakamega County Government)*  
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The entity is a County Corporation/ or a Semi- Autonomous Government Agency under the Department of Health. Its ultimate parent is the County Government of Kakamega.

**29. Currency**

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

**20. Appendices**

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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	2024/2025	2023/2024

**Guidance Notes:**

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

  
.....  
**Accounting Officer**

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

**Projects**

Projects implemented by the Hospital Funded by development partners

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

**Status of Projects completion**

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

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

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


Name of Transferring entity: Kakamega County Government

Name of Beneficiary entity Shibwe Sub County Hospital


Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30 <sup>th</sup> June (Current FY)					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
Assorted	Assorted	5,283,946		5,283,946	
Total		5,283,946		5,283,946	

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

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

Name CPA Wabuche Wycliffe Sign  Date 28<sup>th</sup> August 2025

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

Name Michael Omulayi Sign  Date 28<sup>th</sup> August 2025



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**Appendix IV Reporting of Climate Relevant Expenditures**

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

**Appendix V: Disaster Expenditure Reporting Template**

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