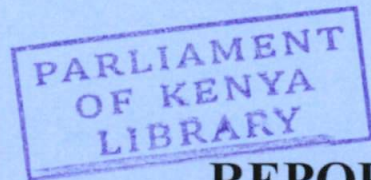


REPUBLIC OF KENYA



REPORT

W28

OF

THE AUDITOR-GENERAL

ON

WEBUYE LEVEL 4 HOSPITAL

FOR THE YEAR ENDED
30 JUNE, 2025

COUNTY GOVERNMENT OF BUNGOMA

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WEBUYE COUNTY HOSPITAL
COUNTY GOVERNMENT OF BUNGOMA
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2025

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



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1. Acronyms & Glossary of Terms

CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
Fiduciary Management	Key management personnel who have financial responsibility in the entity.
MOH	Ministry Of Health
NHIF	National hospital insurance fund
MOPC	Medical Outpatient Clinic
GOPC	Gynaecology Outpatient Clinic
POPC	Paediatric Outpatient Clinic
SOPC	Surgical Outpatient Clinic
AWP	Annual Work Plan
HIV	Human Immunodeficiency virus
ENT	Ear Nose and Throat
PMTCT	Prevention of Mother to Child Transmission
HMT	Hospital Management Team
KMPDC	Kenya Medical Practitioners' and Dentist Council
NCK	Nursing Council of Kenya
COC	Clinical Officers Council
KMLTTB	Kenya Medical Laboratory Technician and Technologists Board
SHA	Social Health Authority
KHPOA	Kenya Health Professionals Oversight Authority
PWD	People with Disability
WHO	World Health Organisation
HMIS	Health Management Information System
CHMT	County Health Management Team
AMREF	African Medical Research Foundation
AMPATH	Academic Model for Prevention and treatment of HIV
USAID	United States Agency for International Development
FDSA	Flying Doctors Society of Africa
SDG	Sustainable Development Goals
GBV	Gender Based Violence
PCN	Primary Care Network
USA	United States of America

2. Key Entity Information and Management

(a) Background information

Webuye County Hospital is a level (4) hospital established under gazette notice number 786 of 2020 and is domiciled in Bungoma County under the Health Department. Its registration number by KMPDC is GK 012892 with an MFL code of 16161. The hospital is governed by a Board of Management. It has a bed capacity of 217, with eight wards, 4 operating theatres and it offers in-patient and outpatient service.

The Hospital offers the following specialist services to clients from Kakamega, Trans-Nzoia, Busia county and sub-counties within Bungoma County. The services offered are; general surgery, orthopaedic surgery, burns management, New born services, oncology, palliative care, maternity services among others.

INFRASTRUCTURE AND SERVICES OFFERED

The hospital offers curative, preventive, rehabilitative and promotive services to the community of Bungoma West region and beyond and comprises the following departments/units:

1. **Male Ward:** Offers comprehensive inpatient general healthcare ranging from internal medicine, mental health, general surgery, orthopaedic surgery, urology surgery, plastic surgery, burns, and ENT to male patients aged 14 years and above.
2. **Female Ward:** Offers comprehensive inpatient general healthcare ranging from internal medicine, mental health, general surgery, orthopaedic surgery, urology surgery, plastic surgery, burns, gynaecology services and ENT to female patients aged 14 years and above.
3. **Paediatric Ward:** Offers comprehensive general healthcare including medical and surgical care to paediatric patients – for all conditions affecting children under the age of 14 years and also serves as a burns unit for the children.
4. **Maternity unit (antenatal ward):** offers care to pregnant women including sick antenatal women who require inpatient care and those admitted in labour, PMTCT.
5. **Maternity Labour ward:** provides labour monitoring and delivery of pregnant women, PMTCT services from counselling, testing and initiation into care for those who turn positive, immunisation.
6. **Postnatal Ward:** offers post-delivery care and observation to mothers and their neonates after delivery and also education of care of the new-born and follow up of the mother and neonate. Counselling and family planning, PMTCT, Postoperative care for post-operative obstetric patients, family planning and other related services.
7. **New Born Unit:** Offers care to neonates who are sick with low birth weight and requires support
8. **Amenity ward:** Offers medical, surgical and gynaecological services.
9. **Specialised outpatient clinic services:** This are specialised consultant clinics include General Medical Outpatient Clinic, General Surgical Outpatient Clinic, Family Medicine and Palliative care clinic, General Paediatric Outpatient Clinic, Gynaecology Outpatient Clinic, Ear Nose and Throat clinic, Audiology clinic, Psychiatry clinic, Reproductive health clinic, chest and skin clinic, Comprehensive Care Centre for HIV care, Sickle Cell Clinic, Cervical and breast cancer screening, palliative care, basic oncology care, Psychology clinic, chronic diabetes management clinic and integrated chronic care clinic, etc.

10. **Nutrition clinic:** Offers care and advice to all clients indeed of nutrition services ranging from counselling to provision of therapeutic prescriptions and food.
11. **Accident and Emergency department:** offers comprehensive care to all patients who are very sick, critically ill from illness or accidents and require stabilisation, assessment and care before being disposed of to various areas.
12. **Eye unit** – offers comprehensive eye care.
13. **Theatre / operating room services** – 4 theatres offering emergency and elective surgical services. Both major and minor operations
14. **Radiology and imaging:** offers general and specialised x-rays, ultrasonography, Echocardiography and Electrocardiograph (ECG).
15. **Laboratory (ISO certified):** A class E laboratory offering routine and specialised laboratory services i.e biochemistry, haematology, parasitology, serology, and hormonal test.
16. **Maternal, child health and family planning services** – offers ANC, Postnatal care, PMTCT, Breast and cervical cancer clinic, child welfare and primary care for women and children.
17. **Medical Records** – health informatics, reporting, data for demand and decision making.
18. **Administrative services-** planning, day to day operations of the hospital,
19. **Rehabilitative services-** Physiotherapy, occupational therapy, orthopaedic technology.
20. **Mortuary services-** Storage of bodies, embalming, post-mortem, dressing of bodies both from outside and deaths that occur within the hospital.
21. **Outpatient:** Separate adult and paediatric services.

Board Management

The hospital has a Hospital Management board which was appointed by the county executive and has been trained on their key roles. The Hospital board of management runs its affairs through 3 subcommittees: Quality of care subcommittee, Audit subcommittee and the finance and general purpose subcommittee. The adhoc subcommittee is formed and meets when there is an emergency issues that need to be discussed.

(b) Principal Activities

The principal activity/mission/mandate of Webuye County Hospital is to offer comprehensive health care services to the residents.

Vision:

To be an efficient and cost-effective medical facility delivering excellent services to Kenyans

Mission:

Providing and participating in the provision of integrated and high-quality curative and rehabilitative services to all Kenyans.

Goal

A healthy population that can be economically and socially productive.

Core Objectives:

- ✓ Provision of health services
- ✓ Ensure patient satisfaction
- ✓ Technical health assistance to local communities
- ✓ Teaching and research services

Core Values

- Professionalism
- Integrity
- Ethics
- Transparency and accountability
- Partnership and collaboration

(c) Key Management

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

- County department of health
- Board of Management
- Hospital Management Team (HMT)

(d) Fiduciary Management

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

No.	Designation	Name
1.	Medical Superintendent	Dr. David Wanikina
2.	Accountant in charge	Tonny Kibet
3.	Supply chain and management officer in charge	Benson Wabwile
4.	Nursing officer in charge	Christine Naliaka
5.	Health administrative officer in charge	Catherine Makokha
6.	Health Records & Information in charge	Kenneth Ogweno

(e) Fiduciary Oversight Arrangements

- County assembly of Bungoma
- County department of health and Sanitation
- County Health Management Team
- Hospital Management Board

Key Entity Information and Management (continued)

(f) Entity Headquarters

Webuye County Hospital
P.O. Box 25 - 50205
Webuye Town
Webuye, Kenya

(g) Entity Contacts

Telephone: +254732333682/+254759932327
E-mail: webuyedistricthospital@yahoo.com
Website:

(h) Entity Bankers

Kenya Commercial Bank

(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
PO Box 40112
City Square 00200
Nairobi, Kenya

(k) County Attorney

County government of Bungoma
P.O. Box. 437
Bungoma, Kenya



3. The Board of Management



Ref	Directors	Details
	<p>Dr. Collins Tabu Chairman</p>	<ul style="list-style-type: none"> • 47 year old Male • Masters in Medicine and Surgery Public Health-Field epidemiology (JKUAT). • MBCHB from the university of Nairobi • Currently a consultant at UNICEF, • Previously head of Immunisation at the Ministry Of Health (MOH). • Worked previously as a MOH in various sub counties in Kisumu county • He is currently the chair of the board of management at Webuye County hospital.


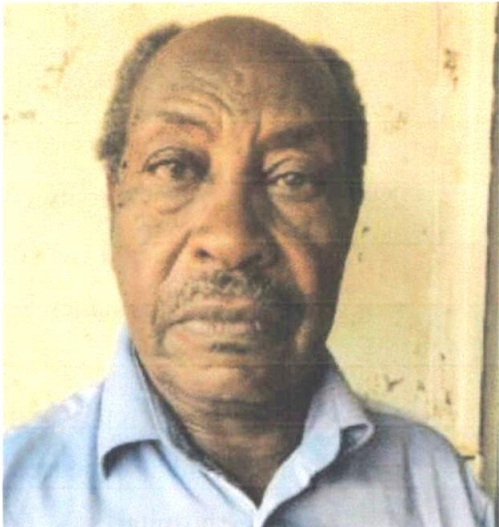


Mrs Metrine Arabu
 Member

- 41 year old Female,
- Holder of Bachelors in Education Arts from Masinde Muliro University 2015.
- P1 certificate from Shanzu teachers training college.
- She has taught in various schools such as Khalumuli Primary School, Pefa Nzoia primary school, Kakimanyi primary school, Nambami primary school, Webuye ACK Primary.
- She acted as a deputy head teacher for three months in 2012.
- 2007 to 2008 she was founder deputy principal Wamalwa Kijana Secondary school
- Currently serving as a board member Webuye County Hospital from 2019 to date.
- Current elected KNUT Women Representative Bungoma East 2016 to date.
- Current Chairperson of the Quality-of-Care Committee

	<p>Bishop Alex Masika Siboko Member</p>	<ul style="list-style-type: none"> • 62 years old male holder of Degree in School of Ministry by spirit of Grace Ministries (2001). • Current board member Webuye county hospital 2019 to date. • Current Bishop at Jesus Generation Crusaders Mission from 2022 to date. • Served as an Overseer of Jesus Generation Crusaders Mission Churches from 2011 to 2022. • pastor at Jesus generation ministries crusaders 2000-2010. • Current chairman of Webuye pastors' fellowship for over ten years. • Runs a widows support program (new beginning centre) since 2021.
	<p>Dr. Nicholas Wakwabubi Barasa Member</p>	<ul style="list-style-type: none"> • 37 year old male • Holds a Bachelor's degree in Pharmacy University of Nairobi. • Master's in Public Health from Mount Kenya University. • Current Member CHMT, coordinating Health finance, health policy and planning. • Pharmacist and a public health Specialist in Bungoma county. • Current board member Webuye County hospital.

	<p>DR. Jane Khasoa Lusenaka Member</p>	<ul style="list-style-type: none"> • She is a holder of a PhD in development studies from Moi University. • Masters in development studies from the institute of development studies from the University of Nairobi. • Bachelor of Arts in sociology and economics from university of Nairobi. • Current board member at Webuye county hospital.
	<p>Dr. David Wanikina Secretary</p>	<ul style="list-style-type: none"> • 45years old • Masters of medicine in Family and Emergency Medicine from Maseno university. • Undergraduate bachelor of medicine and surgery from Moi university. • Also completed Certified Public Accountancy PART I. • He is the secretary to the board and also the head of the hospital. • He has more than 15years in health management.



	<p>Mr. Nicodemus Manjaru Member</p>	<ul style="list-style-type: none"> • 80 year old male • A Holder of Elementary Certificate Principles of Account from Pitman Examination Institute-London • Had a finance administration Course at Nzoia Sugar Company and worked in the same company for twenty years before retiring in 1996. • Current a representative of Persons living with disability, Bungoma Chapter. • Board Member- Webuye County Hospital.
	<p>Alexander Joseph Muchai Member</p>	<ul style="list-style-type: none"> • 70 years old Male • A holder of a diploma in electrical engineering from Dares salaam technical college (1978). • Electrical Engineer between 1978- 1979 with Tanzania Zambia Railways, 1979- 1980 worked with Tanzania dairies LTD. • In 1981-1983 worked in Mumias Sugar factory, Later in 1983 - 1993 Webuye Pan paper millers. • Currently a businessman in Webuye town, chairman of Chemical energies Ltd • Board member of Webuye County Hospital.



Everlyne Nangila
Khaemba
Member

- 44 year old female,
- Diploma holder from Milo TTC, in ECD.
- Teacher by profession and has taught in various schools such as Motherland Academy, Little Angels Academy, Webuye SA primary among others schools.
- Currently a board member in Webuye, Muslim Primary school, Webuye SA primary school and Webuye County Hospital.

4. Key Management Team

Ref	Management	Details
	<p>Dr. David Wanikina. Medical Superintendent, Chairman HMT MMED Family and emergency medicine.</p>	<ul style="list-style-type: none"> • Chair of the Hospital management team and EEC. • Oversees day to day activities of the hospital. • Chair of advisory committee. • Oversees compliance of practice and quality assurance. • A link between the facility and the community.
	<p>Catherine Barasa. Health Administrative Officer Bachelor in Arts Administration</p>	<ul style="list-style-type: none"> • She is the secretary to the HMT EEC. • Member of advisory committee. • Oversees estate management. • Participate in day to day running of the hospital. • She is an alternate signatory to the hospital account. • She is the in charge of transport in the facility.

	<p>Mrs. Christine Naliaka Leonard Nursing officer incharge Bachelor of Science in Nursing.</p>	<ul style="list-style-type: none"> • Nursing officer In-charge Providing leadership in the nursing team. • Member of the key hospital management meetings including HMT, EEC, Advisory, • In charge, commodity and chair feeding committee. • She ensures quality of nursing services by setting the standards, ensures professionalism and continued licensing of nursing staff.
	<p>Tonny Kibet Chongwony Accountant in charge Bachelor of commerce(finance)</p>	<ul style="list-style-type: none"> • Providing leadership in all matters finance • He is an alternate signatory to the hospital account. • Ensures all accounting books are properly maintained. • Participates in revenue collection and expenditure. • Member of EEC and HMT. • Ensures timely financial reporting.
	<p>John Wanyonyi Namunyu Laboratory manager in charge Diploma in Medical Laboratory Sciences</p>	<ul style="list-style-type: none"> • Providing leadership, planning and management of laboratory. • Oversees day to day of Laboratory services. • Sets standards of the laboratory and ensure adherence.

	<p>John Okello Public health officer in charge. Certificate in environmental sciences.</p>	<ul style="list-style-type: none"> • Secretary to prevention and infection committee. • A member of the hospital feeding committee, HMT. • Also ensures environmental safety at the hospital by carrying out various inspection to ensure compliance of public health safety.
	<p>Isaac Wasike Radiology and Imaging officer in charge. Diploma in Medical Imaging Sciences</p>	<ul style="list-style-type: none"> • Member of HMT, EEC. • Oversees daily provision of radiology and imaging services. • Sets standards and ensures safety of the patients, staff and the environment while providing radiology services. • Participates in PPM of the radiology equipment.
	<p>Brenda Waliaula Human Resource in charge. Bachelors of Economics (Option Human Resource Management)</p>	<ul style="list-style-type: none"> • Head of Human resource management. • Member of HMT • A key personnel who is secretary to the Performance Management Committee and hospital human resource discipline and advisory committee.

	<p>Benson Wabwile Head of supply chain management. Bachelors in Supply chain and management.</p>	<ul style="list-style-type: none">• Member of HMT• Member of EEC• In charge of supply chain management of hospital commodities and equipment.
	<p>Dr. Joel Oenga. Pharmacy in charge. Has Masters in Clinical Pharmacy.</p>	<ul style="list-style-type: none">• Member of HMT• Member of ECC• Secretary to medicine therapeutic committee• Coordination of pharmaceutical services
	<p>Kenneth ogweno Health Records and Information in charge Bachelors in Health Records and Information Management</p>	<ul style="list-style-type: none">• Member of HMT• Member of EEC• Coordinates health statistics and information.• Maintains patients' records.

5. Chairman's Statement

The hospital management board of Webuye county hospital successfully offered oversight to the hospital management for the financial year 2024/2025. The board at the beginning of the financial year set up three subcommittees: Finance and general purpose subcommittee, Audit subcommittee and Quality of care subcommittee.

The hospital management board held 4 meetings plus three special meetings, where several deliberations were made with recommendations and directives given. Some of the notable recommendations were: acquisition of the hospital title deed, valuation of the hospital assets, procurement of point of care equipment and supplies and settling of pending bills. The board also oversaw the new infrastructure developments including the sewerage line and a modern outpatient block in partnership with the county government of Bungoma.

The subcommittees of the board also held meetings with the recommendations presented to the board. The finance and general purpose committee held three meetings where the revenue collection, expenditure, workload and quarterly budgets were deliberated and submitted to the full board. The quality of care subcommittee held three meetings where members were able to review feedback from the suggestion boxes, interview clients and take a tour of the hospital premises. The subcommittee deliberated and presented their recommendations to the full board. The audit subcommittee also met three times where audit reports from the internal and external auditors were presented and deliberated. The audit subcommittee also reviewed internal controls on revenue collection and expenditure reports and presented their recommendations to the board.

The board oversaw tremendous improvement in service delivery, revenue collection and reduction in pending bills at the hospital. In the financial year 2024/2025, no new pending bills were reported. Merchants were paid on time upon delivery and verification of the documents. There was a reduction in complains reported to the board.

The challenges faced by the hospital included non-payment of claims by NHIF, SHA and AON in the financial year which limited the capacity of the hospital to meet its obligation as per the approved budget. Human resources shortages across all cadres which was occasioned by transfers, natural attrition, retirement, hindered efficiency in service delivery.

We look forward to expansion of the hospital amenities on the completion of OPD, ICU and expansion of inpatient wards. There is need for SHA and AON to settle its claims on time. The board will request the county government to deploy more staff across all cadres.

.....

Name: Collins Tabu

Chairman to the Board

6. Report of The Medical Superintendent

We are grateful to God, the board of management, HMT, all staff, the community and the stakeholders for the successful 2024/2025 financial year. There were remarkable achievements, which were recorded including reduction of pending bills, no additional pending bills 2024/2025, increased revenue collection, improved accounting, procurement and management processes. The hospital management ensured availability of supplies, equipment and service delivery efficiently throughout the year.

The hospital management through its various teams were invigorated and were more active. This expanded participation by all staff and teams in the day to day management of the facility. Other committees including: Infection Prevention Committee, quality of care committee, morbidity and mortality review meetings, medicine and therapeutic committees among others were able to hold meetings and provide recommendations on the improvement of quality of services at the facility. This has seen an increase of clients seeking services from the facility.

The hospital saw an increase in revenues collection from Kshs155,145,557 to 181,040,623.55 which was due to stringent measures put in place to reduce leakages and also responsiveness of staff. The hospital was also able to expend 100% of the realised revenue which led to improvement of service delivery.

Challenges faced included industrial action by nurses and clinical officers which disrupted service delivery for 3 months. The defunct NHIF failed to honour the outstanding claims amounting to Kshs.42,219,340 which is still unsettled to date. The successor, SHA, has also failed to honour claims on time leading to outstanding settled claim of 36,206,048 by closure of financial year 2024/2025. This led to unachievement of revenue target of Kshs.209, 035,447 and lack of meeting the budgetary requirements of the approved budget hence denying clients the requisite services. The increase in patients flow has overstretched the hospital amenities leading to overcrowding hence the need to expand the hospital infrastructure.

Human resource is still a challenge to service delivery which is made worse by the number of staff exiting due to transfers, retirement, natural attrition, resignations and those seeking for greener pastures abroad. This has led to the remaining human resource being overstretched.

To remedy this, there is need to expand the wards by 200 beds, complete and operationalize the intensive care unit, modern OPD and construction of a mental health unit. The SHA, AON and other debtors to settle the outstanding debts owed to the facility. There is need to continuously strengthen revenue collection, expenditure and management processes.

We believe in a better 2025/2026.

.....
Name: Dr. David Wanikina
Secretary to the Board



7. Statement of Performance Against Predetermined Objectives

Webuye county Hospital had 6 strategic pillars and objectives in its annual work plan for the FY 2024/ 2025 which guided its performance. These strategic pillars were as follows;

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

Webuye County Hospital developed an annual work plan based on the above 6 pillars/themes/issues at the beginning of the financial year 2024/2025. An analysis of key issues challenges relating to access and quality of service delivery and suggestions on possible intervention to address identify challenges was done at the beginning of the financial year. This is as tabulated in the table below.

Pillars of health	Key Issues/Challenges* Relate to access (demand side) to care and/or quality (supply side) of service delivery	Priority interventions to address identified challenges
Eliminate communicable conditions	High Staff attrition rate leading to shortage/Turnover and inadequate number of health personnel	Request the Chief officer health and sanitation to deploy more health personnel across all cadres for service delivery.
	Inadequate infrastructure and Equipment for service delivery	<ul style="list-style-type: none"> ● Complete, equip and operationalize renal unit ● Purchase equipment for screening and testing. ● Adequate funding by the county government to enable expansion of services.
	<ul style="list-style-type: none"> ▪ Poor health seeking behaviour ▪ Immunization coverage still below required nationwide immunization target of 85% 	<ul style="list-style-type: none"> -Create awareness through health education -Strengthen defaulter tracing mechanisms

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	<ul style="list-style-type: none"> ▪ Commodity stock out (vaccines) ▪ Inadequate Human Resource 	<ul style="list-style-type: none"> -Proper Forecasting, quantification & resource mobilization -Strengthen testing and immunization -Advocate for employment of more staff
Halt and reverse increasing burden of non-communicable conditions	Lack of awareness on non-communicable conditions	Community sensitization about NCDs and screening
	Poor health seeking behaviour	Health Education on availability of health services offered at the hospital
	Unhealthy Religious and cultural beliefs and taboos	Health education on behaviour change
	<ul style="list-style-type: none"> ● Knowledge gap on management of non-communicable conditions among Health Providers ● Inadequate diagnostic capacity –Lack of CT scan/pathology Lab/MRI 	<ul style="list-style-type: none"> -Capacity building of health providers -County to invest in purchase of CT scan and MRI machine and put up a pathology lab.
	Inadequate Screening Equipment	Procurement of Equipment
	Unhealthy Lifestyle (exercise and health-nutrition)	Health Education and Awareness on good nutrition
	Inadequate specialized medical personnel	Training of specialized personnel on disciplines related to management of NCDs
	Inadequate Funding for NCDs related activities	Allocate enough funding for activities that help to curb the surge of NCDs
	Inadequate health products and technologies in management and treatment of NCDs	Procurement of health products Technologies and management of NCDs
	Inadequate staffing to run accident and emergency Department	Employ specialized medical personnel/Capacity building of specialized personnel to handle accident and emergency Related cases.
	Increased incidences of drug and substance abuse	Establishment and equipping of youth Friendly, counselling and rehabilitation centre.
	Cultural Beliefs	Create Awareness on Human rights and Health Education
	Inadequate budgetary allocation on products and Technologies on GBV Cases	County to fund for procurement of products and technologies
	Lack of IEC material	Print and Avail IEC materials in all relevant Languages

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Provide essential medical services	-Inadequate blood supply/Lack of blood screening services at the facility level	-sensitization of the community on blood donation -ensure allocation of funds to run the drive (blood donation)
	Inadequate budget allocation for health products and technologies	-increase funding for health products and technologies at facility level
	Inadequate staff Housing	Lobby for Hospital quarters houses to be given to frontline hospital workers as a matter of priority Lobby for Construction of more staff houses.
	Inadequate office space and service delivery spaces	Construct and complete and furnish stalled renal unit and other service delivery blocks.
	Delayed payment of Salaries for all county health employees hence staff demotivation	To ensure timely disbursement of funds from national government to avoid delay of salary payments
	-Inadequate staffing -High rate of staff attrition (exits) without replacement	-Advocate for employment of more staff -County to put in place a succession management plan
	Inadequate training on Infection Prevention Control, Biosafety and Biosecurity	Train HCWs on IPC, Biosafety and Biosecurity
	Lack of an Isolation ward in the hospital	Construct and equip Isolation Wards.
	Lack of incinerator	Purchase an ideal incinerator and construct housing
	Negative Peer pressure	Intensify Health Education in the Community through CHPs
	Negative Cultural beliefs	Intensify Health Education in the Community
	Risky sexual behaviour (unprotected sex)	-Intensify Sex education among the adolescents (School Health Program) -Provision of condoms
Strengthen collaboration with health-related sectors	Lack of funding to conduct regular meetings	-resource mobilisation
	Knowledge gap on health-related issues	-Conduct community sensitization meetings
	Inadequate dissemination of resource envelope	-ensure resource envelope is shared at all levels
	Lack of clear framework to engage our partners	Develop a clear framework to engage our partners

8. Corporate Governance Statement

i. Appointment of Board members, Process of appointment and removal of directors, The size, diversity, and demographics of the Board, Existence of the board charter

The appointment and removal of board members is guided by the Bungoma county health services act 2019, FIF act 2023 and the ministry of medical services 2010 guidelines.

Roles and functions of the board

The roles and functions of board members is as stipulated in the Bungoma health services act 2019 FIF act 2023 and the ministry of medical services guidelines 2010. The main role of the board is oversight of the hospital management.

ii. Induction, training, and development

The current hospital Board of management was inducted in March 2024.

iii. Board and members' performance

The performance of each member in terms of attending the official board meetings is as tabulated below.

Name of member	Full board	Finance and general-purpose subcommittee	Audit subcommittee	Quality of care subcommittee
Dr. Collins tabu(chairperson)	0/7(0%)	N/A	N/A	N/A
Dr. Jane Khasoa	6/7 (85.71%)	2/3 (66.67%)	N/A	N/A
Bishop Alex Masika	6/7 (85.71%)	3/3 (100%)	N/A	N/A
Nicodemus Munjaru	6/7 (85.71%)	N/A	3/3 (100%)	N/A
Eunice Simuli	7/7 (100%)	N/A	3/3 (100%)	N/A
Dr. David Wanikina	7/7 (100%)	N/A	N/A	N/A
Everlyne Khaemba	5/7 (71.43%)	N/A	N/A	3/3 (100%)
Metrine Arabu	7/7 (100%)	N/A	N/A	3/3 (100%)
Dr Nicholas Barasa	4/7 (57.14%)	N/A	N/A	3/3 (100%)
David Machimbo	6/7 (85.71%)	N/A	3/3 (100%)	N/A
Alexander Muchai	6/7 (85.71%)	2/3 (66.7%)	N/A	N/A

- **Full Board Meetings held in 2024/2025**

DATE	ATTENDANCE	PERCENTAGE
29 th August 2024	8 out of 11	72.73%
9 th October 2024	10 out of 11	90.91%
29 th November 2024	9 out of 11	81.82%
10 th January 2025	10 out of 11	90.91%
7 th April 2025	8 out of 11	72.73%
8 th May 2025	8 out of 11	72.73%
19 th June 2025	10 out of 11	90.91%

The hospital management board had a total of 11 gazetted members whose attendance in the full board meetings is as summarized in the table above. The average attendance of the full board by members was at 81.82% in the financial year 2024/2025.

- **Finance and General Subcommittee Meetings Held**

The financial subcommittee of the board had 4 members and their attendance is as summarized in the table below. The average attendance for the finance subcommittee was 100% in the year 2024/2025.

DATE	ATTENDANCE	PERCENTAGE
11 th July 2024	4 out of 4	100%
9 th January 2025	4 out of 4	100%
3 rd April 2025	4 out of 4	100%

- **Audit Subcommittee**

The audit subcommittee had 3 members and they had 3 meetings in the financial year. The average attendance was 100% in the financial year as tabulated below.

DATE	ATTENDANCE	PERCENTAGE
9 th July 2024	3 out of 3	100%
7 th January 2025	3 out of 3	100%

2 nd April 2025	3 out of 3	100%
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- **Quality of Care Subcommittee**

The quality-of-care subcommittee had 4 members whose attendance has been summarized in the table below. The average attendance to the subcommittee was 100% in the financial year 2024/2025.

DATE	ATTENDANCE	PERCENTAGE
9 th July 2024	4 out of 4	100%
7 th January 2025	4 out of 4	100%
2 nd April 2025	4 out of 4	100%

iv. Succession plan

The hospital management board maintains a record of its proceedings and plans in all its meetings held. The current hospital management board tenure expires in July 2026 and then the county department of health will initiate a process of appointing new members. The Webuye county hospital management board will plan for handing over from the current board to a board to be appointed.

v. Policy to manage conflict of interest.

There were no conflict of interest declared in any of the board deliberations in the financial year 2024/2025

vi. Board remuneration

The board allowances were paid as per the SRC circular during the financial year

vii. Ethics and Conduct

The board of management conducted itself in an ethical manner and observing all the rules governing boards

viii. Governance audit

The board of management observed all the rules governing boards

ix. Communication policy

All communications by the board was done by the board secretary.

x. Terms of Reference of Committees

The terms of reference of the board has been stipulated in the act Bungoma county health services act 2019, FIF act 2023 and the ministry of medical services 2010 guidelines.

xi. Policy on related party transactions

The hospital does not have related party transactions.

9. Management Discussion and Analysis

Clinical/operational performance

Webuye County Hospital provided a wide range of services to its clients including accident and emergency, outpatient, specialist clinics, inpatient, surgery, ENT, ophthalmology, dental among others.

In the last financial year 2024/ 2025 a total of 90,006 patients received services at Webuye County Hospital as inpatient/outpatient. A total of 56,276 patients attended specialised clinic and 79597 patients were seen in general outpatient unit. The average length of stay at the hospital inpatient was 6 days with bed occupancy rate of 74%. The crude mortality rate for the hospital in the financial year under review was 5.8%. The graphs as indicated below summarises hospital vital statistics for the year.

Overall patient attendance during the year for both inpatient and outpatient

The Hospital’s workload analysis over the last three years is as depicted in the charts and graphs below.

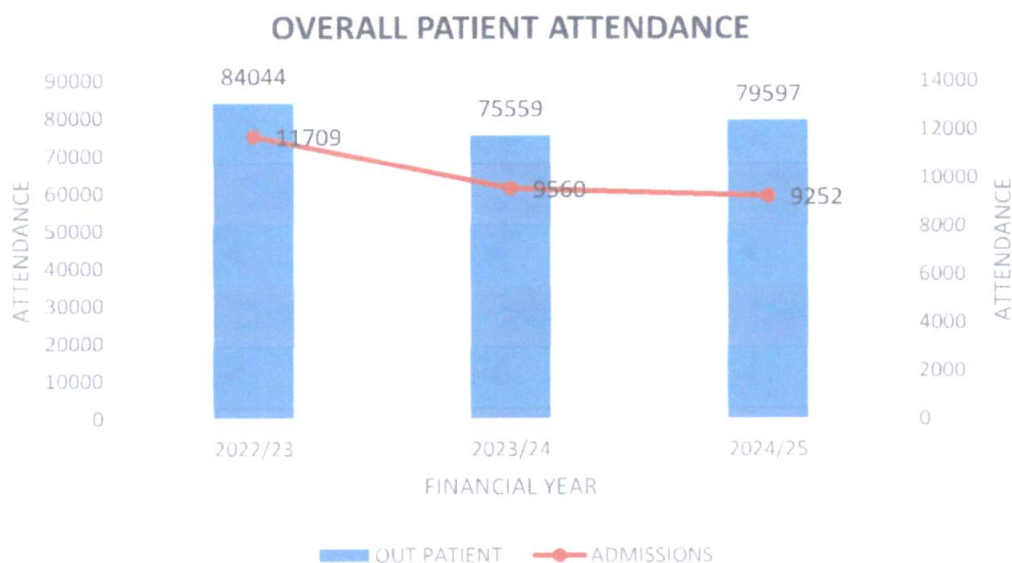


Figure 1: Outpatient attendance & Admissions

The figure above shows the trend of patient attendance for a period of 3 years for both outpatient attendances and admissions.

The average patient attendance for the year 2022/2023-2024/2025 was 79,733 outpatients and 10,273 in-patients.

There was a slight increase in the outpatient attendance by 5.3% and a 4% drop in the in-patients in the year 2024/25 compared to 2023/24. This drop in inpatient attendance was due to a 3month healthcare workers’ strike which necessitated stoppage of delivery of most services in the hospital notably inpatient services, MCH and special clinics.

- **Bed capacity of the hospital.**

Webuye county hospital had a bed capacity of 217 beds in the financial year 2024/2025.

- **Overall patient attendance during the year for both inpatient and outpatient.**

The total inpatient and outpatient attendance in the financial year 2024/2025 was 90,006 patients compared to 85,209 in 2023/2024

- **Accident and Emergency attendance**

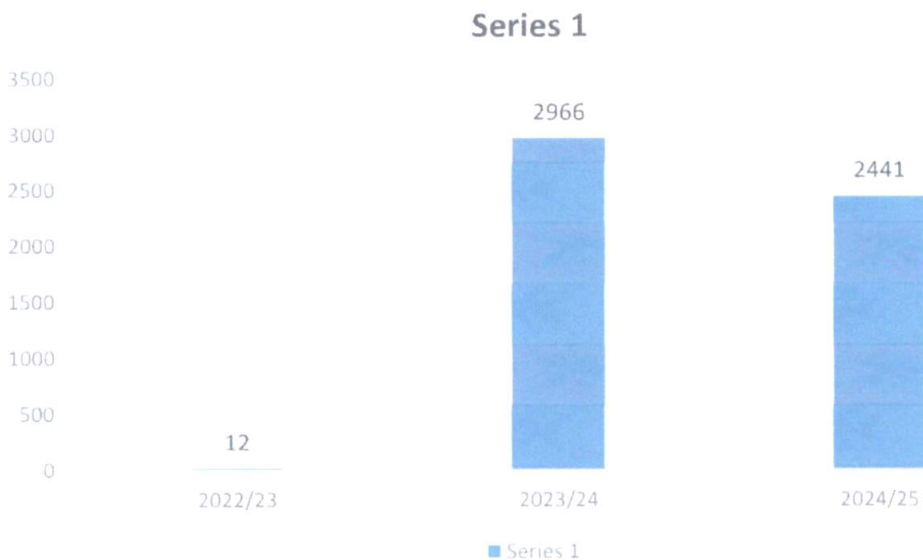


Figure 2: Accident & Emergency attendance

The relative drop in accident and emergency attendance during the period under review from 2966 in 2023/24 to 2441 in 2024/25 could be attributed to health care workers’ strike, restructuring patient flow(separating emergency department and adult OPD, separate paediatrics, emergency and general consultation) and documentation as shown in the figure above

- **Specialised clinic attendance**

The hospital runs specialized clinics that includes the following: Eye clinic, Medical outpatient clinic (MOPC), Surgical clinic (SOPC), Paediatrics Outpatient Clinic (POPC), Paediatrics surgical clinic, Oncology Clinic, Diabetic Outpatient Clinic, Dental Clinic, Orthopaedics clinic, Reproductive Health that includes specialized ante-natal and post-natal clinics, specialized gynaecology clinics, ENT clinic among others as depicted in the figure below.

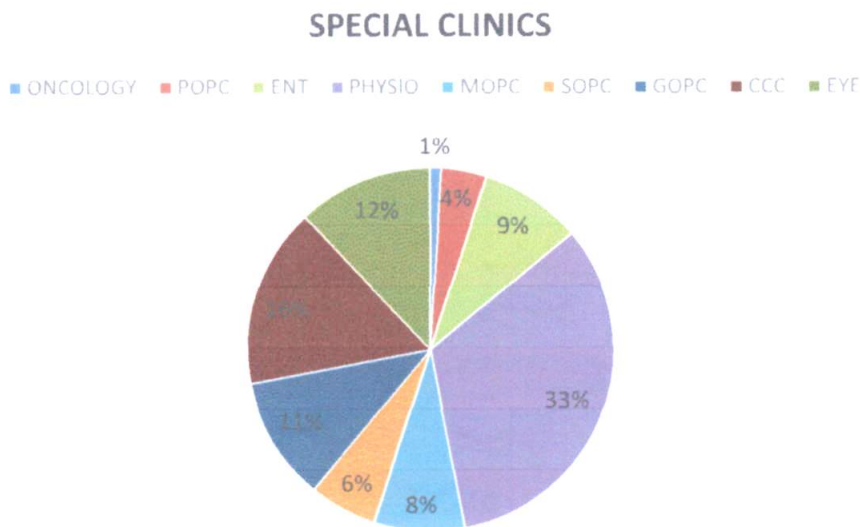


Figure 3: Outpatient specialized clinics attendance 2024/2025 (90,935 patients)

○ **Average length of stay for in patient.**

From the graph below the period of stay per patient was averagely 6 days. The long stay was due to orthopedic clients on skeletal traction and could not afford surgical interventions.

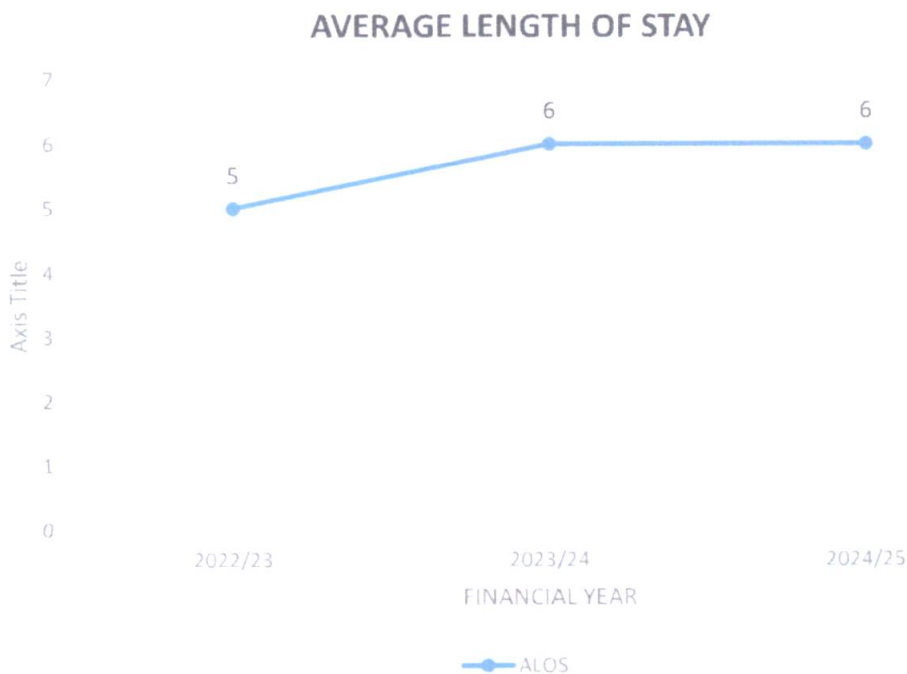


Figure 4: Average Length of Stay

○ **Bed occupancy rate**

The facility was operating above 80% in terms of bed occupancy in the year 2022/2023 whereas there was a drop to 74% and 73% consecutively in 2023/2024 and 2024/2025 due to the health workers' industrial actions witnessed during those two periods hence stoppage of inpatient services as shown in the figure below.

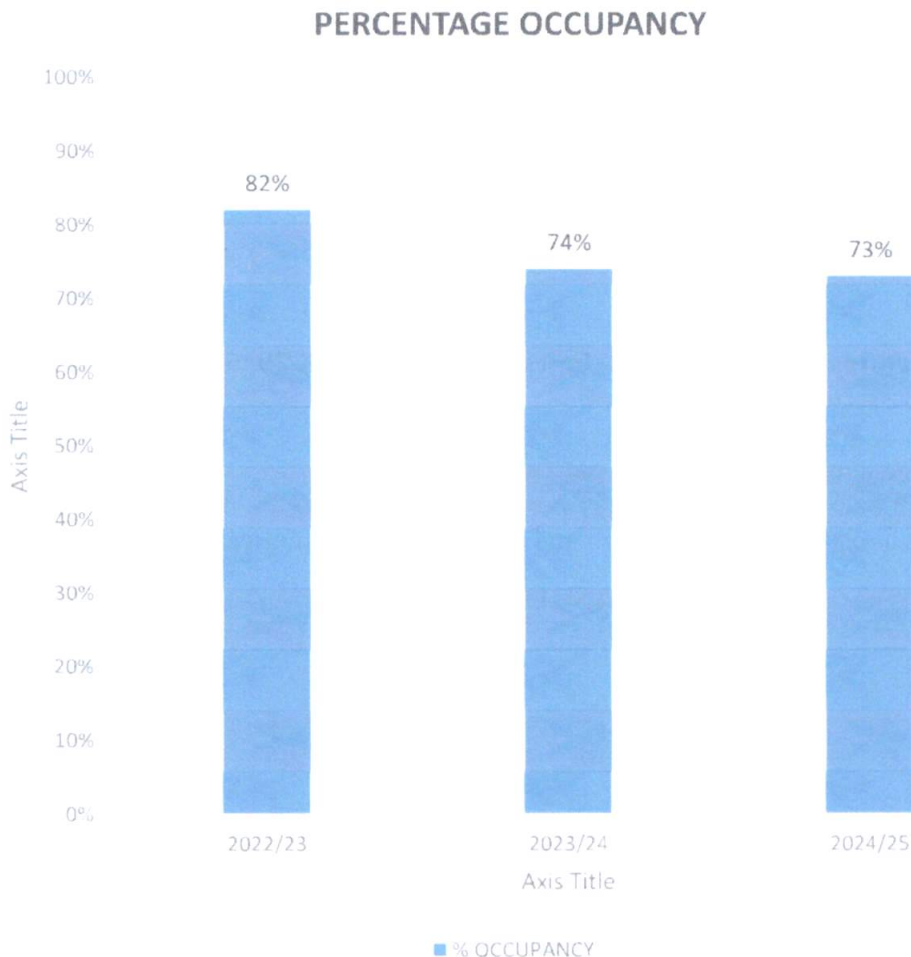


Figure 5: Bed occupancy rate

○ **Mortality rate**

From the figure below the average mortality rate for the 3years was 6%. During the period under review the average crude mortality rate was 5.8%. This was attributed to the critically ill patients referred to and managed in the hospital. The mortality rate dropped slightly in the just ended financial year and this can be attributed to improved healthcare services.

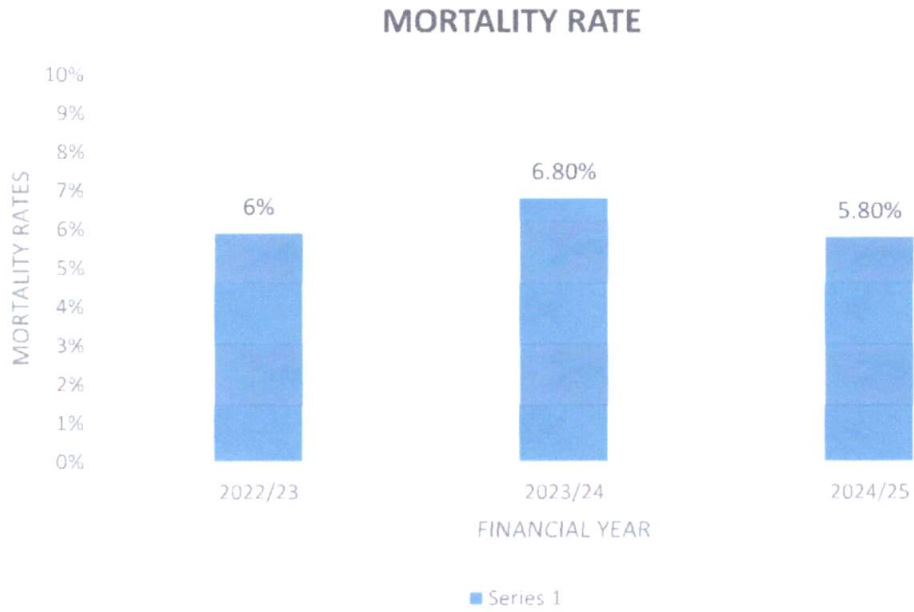


Figure 6: Mortality rate

- **Surgical theatre utilisation (number of operations over a period of time)**
 Webuye County Hospital has four theatre rooms that offer operations (maternity and main theatre) that offers Obs/gynae surgery, orthopaedic surgery and general surgery which is categorized as minor, major, emergency, cold/elective as show from the figure below.

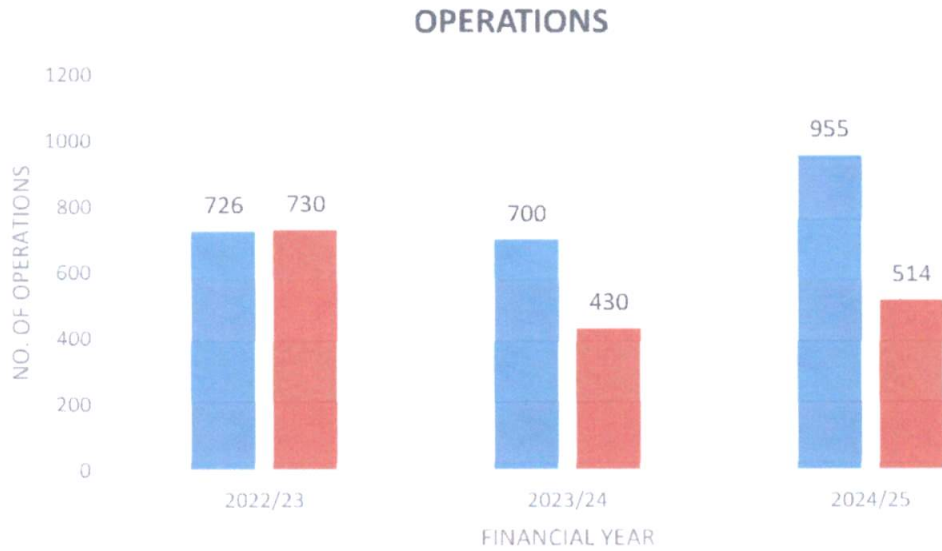


Figure 7: Operations per financial year

○ **Sponsorships and partnerships**

The hospital has continued to partner with USAID through USAID Dumisha Afya, AMPATH, Moi University, Safaricom, AMREF, Flying Doctor Society of Africa, United Nations Population Fund.

Financial performance that includes: -

REVENUE SOURCES

Webuye County Hospital revenue source includes:

AIA earned from rendering services to clients. The amounts are paid in through out of pocket expenditure, SHA, NHIF, AON Minet.

The is also in kind contributions from the county government and partners(USAID Dumisha Afya, AMPATH, Moi University, Safaricom, AMREF, FDSA, UNFPA)

UTILISATION OF FUNDS ETC -100%

Webuye County Hospital prudently utilised funds on;

- Payment of supplies on commodities and goods
- Payment of utilities
- Infrastructural improvement and renovations
- Purchase of Medical equipment's and maintenance

10. Environmental And Sustainability Reporting

i) Sustainability strategy and profile

The hospital as continuously monitored the global, political and global macroeconomics trends affecting the hospital during the financial year 2024/2025. The USA government gave stop order for all employees working for USAID in healthcare projects in Kenya; which affected service delivery to HIV and chronic patients. The hospital has since integrated HIV care to other special care clinics to enable sustainability. The facility has also encouraged the community and its clients to enrol into the SHA to reduce catastrophic events to ensure sustainable healthcare services at the facility. In regard to climate action the management in conjunction with county government constructed and operationalized a sewer line. It has also encouraged planting of trees in the hospital compound and put measures in place to preserve water.

Progress in SDG has been impressive, the facility management together with partners have put more effort on universal health coverage and established a PCN network. This has improved good health and wellbeing SDG 3. Through the SHA registrations access to healthcare by the community has been enhanced hence reducing inequality SDG 10. The facility continues to play a central role in enhancing gender equality SDG 5 through service delivery, employment, GBV services and health education.

The facility management has a robust service delivery charter reminding the services providers and clients of their obligation which has improved responsiveness and accountability. The facility has complied with all procedures on contract management with 50% going to women and youth. PWDs have also been considered in award of contracts.

ii) Environmental performance

Webuye County Hospital has continuously played role in environmental sustainability. 10% of its land is covered by trees and vegetation. Waste management follows the WHO guideline on disposal of waste. There is segregation of waste at source according to the risk posed. Some of the disposal methods include: burying, incineration, burning and deposit of human excretor to the town sewer line for treatment. The facility has embraced automation with 70% of patient records being on HMIS platform. Currently there are efforts to ensure 100% transition to paperless platform. The hospital vehicles were routinely maintained

in the financial year in efforts to reduce CO₂ emission. Energy conserving bulbs have been deployed within the facility to reduce power consumption.

iii) Employee welfare

Employee engagement is currently centralised function by the county public service board with deployments done through the chief officer of department of health and sanitation. The public service observes the gender ration, PWD and also engages stakeholders. The county government and the facility carried out staff appraisal within the financial year. Training needs assessment was also carried out with plans to continuously capacity build staff. The hospital management has put mechanisms in place to ensure compliance with OSHA: examples include needle pricks injuries and where to report.

iv) Market place practices-

The organisation should outline its efforts to:

a) Responsible competition practice.

The hospital management ensures that procurement of goods and services is competitive by following the PPOA guidelines. There is competitive bidding, evaluation and award with consideration to youth, women and PWDs. Corruption is not condoned in this process. The hospital remains apolitical in all its engagement. The facility respects all its competitors and holds them in due regards, working together as partners rather than competitors. The facility has clear service charter, automated service delivery and providing mechanisms for reporting corruption (suggestion boxes, phone numbers), payment through cashless processes (Mpesa, direct bank deposits). Webuye County Hospital is a registered public entity owned by county government of Bungoma with all its processes protected.

b) Responsible Supply chain and supplier relations

The hospital treats its suppliers responsibly by honouring the contracts, timely payments and allowing competitive procurement processes. Procurement of goods and services is only done as per approved budget. In the financial 2024/ 2025 the facility was able to pay all the suppliers who supplied goods and services. In the process 75% of all pending bills were paid and plans to settle the remaining 25% are underway.

c) Responsible marketing and advertisement or Responsible engagement with citizens

The facility does not engage in irresponsible marketing and advertising practices. The facility relies on its service charter, service delivery and patient centred care as a way of responsibly engaging citizen. Through patient centred care, clients are given adequate information to ensure informed choices. The hospital does not advertise its services through the media instead engage the community through board members.

d) Product stewardship or Awareness Creation

Webuye County Hospital is licenced and regulated by the KMPDC. All the staff are licenced by their respective regulatory bodies including KMPDC; NCA; COC, KMLTTB, PPB, KHPOA among others. All staff adhere to the ethical guidelines of the regulatory bodies. The facility adheres to all health safety protocols by adhering to the standards set by WHO and the ministry of health. The hospital has a robust dispute resolution mechanisms and adheres to data protection protocols

v) Corporate Social Responsibility / Community Engagements

- World sickle cell day that was celebrated in this facility, where children were screened. Those found positive were put on medication to prolong their lifespan.
- Community outreaches where the Hospital staff goes back to the community to give free vaccination and immunization to the children, they also do guiding and counselling and free education on matters concerning health.
- Screening and treatment of fistula cases from the community
- Free screening for TB/HIV

1. Report of The Board of Management

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

Principal activities

The principal activities of the Webuye County Hospital is to offer comprehensive health care services to the residents.

Results

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

Board of Management

The members of the Board who served during the year are shown on pages viii to xi.

Auditors

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

By Order of the Board

.....


Name: Dr. David Wanikina

Secretary to the Board



12. Statement of Board of Management's Responsibilities

Section 164 of the Public Finance Management Act 2012, Bungoma County Health services Act of 2019, requires the Board of Management to prepare financial statements in respect of Webuye County Hospital, which give a true and fair view of the state of affairs of the *entity* at the end of the financial year/period and the operating results of the *hospital* for that 2024 2025 year/period. The Board of Management is also required to ensure that the facility keeps proper accounting records which disclose with reasonable accuracy the financial position of the facility. The council members are also responsible for safeguarding the assets of the Webuye County Hospital.

The Board of Management is responsible for the preparation and presentation of the Webuye County Hospital financial statements, which give a true and fair view of the state of affairs of the Webuye County Hospital for and as at the end of the financial year 2024-2025 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 facility; (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. The Board members are of the opinion that the hospital financial statements give a true and fair view of the state of Webuye County Hospital transactions during the financial year ended June 30, 2025, and of the hospital's 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 financial statements as well as the adequacy of the systems of internal financial control.


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

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

Approval of the financial statements

The Hospital's financial statements were approved by the Board on 29/8/25 and signed on its behalf by:

.....

Name: DR. COLLINS TABU
Chairperson
Board of Management

.....

Name: Dr. David Wanikina
Accounting Officer



REPUBLIC OF KENYA



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

REPORT OF THE AUDITOR-GENERAL ON WEBUYE LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 - COUNTY GOVERNMENT OF BUNGOMA

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Webuye Level 4 Hospital – County Government of Bungoma set out on pages 1 to 60, which comprise of 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 Webuye Level 4 Hospital – County Government of Bungoma as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Bungoma County Health Act, 2019, the Facility Improvement Financing Act, 2023, the Health Act, 2017 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unconfirmed Cash and Cash Equivalents Balance

The statement of financial position reflects a balance of Kshs.939,721 in respect of cash and cash equivalents, as disclosed in Note 27 to the financial statements. Review of a Commercial Bank current Account's bank reconciliation statement as at 30 June, 2025 revealed a total amount of Kshs.5,247,371 in respect of reconciling items in the nature of payments in cash book not yet recorded in bank statements. However, the subsequent clearance dates for the reconciling items were not provided for audit verification to confirm whether and when the cheques were finally presented and cleared. Further, Management did not provide certificate of bank balances as at 30 June, 2025.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.939,721 could not be confirmed.

2. Variances Between Financial Statements and Ledgers

The statement of financial performance reflects rendering of services-medical service income of Kshs.174,439,845 while supporting ledger indicates Kshs.123,851,190 resulting to unexplained variance of Kshs.50,588,655.

In the circumstances, the accuracy and completeness of rendering of services-medical service income of Kshs.174,439,845 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Webuye Level 4 Hospital – County Government of Bungoma Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

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.209,035,447 and Kshs.181,725,398 respectively, resulting to an under-funding of Kshs.27,310,049 or 13% of the budget. Similarly, the Hospital spent Kshs.180,785,677 against a budget of Kshs.209,035,447 resulting to an under-expenditure of Kshs.28,249,770 or 14% of the budget.

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

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under Report on Financial Statements, Emphasis of Matter, Report on Lawfulness and Effectiveness in the Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance, as detailed in **Appendix 1**. However, Management has not resolved the issues or given any explanation for the delay in resolving the issues.

Other Information

Management is responsible for the Other Information set out on page iii to xl which comprise of Key Entity Information and Management, The Board of Management, Key Management Team, Chairman's Statement, Report of the Medical Superintendent, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Board of Management and Statement of Board of Management 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. Unbudgeted Proposed Construction of Outpatient Department

Review of project implementation status at the Hospital revealed that the facility was undertaking the construction of an Outpatient Department (OPD). Documentation provided indicated that the sponsor, the County Government of Bungoma entered into a contract with a construction firm under Negotiation Number 1472941-2023/2024, signed on 13 May, 2024, at a contract sum of Kshs.81,917,720. However, the contract document lacked a specified contract duration or completion period. In addition, the Hospital did not have an approved development budget vote for the financial year 2024/2025, despite implementation of the project during the period. Physical inspection conducted in August, 2025 revealed that foundation works, ground floor, super structure and first floor pillars had been completed. However, the other major works were incomplete and the contractor was not on site at the time of audit and there was no evidence of progress inspection meetings held by the Project Implementation Team.

In the circumstances, value for money from the project may not be achieved.

2. Stalled Construction of the Proposed Intensive Care Unit

Review of project implementation status at the Hospital revealed that the facility commenced construction of an Intensive Care Unit (ICU). However, physical inspection confirmed that works had only progressed to column level, and the project had stalled for five years.

Further, the Hospital Management did not provide documentation to support key project details including identification and procurement of the contractor, signed contract agreement, project implementation or progress reports and reasons for project delays or abandonment.

In the circumstances, prolonged inactivity raises serious concerns regarding project governance, contract management and value for money in use of public funds.

3. Non-Compliance with Staff Ethnic Diversity Rule

Analysis of the Hospital's Human Resource Staff categorization data provided for audit review revealed that out of the twenty-two (22) staff under Senior Management, fourteen (14) or 63.7% were from the local dominant ethnic community.

Further, out of two hundred and sixty-two (262) other staff on contract, two hundred and eight (208) or 80% were from the local dominant ethnic community contrary to the provisions of the National Cohesion and Integration Act, 2008, Section 7 (1) and (2) which states that all public establishments shall seek to represent the diversity of the people of Kenya in the employment of staff and that no public establishment shall have more than one third of its staff from the same ethnic community.

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

4. Medical Equipment Functionality and Asset Management Controls

Review and physical verification of medical equipment at the Hospital revealed significant deficiencies across several departments including missing, obsolete and non-functional equipment, contrary to requirements. The key observations were as follows:

a) Mortuary Department

The mortuary has a storage capacity for 16 bodies, with a four-chamber cold room (4 bodies per chamber). However, as of August 2025, it was holding 38 bodies, resulting in overcrowding.

b) Radiology Department

- i) Out of three fixed X-ray machines recorded in the inventory, only one was functional.
- ii) Two mobile X-ray machines were available but both non-functional.
- iii) Two dental X-ray machines were also non-functional.
- iv) Out of five ultrasound machines, three were operational, while two were grounded.

c) Theatre Department

- i) Out of four suction machines, only one was functional.
- ii) Out of two surgical diathermy machines per inventory, only one was functional.
- iii) Out of five anesthetic machines, only two were functional.

d) Laundry Department

- i) Out of the three laundry machines, only one was operational.
- ii) One extractor and one dryer were all non-functional.

e) Physiotherapy Department

The department had dilapidated infrastructure, with non-functional equipment including electrical nerve stimulators, treadmill, microwave therapy units, ultrasound devices and shortwave diathermy machines.

f) Laboratory Department

Out of seven centrifuge machines recorded, only three were verified and found functional.

g) Waste Management Unit

Facility did not have a functional incinerator for the disposal of medical and other hazardous waste. Although the Hospital was found to be using a burning chamber, the structure was inadequate and incapable of effectively handling certain categories of waste, pathological and pharmaceutical waste.

In the circumstances, the Hospital's ability in meeting its core mandate could not be confirmed.

5. Failure to Meet Level 4 Hospital Requirements

Records maintained by the facility and analysis of healthcare staffing, and physical verification of medical equipment available at the facility revealed the following shortfalls against what was required by the Kenya Quality Model for Health Guidelines of a Level 4 facility.

Medical Specialists

Item	Level 4 standard	Number in Hospital	Variance	Variance in Percentage (%)
Medical Officers	16	13	3	19
Anesthesiologists	2	1	1	50
Total	18	14	4	22%

In addition, the Hospital lacked necessary equipment and machines recommended in the Health Policy Guidelines as shown below:

Equipment

Services	Level 4 Hospital Standard	Actuals in the Hospital	Variance	Variance in Percentage (%)
Functional ICU Beds	6	0	6	100
High Dependency Units (HDU) Beds	6	0	6	100
Renal Units with at Least 5 Dialysis Machines	5	0	5	100

In the circumstances, the public may fail to get the required medical services expected to be offered by a Level 4 hospital.

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. Weaknesses in Information Technology Governance and Controls

Review of the Hospital Information Technology (IT) environment revealed that it has a software that was donated in 2012 called Funds Soft that it uses in its operations, finance, records and patient management. Critical weaknesses were observed in IT governance, operations, and infrastructure that compromise system integrity, data security and business continuity as follows:

- (i) The Hospital has no active IT Steering Committee to oversee and guide IT initiatives.

- (ii) There is no structured training program to build IT staff capacity.
- (iii) The Hospital lacks a formally approved IT security policy, which is essential to ensure data confidentiality, integrity, and availability.
- (iv) The Hospital has no formally documented or approved change management.
- (v) There is no documented, tested emergency procedure to respond to IT-related incidents.
- (vi) The assets are not tagged and thus exposing them to misuse or theft.
- (vii) There is no IT continuity plan or disaster recovery plan.
- (viii) Backup strategies are not documented or implemented effectively.

In the circumstances, the confidentiality, integrity and security of data could not be confirmed.

2. Lack of Risk Management Policy and Risk Register

Review of internal controls and documentation revealed that the Hospital does not maintain a risk policy and register. In the absence of an active risk register and updated risk management framework, the Hospital's operations are carried out without structured risk identification, assessment or mitigation strategies. This indicates a lack of risk awareness and preparedness within the facility.

In the circumstances, the Hospital is exposed to poor risk management and preparedness due to the absence of risk-informed processes.

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

Responsibilities of the Management and the Board of Management

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

In preparing the financial statements, Management is responsible for assessing the Hospital's ability to sustain services, disclosing, as applicable, matters related to

sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to cease operations.

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

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

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


Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

8 December, 2025

Appendices

Appendix 1

Unresolved Prior Year Matters

Reference No. of the Auditor-General's Report	Observation
	Report on the Financial Statements
1	Inaccuracies of the financial statements
2	Failure to prepare statement of cash flows
3	Unsupported Property, Plant and Equipment
4	Unsupported total expenses
5	Unsupported total revenue
6	Unsupported cash and cash equivalents balance
7	Unsupported receivables from exchange transactions
8	Misstatement of Inventories
	Emphasis of Matter
	Budgetary Control and Performance
	Report on Lawfulness and Effectiveness in the Use of Public Resources
1	Failure to use market price index survey
2	Noncompliance with laws on ethnic composition
3	Lack of quarterly revenue report
4	Accuracy, presentation and disclosure of annual report and financial statements.
5	Deficiencies in implementation of Universal Health Coverage
	Report on Effectiveness of Internal Controls, Risk Management and Governance
1	Lack of Internal Audit Function
2	Failure to automate accounting and procurement functions
3	Lack of Risk Management Policy Register
4	Lack of Information Technology (ICT) Controls

Webuye Subcounty Hospital (Bungoma County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

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

Description	Note	2024-2025	2023-2024 (Restated)
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	-	-
In-kind contributions from the County Government	7	18,416,954.00	33,627,659.00
Grants from donors and development partners	8	-	-
Transfers from other Government entities	9	-	-
Public contributions and donations	10	-	-
		18,416,954.00	33,627,659.00
Revenue from exchange transactions			
Rendering of services- Medical Service Income	11	174,439,844.55	199,862,674.00
Revenue from rent of facilities	12	-	-
Finance /Interest Income	13	-	-
Miscellaneous Income	14	1,409,830.00	848,440.00
Revenue from exchange transactions		175,849,674.55	200,711,114.00
Total revenue		194,266,628.55	234,338,773.00
Expenses			
Medical/Clinical costs	15	88,545,422.80	117,890,131.19
Employee costs	16	18,261,206.00	36,729,841.00
Board of Management Expenses	17	4,209,908.00	4,777,370.00
Depreciation and amortization expense	18	1,417,682.33	1,479,645.00
Repairs and maintenance	19	13,820,952.00	8,141,774.00
Grants and subsidies	20	-	-
General expenses	21	46,423,687.50	44,866,568.00
Finance costs	22	-	-
Total expenses		172,678,858.63	213,885,329.19
Other gains/(losses)			
Gain/Loss on disposal of non-Current assets	23	-	-
Unrealized gain on fair value of investments	24	-	-
Medical services contracts Gains/Losses	25	(822,343.00)	(12,258,667.00)
Impairment loss	26	-	-
Gain on foreign exchange transactions		-	-
Total other gains/(losses)		(822,343.00)	(12,258,667.00)
Net Surplus / (Deficit) for the year		20,765,426.92	8,194,776.81

The notes set out on pages 6 to 49 form an integral part of the Annual financial statements.

The Hospital's financial statements were approved by the Board on 29/8/25 and signed on its behalf by:

.....

Chairman
Board of Management

.....

Head of Finance
ICPAK No: 272021

.....

Medical Superintendent

Webuye County Hospital (Bungoma County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

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

Description	Note	2024-2025	2023-2024(Restated)
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	27	939,720.50	684,774.25
Receivables from exchange transactions	29	36,206,048.00	42,219,340.00
Inventories	31	11,207,685.00	3,153,479.00
Total Current Assets		48,353,453.50	46,057,593.25
Non-current assets			
Property, plant, and equipment	32	358,260,629.79	21,717,331.11
Biological Assets	35	3,415,000.00	
Total Non-current Assets		361,675,629.79	21,717,331.11
Total assets (A)		410,029,083.29	67,774,924.36
Liabilities			
Current liabilities			
Trade and other payables	36	7,599,873.00	26,070,036.00
Total Liabilities (B)		7,599,873.00	26,070,036.00
Net assets (A-B)		402,429,210.29	41,704,888.36
Represented by:			
Revaluation reserve		96,893,841.00	-
Accumulated surplus/Deficit		305,535,369.29	41,704,888.36
Capital Fund		-	-
Net Assets		402,429,210.29	41,704,888.36

The notes on pages 6 to 49 form an integral part of the Annual financial statements

The Hospital's financial statements were approved by the Board on 29/8/25 and signed on its behalf by:

.....
Chairman
Board of Management

.....
Head of Finance
ICPAK No: 27202

.....
Medical Superintendent



Webuye County Hospital (Bungoma County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

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

Description	Revaluation reserve	Accumulated surplus/Deficit	Total
As at July 1, 2023 (previous year)	-	33,510,111.55	33,510,111.55
Revaluation gain	-	-	-
Surplus/(deficit) for the year	-	8,194,776.81	8,194,776.81
Capital/Development grants	-	-	-
As at June 30, 2024 (previous year)	-	41,704,888.36	41,704,888.36
At July 1, 2024 (current year)	-	41,704,888.36	41,704,888.36
Revaluation gain	-	-	-
Surplus/(deficit) for the year	-	20,765,426.92	20,765,426.92
Adjustments prior Assets on valuation	96,893,841.00	709,835,000.00	806,728,841.00
Adjustments On Accumulated Depreciation		(466,420,000.00)	(466,420,000.00)
Adjustment due trade payables	-	(349,946.00)	(349,946.00)
At June 30, 2025 (current year)	96,893,841.00	305,535,369.29	402,429,210.29

Reported Trade payable 2023/2024 FS	26,070,036.00
Actual Trade Payables FY 2023/2024	26,419,982.00
	(349,946.00)

Webuye County Hospital (Bungoma County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

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

Description	Note	2024-2025	2023-2024 (Restated)
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government		-	-
Grants from donors and development partners		-	-
Transfers from other Government entities		-	-
Public contributions and donations		-	-
Rendering of services- Medical Service Income		179,630,794	154,297,117
Revenue from rent of facilities		-	-
Finance / interest income		-	-
Miscellaneous receipts(<i>specify</i>)		1,409,830	848,440
Total Receipts		181,040,624	155,145,557
Payments			
Medical/Clinical costs		112,563,770	96,519,810
Employee costs		275,000	3,616,462
Board of Management Expenses		4,209,908	4,777,370
Repairs and maintenance		15,439,172	8,141,774
Grants and subsidies		-	-
General expenses		47,239,688	44,866,568
Finance costs		-	-
Refunds paid out		-	-
Total Payments		179,718,537	157,921,984
Net cash flows from operating activities	43	1,322,086	(2,776,427)
Cash flows from investing activities			
Purchase of property, plant, equipment		(1,067,140)	(1,371,194)
Purchase of intangible assets		-	-
Proceeds from the sale of PPE		-	-
Acquisition of investments		-	-
Net cash flows used in investing activities		(1,067,140)	(1,371,194)
Cash flows from financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Capital grants received		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		254,946	(4,147,621)
Cash and cash equivalents as at 1 July	27	684,774	4,832,395
Cash and cash equivalents as at 30 June	27	939,720	684,774

Webuuwe County Hospital
Bungoma County Government
Annual Report and Financial Statements For The Year Ended 30th June 2025

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget carryovers from the previous year		684,774	684,774.25	684,774.25	-	100%
Receipts						
Rendering of services- Medical Service Income	354,903,973.00	(147,963,130)	206,940,842.75	179,630,793.55	27,310,049.20	87%
Miscellaneous receipts (specify)	1,409,830.00		1,409,830.00	1,409,830.00	-	100%
Total receipts	356,313,803.00	(147,278,356.00)	209,035,447.00	181,725,397.80	27,310,049.20	87%
Payments						
Medical/Clinical costs	271,597,253	(158,963,330)	112,633,923	112,563,769.80	70,153.20	100%
Employee costs		275,000	275,000	275,000.00	-	100%
Board of Management Expenses	5,000,000	(697,327)	4,302,673	4,209,908.00	92,765.00	98%
Repairs and maintenance	24,500,000	(8,867,018)	15,632,982	15,430,172.00	202,810.00	99%
General expenses	50,216,550	(2,912,681)	47,303,869	47,239,687.50	64,181.50	100%
Total Operational Expenditure paid	351,313,803.00	(171,165,356.00)	180,148,447.00	179,718,537.30	429,909.70	100%
Capital Expenditure paid	5,000,000	23,887,000	28,887,000	1,067,140.00	27,819,860.00	4%
Surplus	-	-	-	939,720.50	(939,720.50)	0%

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Bud	939,720.50
1	Reason for differences	
2	Reason for differences	
3	Reason for differences	
4	Reason for differences	
	Closing Cash and Cash Equivalent as per the stateme	939,720.50

19. Notes to the Financial Statements

1. General Information

Webuye County Hospital entity is established by and derives its authority and accountability from the medical practitioners and dentist Act (cap 253). The entity is wholly owned by the County Government of Bungoma and is domiciled in Bungoma County in Kenya. The entity's principal activity is Health service delivery.

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 Webuye County Hospital accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note xx The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Hospital. The financial statements have been prepared in accordance with the PFM Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

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

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

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

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

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

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

iii) Early adoption of standards

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

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 Webuye County Hospital and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the asset that has been acquired using such funds.

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 June 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Webuye County Hospital recorded additional appropriations of Kshs.(147,278,356) on the FY 2024/2025 budget following the Board's approval. The Webuye County Hospital budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

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

c. Taxes

Sales tax/ Value Added Tax

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

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

Notes to the Financial Statements (Continued)

d. Investment property

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

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

e. Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, 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.

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that

is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

k. Inventories

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

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

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

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

l. Provisions

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

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

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

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

Notes to Financial Statements Continued

6. Transfers from the County Government

Description	Insert	Insert
	Current FY	Comparative FY
	KShs	KShs
Unconditional grants		
Operational grant	0	0
Level 4/5 grants	0	0
Unconditional development grants	0	0
Other grants (<i>specify</i>)	0	0
	0	0
Conditional grants		
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
Total government grants and subsidies	0	0

6 b Transfers from The County Government

Name of the Entity sending the grant	Amount recognized to Statement of financial performance* KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	Comparative Period
			KShs	KShs	KShs
xx County Government	0	0	0	0	0
Total	0	0	0	0	0

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

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

Notes to Financial Statements Continued

7. In Kind Contributions from The County Government

Description	2024/2025	2023/2024 (Restated)
	KShs	KShs
Salaries and wages	17,986,206.00	33,113,379.00
Medical supplies-Drawings Rights (KEMSA)	430,748.00	514,280.00
Total grants in kind	18,416,954.00	33,627,659.00

8. Grants From Donors and Development Partners

Description	Insert Current FY	Insert Comparative FY
	KShs	KShs
Cancer Centre grant- DANIDA	0	0
World Bank grants	0	0
Paediatric ward grant- JICA	0	0
Research grants	0	0
Other grants (<i>specify</i>)	0	0
Total grants from development partners	0	0

(Provide brief explanation for this revenue)

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

Name of the Entity sending the grant	Amount recognized to Statement of financial performance	Amount deferred under deferred income	Amount recognised in capital fund	Total grant income during the year	Comparative Period
	KShs	KShs	KShs	KShs	KShs
Donor e.g., DANIDA	0	0	0	0	0
JICA	0	0	0	0	0
World Bank	0	0	0	0	0
Total	0	0	0	0	0

Notes to Financial Statements Continued

9. Transfers From Other Government Entities

Description	Insert Current	Insert Comparative
	FY	FY
	KShs	KShs
Transfer from National Government (Ministry of Health)	0	0
Transfer from xxx National Hospital	0	0
Transfer from xxx Institute	0	0
Total Transfers	0	0

10. Public Contributions and Donations

Description	Insert Current	Insert Comparative
	FY	FY
	KShs	KShs
Public donations	0	0
Donations from local leadership	0	0
Donations from religious institutions	0	0
Donations from other international organisations and individuals	0	0
Other donations(<i>specify</i>)	0	0
Donations in kind-amortised	0	0
Total donations and sponsorships	0	0

(Provide brief explanation for this revenue)

10 (a)Reconciliations of amortised grants

Description	Insert Current	Insert Comparative
	FY	FY
	Kshs	Kshs
Balance unspent at beginning of year	0	0
Current year receipts	0	0
Amortised and transferred to revenue	0	0
Conditions to be met – remain liabilities	0	0

Notes to Financial Statements Continued

11. Rendering of Services-Medical Service Income

Description	2024/2025	2023/2024(Restated)
	Kshs	Kshs
Pharmaceuticals	6,132,976.55	5,458,053.00
Non-Pharmaceuticals	905,501.00	1,915,849.00
Laboratory	9,240,070.00	9,702,067.00
Radiology	7,629,295.00	7,544,843.00
Orthopedic and Trauma Technology	1,219,790.00	943,861.00
Theatre	937,203.00	1,441,106.00
Accident and Emergency Service	1,248,252.00	1,087,256.00
Ear Nose and Throat service	385,551.00	273,270.00
Nutrition service	116,974.00	60,910.00
Cancer centre service		8,000.00
Dental services	1,255,800.00	1,079,470.00
Reproductive health	196,100.00	
Paediatrics services(Male, female and amenity)	9,023,616.00	9,294,769.00
Farewell home services	6,778,100.00	5,733,900.00
Other medical services income (outpatient)	2,373,985.00	3,411,590.00
Medical examination	351,400.00	169,000.00
Physiotherapy	1,025,796.00	592,384.00
Occupational therapy	132,700.00	81,270.00
PHO Services	95,300.00	
Eye Department	358,300.00	468,600.00
Records Department	3,454,973.00	803,940.00
Search fee	14,000.00	21,000.00
Special Clinics	602,320.00	223,100.00
Transport/Ambulance services	1,309,000.00	1,448,000.00
Waivers & Exemptions	822,343.00	12,258,667.00
Inpatient services(maternity)	992,601.00	
NHIF, AON and SHA	117,837,898.00	135,841,768.50
Total revenue from the rendering of services	174,439,844.55	199,862,674.00

Notes to the Financial Statements (Continued)

12. Revenue From Rent of Facilities

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Residential property	0	0
Commercial property	0	0
Total Revenue from rent of facilities	0	0

(Provide brief explanation for this revenue)

13. Finance /Interest Income

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Interest income from Cash investments and fixed deposits	0	0
Interest income from short- term/ current deposits	0	0
Interest income from Treasury Bills	0	0
Interest income from Treasury Bonds	0	0
Interest from outstanding debtors	0	0
Total finance income	0	0

(Provide brief explanation for this revenue)

14. Miscellaneous Income

Description	2024/2025	2023/2024(Restated)
	Kshs	Kshs
Insurance recoveries	5,000.00	
Income from sale of tender	3,000.00	15,000.00
Sale of goods (water, publications, containers)	8,980.00	5,650.00
<i>Others (Land lease)</i>	97,000.00	77,000.00
<i>Others (Waste disposal)</i>	850.00	25,790.00
<i>Others (Attachment Fee)</i>	1,295,000.00	725,000.00
Total Miscellaneous income	1,409,830.00	848,440.00

Notes to the Financial Statements (Continued)

15. Medical/ Clinical Costs

Description	2024/2025	2023/2024
	Kshs	Kshs
Dental costs/ materials		
Laboratory chemicals and reagents	11,028,038	9,753,121
Public health activities		
Food and Ration	13,000,895	24,947,003
Uniform, clothing, and linen	2,568,031	1,226,440
Dressing and Non-Pharmaceuticals	40,251,246	29,013,891
Pharmaceutical supplies	11,407,132	20,738,805
Health information stationery	2,734,000	2,935,600
Reproductive health materials		
Sanitary and cleansing Materials	2,669,474	1,498,035
Purchase of Medical gases	635,311	171,898
X-Ray/Radiology supplies	4,251,296	5,293,015
Other medical related clinical costs (<i>specify</i>)		22,312,324
Total medical/ clinical costs	88,545,423	117,890,131

16. Employee Costs

Description	2024/2025	2023/2024 (Restated)
	Kshs	Kshs
Salaries, wages, and allowances	18,261,206.00	36,729,841.00
Employee costs	18,261,206.00	36,729,841.00

Notes to the Financial Statements (Continued)

17. Board of Management Expenses

Description	2024/2025	2023/2024 (Restated)
	Kshs	Kshs
Sitting allowance	4,209,908.00	4,777,370.00
Total	4,209,908.00	4,777,370.00

18. Depreciation and Amortization Expense

Description	2024/2025	2023/2024 (Restated)
	Kshs	Kshs
Property, plant and equipment	1,417,682.33	1,479,645.00
Intangible assets		
Investment property carried at cost		
Total depreciation and amortization	1,417,682.326	1,479,645.00

19. Repairs And Maintenance

Description	2024/2025	2023/2024 (Restated)
	Kshs	Kshs
Property- Buildings	3,252,147.00	4,427,279.00
Medical equipment	5,730,036.00	2,018,894.00
Plant equipment	2,160,917.00	
Furniture and fittings	526,517.00	103,745.00
Computers and accessories	417,000.00	338,000.00
Motor vehicle expenses	1,734,335.00	978,311.00
Maintenance of civil works		275,545.00
Total repairs and maintenance	13,820,952.00	8,141,774.00

Notes to the Financial Statements (Continued)

20. Grants And Subsidies

Description	Insert	Insert
	Current FY	Comparative FY
	Kshs	Kshs
Community development and social work	0	0
Education initiatives and programs	0	0
Free/ subsidised medical camp	0	0
Disability programs	0	0
Free cancer screening	0	0
Social benefit expenses	0	0
Other grants and subsidies(<i>specify</i>)	0	0
Total grants and subsidies	0	0

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

21. General Expenses

Description	2024/2025	2023/2024 (Restated)
	Kshs	Kshs
Advertising and publicity expenses	309,500.00	250,000.00
Catering expenses	2,200,500.00	2,965,100.00
Insecticides and rodenticides	472,400.00	937,500.00
Bank charges	46,287.00	40,676.00
Contracted services	5,431,591.80	4,434,000.00
Electricity expenses	10,325,622.00	10,211,599.00
Fuel and Lubricants	3,750,000.00	7,029,390.00
Insurance		249,516.00
Travel and accommodation allowance	17,702,205.00	14,378,680.00
Courier and postal services	30,080.00	64,450.00
Printing and stationery	3,959,411.00	2,989,851.00
Water and sewerage costs	401,211.00	661,806.00
Telephone and mobile phone services	551,000.00	654,000.00
Internet expenses	124,359.70	
Other fuel(charcoal,firewood and gas)	511,220.00	
Subscriptions to professional bodies	608,300.00	
Total General Expenses	46,423,687.50	44,866,568.00

22. Finance Costs

Description	Insert Current FY	Insert Comparative FY
	KShs	KShs
Borrowings (amortized cost) *	0	0
Finance leases (amortized cost)	0	0
Interest on Bank overdrafts/Guarantees	0	0
Interest on loans from commercial banks	0	0
Total finance costs	0	0

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

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

Description	Insert Current FY	Insert Comparative FY
	KShs	KShs
Property, plant, and equipment	0	0
Intangible assets	0	0
Other assets not capitalised (<i>specify</i>)	0	0
Total gain on sale of assets	0	0

24. Unrealized Gain On Fair Value Investments

Description	Insert Current FY	Insert Comparative FY
	KShs	KShs
Investments at fair value	0	0
Total gain	0	0

Notes to the Financial Statements (Continued)

25. Medical Services Contracts Gains /Losses

Description	2024/2025	2023/2024 (Restated)
	Kshs	Kshs
Waivers and Exemptions	822,343.00	12,258,667.00
Total Gain/Loss	822,343.00	12,258,667.00

26. Impairment Loss

Description	Insert Current FY	Insert Comparative FY
	KShs	KShs
Property, plant, and equipment	0	0
Intangible assets	0	0
Investments	0	0
Total impairment loss	0	0

27. Cash And Cash Equivalents

Description	2024/2025	2023/2024 (Restated)
	Kshs	Kshs
Current accounts	762,407.50	639,190.25
On - call deposits	-	-
Fixed deposits accounts	-	-
Cash in hand		
Others(MPESA)- Mobile money	177,313.00	45,584.00
Total cash and cash equivalents	939,720.50	684,774.25

Notes to the Financial Statements (Continued)

27 (a). Detailed Analysis of Cash and Cash Equivalents

Description		2024/2025	2023/2024 (Revised)
Financial institution	Account number	Kshs	Kshs
a) Current account			
Kenya Commercial bank		762,407.50	639,190.00
Equity Bank, etc			
Sub- total		762,407.50	639,190.00
b) On - call deposits			
Kenya Commercial bank	1107110793		
Equity Bank - etc			
Sub- total		-	-
c) Fixed deposits account			
Bank Name		-	-
Sub- total		-	-
d) Others(specify)			
cash in hand			
Mobile money- Mpesa, Airtel money	821834	177,313.00	45,584.00
Sub- total		177,313.00	45,584.00
Grand total		939,720.50	684,774.00

28. Prepayments

Description	Insert Current FY Kshs	Insert Comparative FY Kshs
Insurance	0	0
Rent	0	0
Water	0	0
Internet	0	0
Others specify	0	0
Total	0	0

29. Receivables From Exchange Transactions

Description	2024/2025	2023/2024 (Restated)
	KShs	KShs
Medical services receivables	36,206,048.00	42,219,340.00
Total receivables	36,206,048.00	42,219,340.00

Analysis of Receivables From Exchange Transactions

Aging Analysis	Current FY	% of the total	Comparative	% of the total
			FY	
Less than 1 year	36,206,048.00	100%	42,219,340.00	100%
Total (a+b)	36,206,048.00	100%	42,219,340.00	%

30. Receivables From Non-Exchange Transactions

Description	Insert Current FY	Insert Comparative FY
	KShs	KShs
Transfers from the County Government	0	0
Undisbursed donor funds	0	0
Other debtors (<i>non-exchange transactions</i>)	0	0
Less: impairment allowance	0	0
Total	0	0

(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	Insert Current FY		Insert Comparative FY	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	0	%	0	%
Between 1- 2 years	0	%	0	%
Between 2-3 years	0	%	0	%
Over 3 years	0	%	0	%
Total (a+b)	0	%	0	%

31. Inventories

Description	2024/2025	2023/2024 (Restated)
	KShs	KShs
Non-Pharmaceutical supplies	3,859,705.00	583,510.00
Lab reagents	3,875,411.00	871,908.00
Medical Drugs	2,432,732.00	1,440,089.00
Food supplies	1,039,837.00	257,972.00
Total	11,207,685.00	3,153,479.00

Detailed disclosure on inventories

	2024/2025	2023/2024 (Restated)
	KShs	KShs
Opening balance	3,153,479	
Additional Inventory in the year	11,207,685	3,153,479
Inventory expensed in the year	(3,153,479)	
Closing balance	11,207,685	3,153,479

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Notes to the Financial Statements (Continued)

32. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and	ICT Equipment	Plant and medical equipment	Roads & parking	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh
Cost								
Rate		2.50%	10%	12.50%	30%	2.50%	2.50%	
At 1 July 2023 (previous year)	-	16,254,770	5,544,800	-	1,410,087	-	-	23,209,657
Additions	-	-	-	216,294	845,000	309,900	-	1,371,194
At 30 th Jun 2024	-	16,254,770	5,544,800	216,294	2,255,087	309,900	-	24,580,851
At 1 July 2024 (current year)	-	16,254,770	5,544,800	216,294	2,255,087	309,900	-	24,580,851
Additions				63,890	484,500	518,750		1,067,140
Disposals								-
Transfer/adjustments	240,000,000	447,240,000					19,180,000	706,420,000
Revaluation Adjustments		84,930,000	5,571,841				6,392,000	96,893,841
At 30 th Jun 2025	240,000,000	548,424,770	11,116,641	280,184	2,739,587	828,650	25,572,000	828,961,832
Depreciation and impairment								-
At 1 July 2023 (previous year)	-	406,369	554,480	-	423,026	-	-	1,383,875
Depreciation for the year		396,210	499,032	27,037	549,618	7,748		1,479,645
At 30 th June 2024		802,579	1,053,512	27,037	972,644	7,748	-	2,863,520
At July 2024 (current year)	-	802,579	1,053,512	27,037	972,644	7,748	-	2,863,520
Depreciation		386,305	449,129	31,643	530,083	20,523	-	1,417,682
Transfer/adjustment		447,240,000					19,180,000	466,420,000
At 30 th June 2025		448,428,884	1,502,641	58,680	1,502,727	28,270	19,180,000	470,701,202
Net book values								-
At 30 th Jun 2024 (previous)	-	15,452,191	4,491,288	189,257	1,282,443	302,153	-	21,717,331
At 30 th Jun 2025 (current)	240,000,000	99,995,886	9,614,000	221,504	1,236,860	800,380	6,392,000	358,260,630

Notes to the Financial Statements (Continued)

33. Intangible Assets-Software

Description	Insert Current FY	Insert Comparative FY
Cost		
At beginning of the year	0	0
Additions	0	0
Additions–Internal development	0	0
Disposal	0	0
At end of the year	0	0
Amortization and impairment		
At beginning of the year	0	0
Amortization for the period	0	0
Impairment loss	0	0
At end of the year	0	0
NBV	0	0

34. Investment Property

Description	Insert Current FY	Insert Comparative FY
	KShs	KShs
At beginning of the year	0	0
Additions	0	0
Disposals during the year	0	0
Fair value gain	0	0
Depreciation (<i>where investment property is at cost</i>)	0	0
Impairment	0	0
At end of the year	0	0

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

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Notes to the Financial Statements (Continued)

35. Biological Assets

Description	2024/2025	2023/2024 (Restated)
	Kshs	Kshs
Trees in a plantation forest	3,415,000.00	0
Animals: Dairy cattle, pigs, sheep		
Other specify		
Total	3,415,000.00	0

36. Trade and other Payables

Description	2024/2025		2023/2024 (Restated)	
	KShs		KShs	
Trade payables	7,599,873.00		26,070,036.00	
Total trade and other payables	7,599,873.00		26,070,036.00	
Ageing analysis:	2024/2025	% of the Total	2023/2024 (Restated)	% of the total
Under one year		%		%
1-2 years	7,599,873.00	100%		%
2-3 years		%		%
Over 3 years		%		%
Total	7,599,873.00	100%	0	%

37. Refundable Deposits from Customers/Patients

Description	Insert Current FY		Insert Comparative FY	
	KShs		KShs	
Medical fees paid in advance	0		0	
Credit facility deposit	0		0	
Rent deposits	0		0	
Others (<i>specify</i>)	0		0	
Total deposits	0		0	
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	0	%	0	%
1-2 years	0	%	0	%
2-3 years	0	%	0	%
Over 3 years	0	%	0	%
Total	0	%	0	%

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38. Provisions

Description	Leave provision	Pension provision	Other provision	Total
	Kshs	Kshs		
Balance at the beginning of the year	0	0	0	0
Additional Provisions	0	0	0	0
Provision utilised	0	0	0	0
Change due to discount & time value for money	0	0	0	0
Total provisions	0	0	0	0
Current Provisions	0	0	0	0
Non-Current Provisions	0	0	0	0
Total Provisions	0	0	0	0

39. Finance Lease Obligation

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Current Lease obligation	0	0
Long term lease obligation	0	0
Total	0	0

40. Deferred Income

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Current Portion	0	0
Non-Current Portion	0	0
Total	0	0

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Notes to the Financial Statements (Continued)

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

Description	National government	International funders/donors	Public contributions and donations	Total
Balance b/f	0	0	0	0
Additions during the year	0	0	0	0
Transfers to Capital fund	0	0	0	0
Transfers to statement of financial performance	0	0	0	0
Other transfers (<i>Specify</i>)	0	0	0	0
Balance C/F	0	0	0	0

41. Borrowings

Description	Insert Current FY	Insert Comparative FY
	KShs	KShs
Balance at beginning of the period	0	0
External borrowings during the year	0	0
Domestic borrowings during the year	0	0
Repayments of external borrowings during the year	0	0
Repayments of domestic borrowings during the year	0	0
Balance at end of the period	0	0

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

Description	Insert Current FY	Insert Comparative FY
	KShs	KShs
Current Obligation	0	0
Non-Current Obligation	0	0
Total	0	0

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

Notes to the Financial Statements (Continued)

42. Service Concession Arrangements

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

43. Cash Generated from Operations

Description	2024/2025	2023/2024 (Revised)
	KShs	KShs
Surplus for the year before tax	20,765,427	8,194,777
Adjusted for:		
Depreciation	1,417,682	1,479,645
Non-cash grants received		
Impairment		
Gains and losses on disposal of assets		
Contribution to provisions		
Contribution to impairment allowance		
Working Capital adjustments		
Increase in inventory	(8,054,206)	(756,282)
Increase in receivables	6,013,292	(33,306,890)
Increase in deferred income		
Increase in payables	(18,820,109)	21,612,324
Increase in payments received in advance		
Net cash flow from operating activities	1,322,086	(2,776,426)

Notes to the Financial Statements (Continued)

44. Financial Risk Management

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

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

(i) Credit risk

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024 (previous year)				
Receivables from exchange transactions	42,219,340	0	0	0
Receivables from –non-exchange transactions	0	0	0	0
Bank balances	684,774	0	0	0
Total	42,904,114	0	0	0
At 30 June 2025 (current year)				
Receivables from exchange transactions	36,206,048	0	0	0
Receivables from –non-exchange transactions	0	0	0	0
Bank balances	939,720.50	0	0	0
Total		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 significant concentration of credit risk on amounts due from 1st October 2024. 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 3 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024				
Trade payables	0	0	26,070,036	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
Total	0	0	26,070,036	26,070,036
At 30 June 2025				
Trade payables	0	0	7,599,873	7,599,873
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
Total	0	0	7,599,873	7,599,873

Notes to the Financial Statements (Continued)

(iii) Market risk

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

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

a) Foreign currency risk

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

Description	KShs	Other currencies	Total
	KShs		KShs
At 30 June 20xx			
Financial assets (investments, cash, debtors)	0	0	0
Liabilities			
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
At 30 June 20xx			
Financial assets (investments, cash, debtors)	0	0	0
Liabilities			
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
20XX (previous year)			
Euro	10%	0	0
USD	10%	0	0
20XX (current year)			
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.

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

iv)Capital Risk Management

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

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

Notes to the Financial Statements (Continued)

45. Related Party Balances

Nature of related party relationships

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

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

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

Description	Insert Current	Insert
	FY	Comparative
	Kshs	Kshs
Transactions with related parties		
a) Services offered to related parties		
Services to xxx	0	0
Sales of services to xxx	0	0
Total	0	0
b) Grants from the Government		
Grants from County Government	0	0
Grants from the National Government Entities	0	0
Donations in kind	0	0
Total	0	0
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for xxx employees	0	0
Payments for goods and services for xxx	0	0
Total	0	0

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Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
d) Key management compensation		
Directors' emoluments	0	0
Compensation to the medical Sup	0	0
Compensation to key management	0	0
Total	0	0

46. Segment Information

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

47. Contingent Liabilities

Contingent liabilities	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Court case xxx against the hospital	0	0
Bank guarantees in favour of subsidiary	0	0
Total	0	0

(Give details)

48. Capital Commitments

Capital Commitments	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Authorised For	0	0
Authorised And Contracted For	0	0
Total	0	0

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

49. Events after the Reporting Period

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

50. Ultimate and Holding Entity

The entity is a County Corporation under the Department of Health. Its ultimate parent is the County Government of Bungoma.

51. Currency

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

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20. Appendices

Appendix 1: Progress on Follow Up of Auditor Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
OAG/KRO/AUD/WL4H/CBG/2024/(9)	1. Inaccuracies of the financial statements	(i) The amount of kshs. 318,560,649 does not appear in our financial statement. (ii) Unexplained variance of Kshs. 1,479,645 is the amount of depreciation reported on note 13 as depreciation and amortization. Statement of comparison is prepared on cash basis and therefore depreciation does not appear on the statement of	Not Resolved	February 2026

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>comparison as its not cash. This has been addressed</p> <p>(iii) The statement of financial performance on medical services income of the previous year has been corrected on restated financial statement and its Kshs. 236, 602,990. This has been addressed</p> <p>(iv) The statement of financial position on accumulated surplus of the previous year has been corrected its Kshs. 23,906,696 and net assets of Kshs. 33,510,112 respectively. In the restated financial statement. This has been addressed.</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	2. Failure to prepare Statement of Cash flows	The Statement of Cashflows has been provided. This has been addressed	Not Resolved	February 2026
	3. Unsupported Property, Plant and Equipment Balance	The hospital management has written to the county department of public works for valuation of its plant, property and buildings. The county government has also hired a land valuer. Valuation of plant property and equipment was done in FY 2024/2025 and the report availed for audit. This has been addressed	Not resolved	February 2026
	4. Unsupported Total Expenses	The Kshs. 158, 593,177 is the expenditure report on cash basis while the variance of Kshs. 54,471,718 consists of closing inventories of the previous financial year and the pending bills of the current year.	Not Resolved	February 2026

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		All the missing payment vouchers was availed for audit. This has been addressed.		
	5. Unsupported Total revenue	<p>The amount of Kshs. 154,445,556 is the income on cash basis but because the financial statement is prepared on accrual basis the variance of Kshs. 44,717,118 consists of waivers and exemptions which were earned and trade receivables respectively.</p> <p>The debtors amount of Kshs. 135,841,769 was reached as the financial statement is prepared on accrual basis and not cash basis. Therefore there was a closing balance from the previous year, the amount received in this financial year and closing balance of the current year. This has been addressed.</p>	Not Resolved	February 2026

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	6. Unsupported Cash and Cash Equivalents Balance	<p>The unrepresented cheques Kshs. 4,696,749 were presented to the bank in the month of July and August 2024. Part of the cheques which were payments to KRA become stale and hence they were cancelled. New cheques of equivalent amount were raised and banked in May 2025</p> <p>The bank statements for July, August 2024, and May 2025 were availed for audit. This has been addressed.</p>	Not Resolved	February 2026
	7. Unsupported Receivables from Exchange Transactions	The hospital management has provided a schedule of all receivables from NHIF and AON Minet	Not Resolved	February 2026
	8. Misstatement of Inventories	The hospital Management has reconciled the amount under inventories as per	Not Resolved	February 2026

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		restated financial statement. This has been addressed.		
	Budgetary Control and Performance	The Under expenditure of Ksh.72,459,027 was occasioned by shortfall in revenue collection which arose due to the healthcare workers strike in the financial year affecting service delivery. This was also due to delayed reimbursement by NHIF for the hospital claims for services rendered to the clients. This is has been addressed.	Not Resolved	February 2026
	Failure to Use Market Price Index Survey	The hospital management during the financial year did carry out market surveys for commodity prices in the financial year. The management also relied on the county department price surveys.	Not Resolved	February 2026

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Non-Compliance with Laws on Ethnic Composition	Webuye Level 4 Hospital has no mandate to recruit its own staff. It is the responsibility of the County Public Service Board under Section 59(1) of the County Government Act, 2012. However, the management under Section 72(1) of the County Government Act, 2012, provides that power to deploy a county public officer within a department shall vest in the relevant county chief officer. The hospital management has since made the requisitions to the chief officer department of health and sanitation to ensure ethnic balancing during deployment.	Not Resolved	February 2026
	Lack of Quarterly Revenue Report	The hospital management has since complied with the provision of quarterly reports. The quarterly reports for FY 2024/2025 and 1 st quarter	Not Resolved	February 2026

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		2025/2026 are available. This has been addressed.		
	Accuracy, Presentation and Disclosure of the Annual Report Financial Statements	The management has made corrections and revised the financial statement. This has been addressed.	Not Resolved	February 2026
	Deficiencies in Implementation of Universal Health Coverage (UHC)	The hospital management acknowledges the Human resource gaps among specialists as listed above. However with the Human resource functions being centralized the responsibility for appointment of officers rests with the county public service board; while the responsibility for deployment rests with the chief officer in the county department of health and sanitation. Despite this state the hospital management has made a requisition to the office of the chief officer for health and sanitation for the deployment of the above staff Webuye county	Not Resolved	February 2026

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>level 4 hospital. The management has requested for 6 medical officers, 1 general surgeon, 1 pediatrician and 1 radiologist.</p> <p>The county government has started construction of Renal unit, Intensive Care Unit, High Dependency Unit. In the meanwhile the hospital is in the process of setting up 3 high dependency unit beds. The management has also requested for the requisite human resource officer to start of this unit. Part of the requested staff have since been deployed. Abudgetary allocation of Kshs.10M of the renal/ICU unit was made for FY 2025/ 2026. This has been partially been addressed.</p>		
	Lack of Internal Audit Function	The hospital has an internal audit function provided by the	Not Resolved	February 2026

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		county treasury. The team carries out audits as scheduled.		
	Failure to Automate Accounting and Procurement Functions	The procurement and accounting functions within the hospital are partially automated. The process to ensure full automation is ongoing. The hospital has been on boarded on eGP platform and the process to ensure operationalization is ongoing. There is also ongoing processes to have the hospital transact on IFMIS. This has been partially addressed.	Not Resolved	February 2026
	Lack of Risk Management Policy and Registers	The facility relied on the county department of health risk management policy herein attached. The hospital management has since developed a risk register. The management has since request for a risk policy to the County department of Health.	Not Resolved	February 2026

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Lack of Information Technology (ICT) Controls	The hospital commits towards investing in an external a backup system for the hospital data as advised. We also commit to capacity build ICT staff in order to safeguard infrastructure and advise management accordingly.	Not Resolved	February 2026

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



Webuye County Hospital (Bungoma County Government)
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Appendix II: Projects Implemented by The Entity

Projects

Projects implemented by the Hospital Funded by development partners

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

Status of Projects completion

SN	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Source of funds
1	SEWORAGE LINE	25,000,000		100%			COUNTY GOVT
2	OPD COMPLEX	82,000,000		35%			COUNTY GOVT
3							

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

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Appendix III: Inter-Entity Confirmation Letter

Name of Transferring entity.....

Name of Beneficiary entity.....

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

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

Head of Accounts Department - Disbursing Entity:
 Name Sign Date

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

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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		

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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

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F.O 30

WEBUYE COUNTY HOSPITAL
A/C. NO.1107110793

REPUBLIC OF KENYA
BANK RECONCILIATION AS AT 30TH JUNE, 2025

Station: WEBUYE COUNTY HOSPITAL

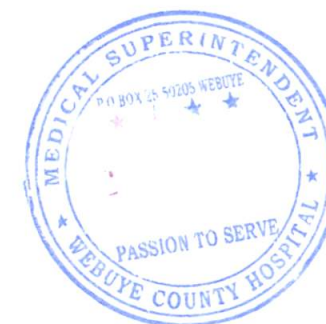
	Sh.	Cts	Sh.	Cts	Sh.	Cts
Balance as per Bank Certificate					6,003,291.00	50
Less-						
1. Payments in Cash Book not yet Recorded in Bank Statement (Unpresented Cheques)...	5,247,371					
2. Receipts in Bank Statement not in the cashbook						
Add -						
3. Payments in Bank Statement not yet recorded in Cash Book ...	6487					
4. Receipts in Cash Book not yet recorded in Bank Statement ...						
Bank Balance as per Cash Book					762,407	50

I certify that I have verified the Bank Balance Cash Book with the Bank Statement and that the above Reconciliation is correct.

Rawira

Accountant

5/7/2025



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Signature		Designation		Date	
1. PAYMENTS IN CASH BOOK NOT YET RECORDED IN BANK STATEMENT (UNPRESENTED CHEQUES)					
CHEQUE No.	Date	PAYEE	AMOUNT		
			Sh	Cts	
13342	2/5/2025	KRA		5,544.00	
13418	26/5/2025	KRA		2,400.00	
13441	4/6/2025	KRA		5,544.00	
13445	4/6/2025	KRA		1,379.00	
13447	4/6/2025	KRA		5,407.00	
13483	23/6/2025	PHNEROCK VENTURES		50,000.00	
13498	23/6/2025	KRA		7,793.00	
13510	25/6/2025	CROWN HEALTHCARE		185,977.00	
13511	25/6/2025	KRA		3,262.00	
13512	25/6/2025	MEDIQUIP GLOBAL LTD		23,000.00	
13515	27/6/2025	IVYTECH ENTERPRISE		74,800.00	
13517	27/6/2025	IMAGINE POC LTD		307,500.00	
13522	27/6/2025	REDHATT SUPPLIES & CONSTRUCTION LTD		300,000.00	
13524	27/6/2025	MEDQUIP GLOBAL LIMITED		22,604.00	
13525	27/6/2025	KRA		396.00	
13526	27/6/2025	VILLA SURGICAL &		391,250.00	

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		EQUIPMENT LTD			
13527	27/6/2025	GLOBAL SIMANA LIMITED		90,000.00	
13529	27/6/2025	RONATE INNOVATION		65,600.00	
13531	27/6/2025	KOMOLI AUTO GARAGE		25,034.00	
13532	27/6/2025	KRA		439.00	
13533	27/6/2025	CHEM-LABS LTD		767,905.00	
13534	27/6/2025	KRA		13,472.00	
13535	27/6/2025	HEWATELE		225,000.00	
13536	27/6/2025	CROWN HEALTHCARE		94,450.00	
13537	27/6/2025	KRA		1,656.00	
13538	27/6/2025	MEDS		440,849.00	
13539	27/6/2025	KRA		740.00	
13541	27/6/2025	GLOBAL SIMANA LIMITED		856,400.00	
13542	27/6/2025	HELREN HEALTHCARE LIMITED		365,150.00	
13543	27/6/2025	MONICA MARY SUPPLIES		17,280.00	
13544	27/6/2025	KENWEST INVESTMENT LIMITED		75,000.00	
13545	27/6/2025	PATCHO PRINTS		174,500.00	
13547	27/6/2025	KRA		6,468.00	

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13550	27/6/2025	PHNEROCK VENTURES		60,000.00	
13551	27/6/2025	IVYTECH ENTERPRISE		167,520.00	
13552	27/6/2025	AMALIA BUTCHENES		74,800.00	
13555	27/6/2025	MARIKADE ENTERPRISE LTD		255,870.00	
13556	27/6/2025	MEDISENT SCIENTIFIC ENTERPRISES		10,000.00	
13557	27/6/2025	SAMMULI INTERIOR		72,382.00	
		SUB-TOTAL		5,247,371	