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REPORT

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OF

THE AUDITOR-GENERAL

ON

KIMILILI SUB COUNTY HOSPITAL

FOR THE YEAR ENDED
30 JUNE, 2025

COUNTY GOVERNMENT OF BUNGOMA

PAPERS LAID	
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KIMILILI SUB COUNTY HOSPITAL (Bungoma County Government)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2025

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

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1. Acronyms & Glossary of Terms

CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
Fiduciary Management	Key management personnel who have financial responsibility in the entity.
HMT	Hospital Management Team
PMTCT	Prevention of Mother to Child Transmission
HIV	Human immunodeficiency virus
AWP	Annual Work Plan
NHIF	National hospital insurance fund
SHA	Social Health Authority
EEC	Executive Expenditure Committee
PFM	Public Financial Management

2. Key Entity Information and Management

(a) Background information

Kimilili Sub County Hospital is a level (4) government hospital registered by the government registration number GK-013006. It is found in Kimilili town, Kibingei Ward, Kimilili Sub County, Bungoma County and sits on a 5.688 acres piece of land.

The Hospital is managed by the county department of health, County Government of Bungoma. It serves clients from Bungoma County and the neighbouring county of Transzoia. Its primary care catchment population is 47,844 residents.

It offers comprehensive care, both primary and specialized, to the population. The services range from promotive, preventive, curative and rehabilitative services. Some of the notable specialised services include Caesarean surgery, child health and paediatrics services, mental health services, psychology services, orthopaedic trauma services, orthopaedic technology services, chronic disease care, dental services, comprehensive eye care, HIV care, Mortuary services, physiotherapy services, occupational therapy services, laboratory services, radiology and imaging services, palliative services, both inpatient and outpatient services.

INFRASTRUCTURE AND SERVICES OFFERED

The hospital has the following infrastructure in place:

1. **Male Ward:** Offers comprehensive inpatient general healthcare ranging from internal medicine, mental health, burns to male patients aged 14 years and above.
2. **Female Ward:** Offers comprehensive inpatient general healthcare ranging from internal medicine, mental health, burns, and gynaecological services to female patients aged 14 years and above.
3. **Paediatric Ward:** Offers **comprehensive** general healthcare to paediatric patients – for all conditions affecting children under the age of 14 years and also serves as a burn's 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 and PMTCT services.
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 and immunisation services.
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. **Specialised outpatient clinic services:** These are specialised consultant clinics include General Medical Outpatient Clinic, General Paediatric Outpatient Clinic, Gynaecological Outpatient 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 and basic oncology care.

8. **Nutrition clinic:** Offers care and advice to all clients in need of nutrition services ranging from counselling to provision of therapeutic prescriptions and food.
9. **Eye unit** – offers comprehensive eye care.
10. **Theatre / operating room services** – one theatre offering emergency and elective surgical services.
11. **Radiology and imaging:** offers general and specialised x-rays, ultrasonography, Echocardiography and Electrocardiograph (ECG).
12. **Laboratory** -laboratory offering routine and specialised laboratory services including biochemistry, haematology, parasitology, serology, and hormonal test.
13. **Maternal, child health and family planning services** – offers ANC, Postnatal care, PMTCT, Breast and cervical cancer screening, child welfare and primary care for women and children.
14. **Medical Records** – health informatics, reporting, data for demand and decision making.
15. **Administrative services-** planning, day to day operations of the hospital,
16. **Rehabilitative services-** Physiotherapy, occupational therapy, orthopaedic technology and orthopaedic trauma.
17. **Mortuary services-** Storage of bodies, embalming, post-mortem, dressing of bodies both from outside and deaths that occur within the hospital.
18. **Dental unit-** offering comprehensive dental services
19. **New born unit-** offers neonatal care
20. **Public health-** Offers promotive and preventive services.
21. **OPD-** offering general outpatient services

The Board of Management

The hospital has a Hospital Management board which was appointed and gazetted by Governor and was inducted on their key roles. The board meets once in a quarter. The Hospital board of management plays the oversight role and runs its affairs through 3 sub-committees, Quality of healthcare services, Audit and finance and general-purpose sub-committees which meet on quarterly basis. However, in case of emergent issues that require resolutions, they can hold ad hoc meetings.

(b) Principal Activities

Kimilili Sub County Hospital

- ❖ **Mandate;** Kimilili Sub County hospital is mandated to provide promotive, preventive, curative and rehabilitative services. It also offers other quality clinical care services that includes surgery, laboratory and diagnostic services.
- ❖ **Vision;** *providing optimal primary healthcare services*
- ❖ **Mission;** *to provide sustainable, coordinated, intergraded and comprehensive healthcare through provision of equitable, affordable and acceptable services.*
- ❖ **Core values;** *Respect, professionalism and compassion*
- ❖ **Slogan;** *Your health is our priority*

(c) Key Management Team

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

- County department of health headed by the county executive committee Member
- Board of Management
- Accounting Officer/ Medical Superintendent
- Health Management Team

(d) Fiduciary Management

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

No.	Designation	Name
1.	Medical Superintendent	Dr. Mathias Lukorito
2.	Health Administrative Officer	Mr. Dan Oswana.
3.	Head Nursing Services	Mrs. Grace Wanjiru Wanjala.
4.	Accountant	Mr. Welyngton Makanga.
5.	Head Health Records and Information Officer	Mrs. Lenah Apiyo
6.	Head Clinical Officer	Mrs. Margaret Obwayo
7.	Head Public Health	Mr. Elijah Omuge
8.	Head procurement officer	Mrs. Justine Lusweti

(e) Fiduciary Oversight Arrangements

- **Quality of care subcommittee:** In charge of overseeing continuous quality improvement at the facility.
- **Audit subcommittee-** charged with the oversight of revenue and risk management at the hospital.
- **Finance and general-purpose subcommittee** charged with responsibility of revenue collection and expenditure within the facility.
- **County Executive** (County Executive Committee Member for Health and Sanitation, Chief Officer of Health and Sanitation and County Director of Health; they are charged with Approval of Budgets, Overseeing Revenue Collection and Expenditure.
- **County Assembly health subcommittee** - they oversee health facilities in the sector with emphasis on service delivery, systems and implementation of approved projects.
- **County Assembly-** they appropriate funds to health facilities and play the oversight role on revenue collection, Expenditure and implementation.
- **County Treasury** - charged with responsibility of financial compliance.

Key Entity Information and Management

(f) Entity Headquarters

Kimilili Sub County Hospital
P.O. Box 490-50204
Along Chwele- Kamukuywa Road
Adjacent to Kimilili Police Station
KIMILILI, KENYA

(g) Entity Contacts

Telephone: (+254) 0117429775
E-mail: kimililisch@gmail.com

(h) Entity Bankers

Kenya Commercial Bank
Account no. 1129366596
Kimilili Branch

(i) Independent Auditors

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




(j) Principal Legal Adviser

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

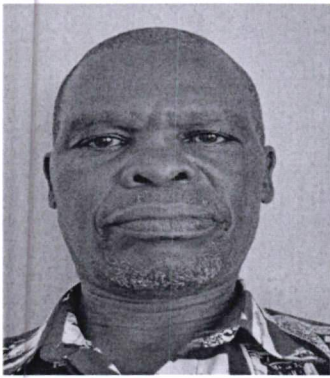


(k) County Attorney

P.O. Box. 437-50200
Bungoma, Kenya

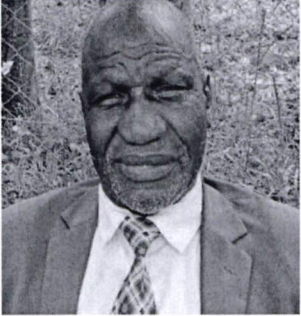
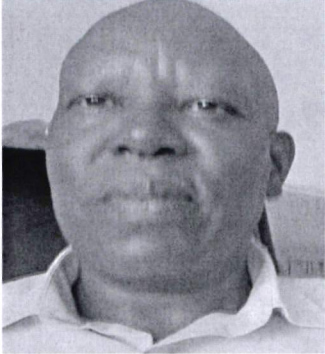
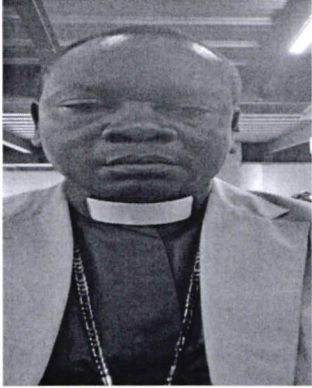
3. The Board of Management


Directors	Director's name	Details
	<p>Dr. Wambasi Patrick Mutoro</p> <p>Chair to the Board</p>	<p>Date of birth- 2/2/1959</p> <p>Working as a lecture at Uzima University after retirement from civil service as a doctor.</p> <p>PHD, Health systems and service management; MSC, Community health and development; BSC, Medicine and surgery; Higher diploma clinical medicine, TB/Leprosy; Diploma in clinical medicine; Certificate in gynecology and obstetrics; Certificate in comprehensive computer</p>
	<p>Dr. Mathias Lukorito</p> <p>Secretary to the board</p>	<p>41-year-old, holder of master's in health system management, Bachelor of pharmacy from university of Nairobi.</p> <p>Medical superintendent and secretary to the board</p>
	<p>Amboko Austine Otuma</p> <p>Member</p>	<p>Bachelor of education, arts, currently working as the sub county administrator, Kimilili Sub County</p>

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




	<p>Jimmy Sanja Wekunda Member</p>	<p>65-year-old holder BSC in agricultural Economics at Egerton University. Worked as an Agricultural officer with ministry of agriculture till his retirement in 2015. He is the chairperson of finance and general-purpose sub committee</p>
	<p>Sophia Omar Makongolo Member</p>	<p>72-year-old retired teacher holding Certificate in special education, Chairperson Quality of Healthcare Services & Assurance Sub-committee</p>
	<p>Violet Barasa Member</p>	<p>72-year-old retired teacher vast experience in school management Chairperson of the audit sub-committee.</p>
	<p>Mary Namaswa Member</p>	<p>59-year-old holder of diploma in social work. Member of the audit sub-committee. Currently a member of board for the Kimilili Constituency development Fund. Former nominated member of the county assembly of Bungoma 2013 to 2017.</p>

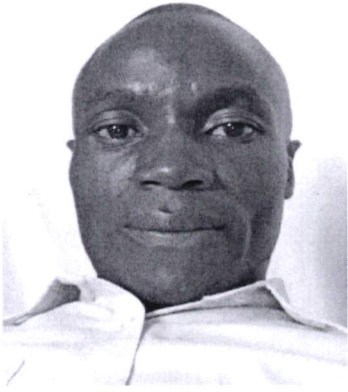


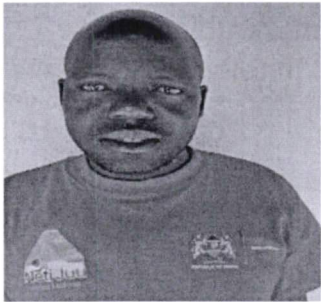
Kimilili Sub County Level 4 Hospital (Bungoma County Government)
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	<p>Robert Masengeli Member</p>	<p>76-year-old retired agricultural officer. Holder of diploma in agriculture. Member of finance and general-purpose sub-committee.</p>
	<p>Robert Mose Member</p>	<p>55-year-old, currently working as County Health Administrator, Bungoma. Master of commerce, B. Com, ACCA Professional Part 1, Induction Course for Health Administrative Officers, Leadership and Management Program for Health Professionals, Senior Health Systems Management Course</p>
	<p>Bishop Cleophas Matete</p>	<p>51-year-old member of the board and secretary to the Audit Sub-committee. Hold Master's degree in theology and bachelor's degree in leadership and governance. He is a minister of the gospel over a span of 36 years. Worked as a constituency development fund manager Kimilili Constituency from 2017 to 2018</p>

	Makhanu Onula Joseph	65-year-old, Member of the board and secretary to Quality of Healthcare Services & Assurance Sub-committee. Diploma in theology, worked as community health worker getting award as the best community health worker 2015 in Kimilili sub county, Worked with Kenya Maritime authority from 1984 to 1986.
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4. Key Management Team

Ref	Management		Details
1.		<p>Dr. Mathias Lukorito Medical Superintendent Bachelor of Pharmacy, University of Nairobi Masters in Health System Management</p>	<p>The chair of HMT, EEC, advisory committees and Secretary to the hospital management board. In charge of daily hospital running, coordination and ensuring professionalism and quality of care</p>
2.		<p>Mr. Dan Oswana Hospital Administrator Bachelor of Commerce (Human Resource Option) Higher Diploma in Business Management Diploma in Business Administration</p>	<p>Hospital administrator and secretary to key teams including HMT, EEC and Advisory committees.</p>
3.		<p>Grace Wanjiru Wanjala Nursing officer Bachelor of Science in Nursing, Diploma in Kenya registered nursing</p>	<p>Provides leadership to the nursing team, member of HMT, EEC and in charge of commodities</p>

4.		<p>Welyngton Makanga Accountant Diploma in Accountancy</p>	<p>Financial management coordination</p>
5.		<p>Dr. Naliaka Rose Pharmacist Bachelor of pharmacy, MSc in Health Economics and policy</p>	<p>Pharmacy in charge who plays role in management of health products and technologies</p>
6.		<p>Lenah Apiyo Health Records and information Officer Diploma in medical records</p>	<p>Health Records and information Officer in charge who takes lead in management of information within the hospital</p>
7.		<p>Elijah Omuge Ibuloi Public Health Officer Diploma in Environmental health services</p>	<p>Public Health Officer In charge who plays role hospital sanitation including waste management</p>

8		<p>Justine Lusweti</p> <p>Supply chain management officer Diploma in supply chain management.</p>	<p>Head of supply chain management. Who was in charge of all aspects of procurement</p>
		<p>Margaret Abwao</p> <p>Bachelor's degree in clinical medicine and surgery</p>	<p>Clinical officer in charge of clinical team.</p>

5. Chairman’s Statement

During the financial year 2024/2025, Kimilili Sub County hospital made tremendous steps to ensure provision of integrated quality curative and rehabilitative services to the catchment population.

The year has been marked by significant progress and resilience in the face of ongoing challenges. The hospital has achieved a robust financial performance, reflecting prudent management and strategic planning. Our revenue streams have remained strong, with notable growth in several key areas. This growth is a testament to the dedicated efforts of the hospital staff and the continued trust and support of the Kimilili community.

Operationally, we have made substantial strides as a hospital in enhancing patient care and hospital infrastructure. Noteworthy improvements include the expansion of our services by operationalization of the eye unit and the purchasing of assorted medical equipment. These initiatives have been instrumental in elevating the quality of care we provide.

There were challenges faced by the hospital in the financial year due to the multi-cadre strikes by the health care workers leading to interruption of service delivery to the population. We hope that the government will look for a long-lasting solution to avoid perennial service interruption due to labour strikes.

I would like to extend my deepest gratitude to the hospital management Board, HMT and the dedicated staff, whose tireless efforts and unwavering commitment have been the cornerstone of our success. Additionally, I appreciate the support of our stakeholders and the community, which has been vital in achieving our objectives.

Looking forward, we remain optimistic about the future and are committed to continuing our journey towards excellence.

.....
Dr. Wambasi Mutoro Patrick
Chairman to the Board

6. Report of The Medical Superintendent

This Annual Financial and Operational Report provide an in-depth analysis of Kimilili Sub County Hospital's performance for the fiscal year 1st July 2024 to 30th June 2025. Over the past year, the hospital has achieved significant milestones in both patient care and operational efficiency. We have realized substantial enhancements in patient satisfaction, facilitated by the adoption of cutting-edge, patient-centric care models, which have resulted in a measurable increase in positive patient feedback.

The hospital was administered by Dr. Babu Kisiang'ani Isaac as the Medical superintendent for the 7 months of the 2024/2025 financial year before handing over the leadership on 24th January 2025

In terms of operational improvements, we have effectively optimized workflows, leading to reduced patient waiting times and increased overall operational efficiency. The hospital was able to acquire health management information system procured by the county enhancing efficiency in patient care and financial management. Operationalization of the eye unit and expanded menu for laboratory tests improving on patient care.

Financially, the hospital reported a slight increase in the total revenue collected, sourced predominantly from the fee for service and the SHA reimbursements.

From an operational perspective, we have seen positive trends in patient metrics, including increases in admissions, discharges, and emergency department visits. Quality of care metrics indicate improvements in treatment outcomes, adherence to clinical standards, and infection control.

Despite these advancements, we encountered several challenges. Financial constraints due to delayed reimbursement by SHA, while operational difficulties involved staff shortages, industrial actions and equipment malfunctions.

Moving forward, it is imperative to enhance our financial strategy by implementing robust cost-control measures and optimizing revenue generation. Addressing the operational challenges will be crucial to further improving service delivery. Strategic initiatives for the upcoming year will focus on achieving our hospital's goals and advancing patient care standards.

Dr, Lukorito Mathias
Secretary to the board



7. Statement of Performance Against Predetermined Objectives

Kimilili sub county hospital Management Team has made significant progress in the implementation of the Work Plan 2024-2025. Positive developments can be noted in all strategic areas as derived from the hospitals strategic plan. Analysis of performance is based on the following program areas (pillars) of health in Kenya

- 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**

Kimilili Sub County Hospital has 6 strategic objectives within the current Strategic Plan from which the annual work plans are drawn.

Kimilili Sub County Hospital develops its annual work plans based on the above 6 pillars. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The hospital achieved its performance targets set for the FY 2024/2025 period for its 6 strategic pillars, as indicated in the table below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
To eliminate Communicable Conditions.	To reduce malaria cases	Number of treated mosquito nets distributed	Mass net distribution	100%
	To reduce TB cases	Number of TB cases confirmed	Screening and testing	68.7%
	To reduce diarrhoeal cases	Number of diarrhoeal cases reduced from 410 to 317	Sensitization of the community on hand hygiene Provision of hand washing points	20.24% reduction
To halt and reverse the increasing burden of non-communicable conditions.	To reduce number of hypertension cases in the community	Number of hypertension cases from 801 to 500	Early screening in the community by CHPs	85.5%

Kimilili Sub County Level 4 Hospital (Bungoma County Government)
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	To reduce number of diabetes cases in the community	% of new diabetes cases reduced	Early screening in the community by CHPs	125.8%
To reduce the burden of violence and injuries	To reduce number of GBV cases in the community	To reduce number of GBV cases from 96 to 50	Sensitization of the community on GBV	108.6%
	To reduce number of injuries	Number of injuries reported	Sensitization of the community on injuries related to violence	103.4%
To provide essential health services	Improve quality of care	Number of mortalities and morbidities	Reduced stock outs of supplies	Sufficient
	Strengthen referral system	Number of referral cases	Readily available emergency care and referral system	Effective
To minimize exposure to health risk factors	To reduce infections and work-related accidents	Number of staff infected or injured at place of work	Provision of protective gears (PPE)	Available
To strengthen collaboration with health-related sectors	To strengthen collaboration with partners	Number of partners identified Activities supported by partners	<ul style="list-style-type: none"> • Trainings • Supportive supervisions • Outreaches 	Achieved

8. Corporate Governance Statement

The Hospital Management Board adhered to its schedule, holding four quarterly meetings through the year. These meetings played a crucial role in steering the hospital towards achieving its goals through planning, oversight, and strategic advice to hospital management.

The board also operated through the following sub-committees that met on quarterly basis to enhance efficiency:

- Finance and General-Purpose sub-committee
- Quality and Service Delivery sub-committee
- Audit sub-committee.

Each sub-committee contributed to the hospital's success by focusing on their specific mandates, ensuring continuous improvement in financial management, service quality, and internal controls

Board members were appointed by The Governor of Bungoma County, with established processes for member induction, training, role distribution, and removal if necessary, according to the Bungoma County Health Act 2019.

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

During the financial year, there was no conflict of interest declared in any board deliberations.

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

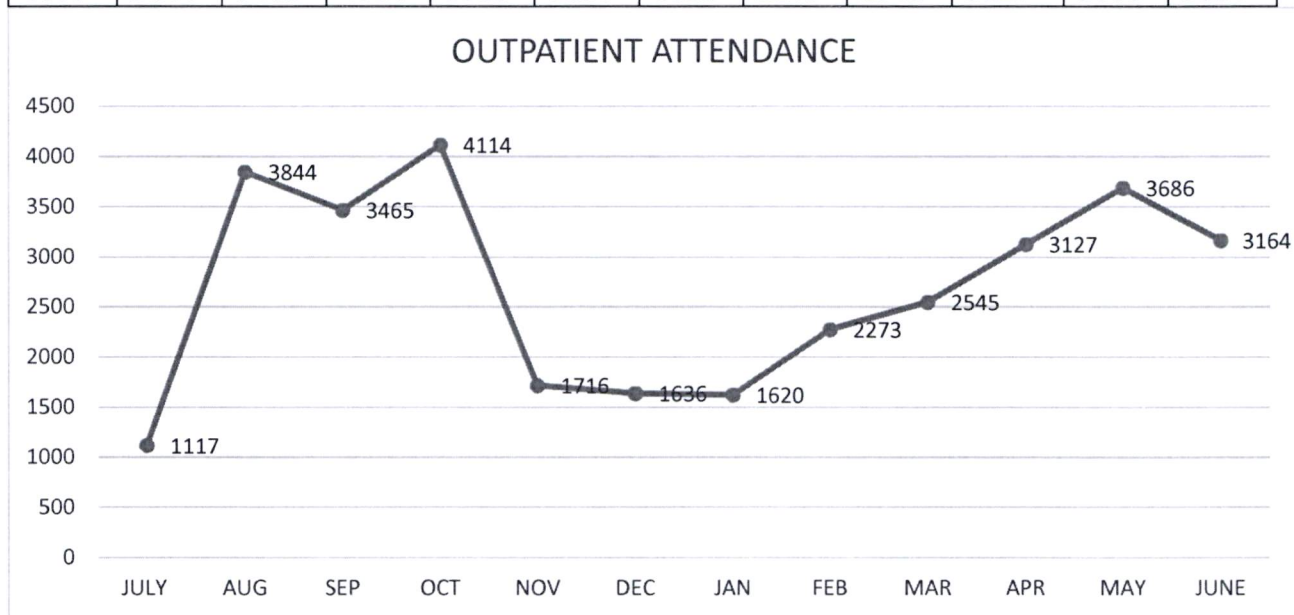
The board members were remunerated based on the county government regulations.

9. Management Discussion and Analysis

Kimilili Sub County hospital is a level 4 facility with a catchment population of 47,844. It has a 110-bed capacity providing health services to communities within Kimilili, Mt. Elgon, Kabuchai, Tongaren, Webuye, West and East in Bungoma County and from neighbouring Trans Nzoia County.

OPD attendance from July 2024 to June 2025 is as tabulated below.

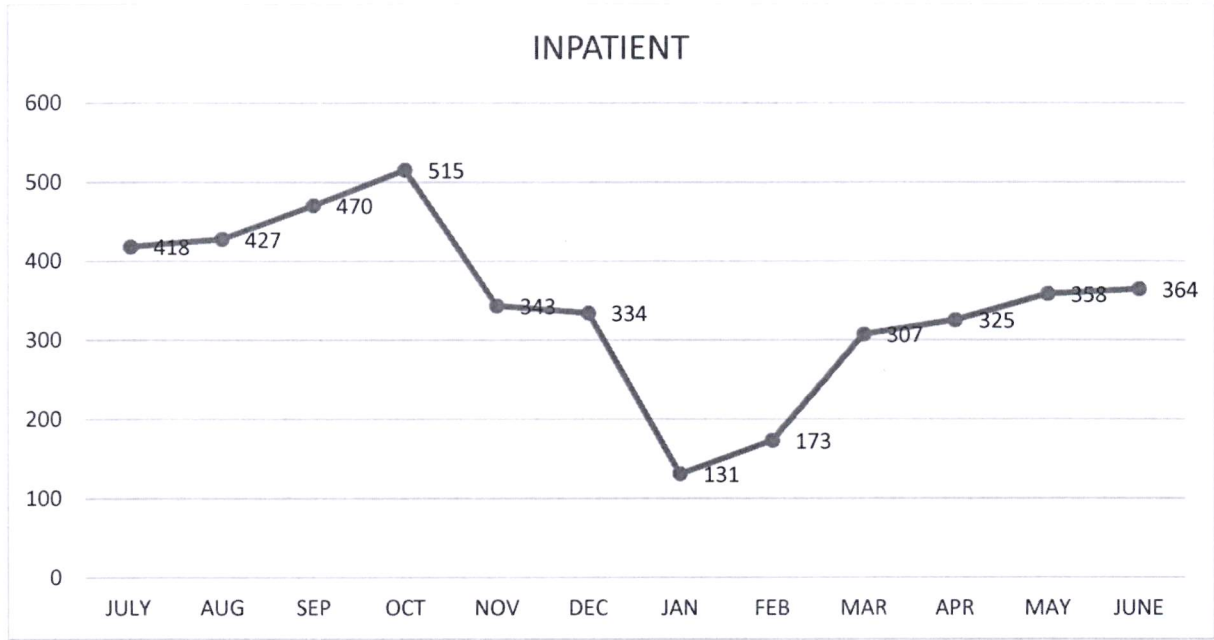
JULY	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APRIL	MAY	JUNE
1117	3844	3465	4114	1716	1636	1620	2273	2545	3127	3686	3164



There is a reported drop in the months of November, December 2024 and January 2025 due to industrial actions by health care workers.

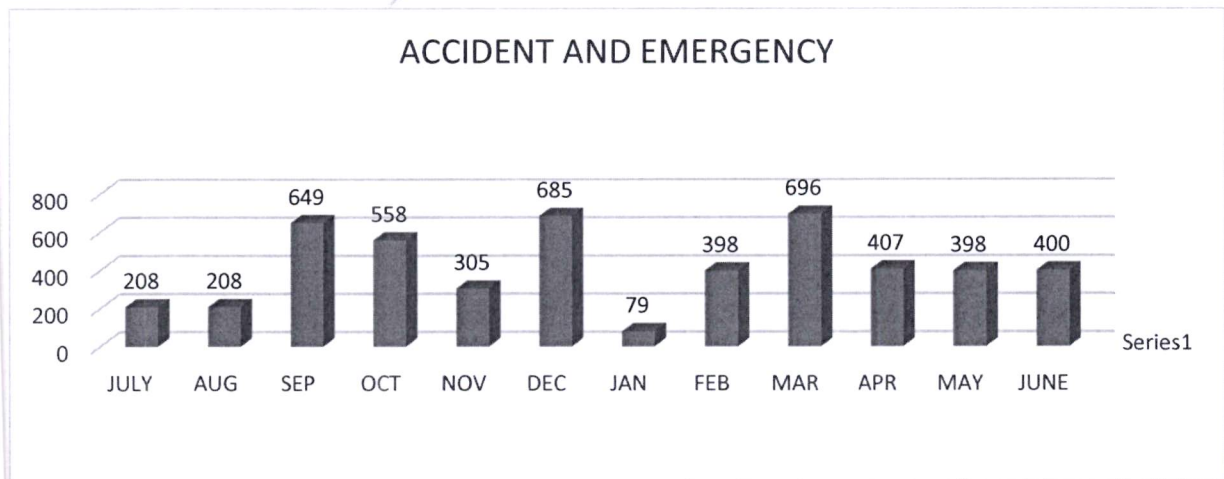
ADMISSIONS FROM JULY 2024 TO JUNE 2025

JULY	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APRIL	MAY	JUNE
418	427	470	515	343	334	131	173	307	327	358	364



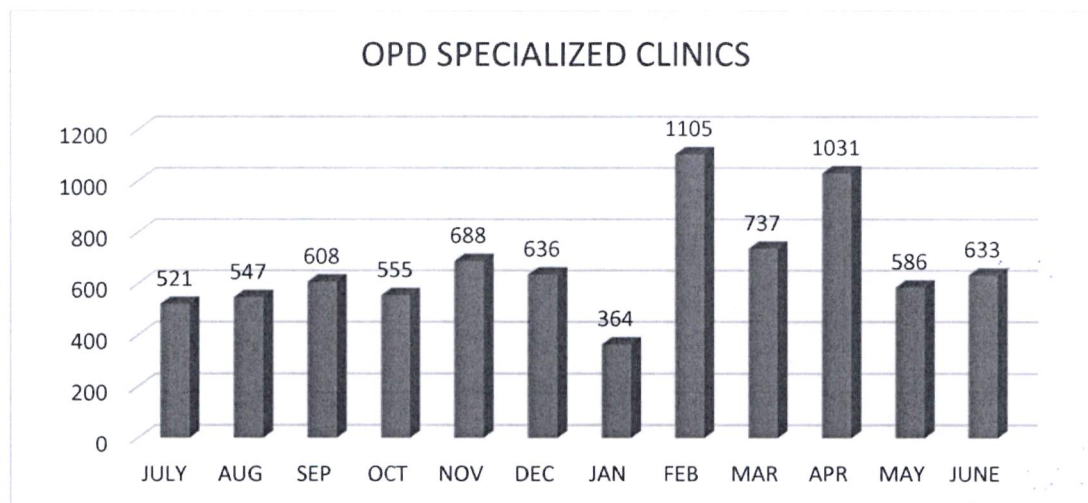
ACCIDENT AND EMERGENCY

JULY	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APRIL	MAY	JUNE
208	208	649	558	305	685	79	398	696	407	398	400



OPD SPECIAL CLINICS

JULY	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APRIL	MAY	JUNE
521	547	608	555	688	636	364	1105	736	1031	586	633



Bed occupancy and death rate

Kimilili Sub County hospital had an average bed occupancy 79% as per the above admissions with a death rate of 1.8 %

Theatre utilization

The table below shows both major and minor operations from July 2024 June 2025

JULY	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APRIL	MAY	JUNE
43	101	33	44	32	42	0	101	38	29	40	23

The increase in theatre cases for august 2024 and February 2025 was due to eye surgical camp. Jan 2025 there was an industrial strike for doctors.

Financial performance

During the year under review, a total of KSHs 47,687,346.00 was collected. The revenue sources for the hospital included:

- Out of pocket payments by clients
- SHA Reimbursement
- NHIF Reimbursement
- Rent of Facility Carteen

- Miscellaneous Income

The hospital utilized the funds on:

- Payment of supplies on commodities and goods
- Payment of utilities
- Infrastructural improvements and renovations
- Infrastructural developments
- Purchase and Maintenance of Medical equipment.
- Staff motivation by sponsoring conferences
- Board of management allowances

Sponsorships and partnerships

The hospital has continued to partner with USAID through USAID Dumisha Afya, AMPATH, Jacaranda Health among other partners.

.....
Dr. Lukorito Mathias
Medical superintendent
Kimilili Sub County Hospital



10. Environmental And Sustainability Reporting

i) Sustainability strategy and profile

Kimilili Sub-County Hospital exists to transform lives. Its main objective is to provide quality comprehensive health care services through provision of patient centred health care services. Our clients are our priority. We aim to improve client experience through regular staff meetings mortality reviews lab clinical data interface, data reviews and also by partnering with various stakeholders to improve service delivery. There are also efforts to increase on service menu to reduce on referrals. The hospital acquired HMIS system to automate patient management and reduce on pilferages.

ii) Environmental performance

The hospital has an infection prevention committee which is charged with the role of ensuring safe environment for healthcare workers, clients and hospital visitors. There are clear policies on waste management for medical waste that guides the operations of the infection prevention committee. The committee meets regularly to discuss and implement its findings. The management has ensured adequate supply of bin liners, proper waste segregation and disposal in line with IPC protocols.

There have been also efforts to manage biodiversity and reduce environmental impact of the organizations products which include sensitization of staff on infection prevention, community sensitization on biosafety, frequent training and supervision on waste management and proper waste segregation.

iii) Employee welfare

Hiring, promotions and re-designation is normally done by the County Public Service Board while deployment is done by the Chief Officer, Health and Sanitation. The hospital management role is to conduct staff assessment needs. The hospital management encourages and supports its staff members to train and capacity build in various courses, both technical and professional to improve service delivery. Some of the trainings include Kenya School of Government leadership courses, seminars, Continuous Medical Education.

It also recommends staff for high diploma and masters programmes and other specialization programs. There is an annual staff recognition and reward system whose main role is to reward excellence in performance. The staffs get presents, certificates during the get together.

The facility observes the policy on safety and compliance with occupational and safety health act of 2007 (OSHA). The hospital also observes safety and adherence to HIV Policy on Post Exposure Prophylaxis, testing and treatment for HIV. It also adheres to the guidelines on occupational health and safety.

iv) Market place practices-

The hospital has

a) *Responsible competition practice.*

Kimilili Sub County Hospital involves in fair competition and respects its competitors. The hospital offers quality health care services in collaboration with its partners. It adheres to code of ethics guidelines which apply to all staff. The hospital has a disciplinary and advisory committee which handles indiscipline cases appropriately.

b) *Responsible Supply chain and supplier relations*

Kimilili Sub County Hospital offers fair competition to all its suppliers. The facility has opened up business to all who qualify as per public procurement and disposal act through prequalification award and payment. The hospital is open to all who apply for tenders by raising quotations and proper evaluation processes are adhered to before award of tenders

c) *Responsible marketing and advertisement*

Through the Community health promoters, the services rendered are made known to the community through barazas and dialogue days. Also, there are well displayed service delivery charters at strategic points and in every department to guide patients on services offered and their cost.

d) *Product stewardship*

The hospital observes patient rights and interest through offering patient centred care. Patient service charters are available and well displayed clearly outlining services available, timelines and cost. Standard operating procedures and job aids have been availed across departments in the hospital.

v) Corporate Social Responsibility / Community Engagements

During the year under review, the hospital participated in health talks to schools within the catchment population, outreaches and offering of ambulance services to schools during sports days.

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 Kimilili Sub County Hospital's affairs.

Principal activities

The principal activities of the Kimililii Sub County Hospital Board are:

- a) Overseeing quality of care and services
- b) Oversee management of finances a general service
- c) Internal audit mechanisms

Results

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

Board of Management

The members of the Board who served during the year are shown on page viii to xi. During the year 2024/2025 there was no board member who retired or resigned

Auditors

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

By Order of the Board



.....
Dr. Lukorito Mathias
Secretary to the Board

12. Statement of Board of Management's Responsibilities

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

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

The Board of Management accepts responsibility for the 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 Kimilili Sub County Hospital's financial statements give a true and fair view of the state of its 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's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Board of management to indicate that the 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 30th June 2025 and signed on its behalf by:


.....
Dr. Wambasi Mutoro Patrick
Chairperson
Board of Management



.....
Dr. Lukorito Mathias
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 KIMILILI SUB COUNTY 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 Kimilili Sub County Hospital – County Government of Bungoma set out on pages 1 to 51, 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 Kimilili Sub County 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 Services Act, 2019, the Health Act, 2017 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracy of the Financial Statements

1.1. The Statement of Changes in Net Assets

The statement of changes in net assets reflects net assets balance of Kshs.2,098,614 as at 30 June, 2025. However, the statement of financial position reflects a balance of Kshs.12,391,857 resulting to unexplained variance of Kshs.10,293,243. Further, the statement reflects capital fund balance of Kshs.288,826 as at 30 June, 2025, while recalculation of the balance gives Kshs.13,937,651 resulting to unexplained variance of Kshs.13,648,825.

In the circumstances, the accuracy and completeness of the net assets balance of Kshs.2,098,614 as at 30 June, 2025 could not be confirmed.

1.2. The Statement of Cash Flows

The statement of cash flows reflects net cash outflows from operating activities balance of Kshs.7,914,676. However, Note 23 to the financial statements on cash generated from operations shows a balance of Kshs.33,106,248, resulting to unreconciled variance of Kshs.41,020,924. Further, the statement shows net decrease in cash and cash equivalents of Kshs.2,255,280. However, recalculation of the amount shows a balance of Kshs.9,726,682 resulting to unreconciled variance of Kshs.7,471,402.

In the circumstances, the accuracy and completeness of the respective balances reflected in the statement of cash flows could not be confirmed.

1.3. The Statement of Comparison of Budget and Actual Amounts

The statement of comparison of budget and actual amounts shows actual surplus of Kshs.288,826 and budgeted surplus of Kshs.2,544,106. However, recalculation of the totals shows actual deficit of Kshs.26,783,225 and budgeted deficit of Kshs.10,659,422 resulting to unreconciled variances of Kshs.27,072,051 and Kshs.13,203,528 respectively.

In the circumstances, the accuracy and completeness of the respective amounts reflected in the statement of comparison of budget and actual amounts could not be confirmed.

2. Unsupported Rendering of Services

The statement of financial performance and Note 7 to the financial statements show rendering of services-medical income of Kshs.47,275,846 which includes P3 Forms balance of Kshs.40,800 and Oxygen balance of Kshs.58,000. However, supporting schedules and ledgers were not provided for audit.

In the circumstances, the accuracy and completeness of the rendering of services-medical income of Kshs.47,275,846 could not be confirmed.

3. Unvalued Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.1,654,535 as disclosed in Note 20 to the financial statements. However, review of the Hospital records and physical inspection revealed that the Hospital owns items of plant, property and equipment, freehold land, capital work in progress, buildings and motor vehicles that were not valued for inclusion in the statement of financial position.

Further, the motor vehicles, the land on which the Hospital is built, and the developments therein did not have ownership documents. In addition, the Hospital did not have an updated asset register in the format prescribed by the guidelines from The National Treasury.

In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.1,654,535 could not be confirmed.

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

Key Audit Matters

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

Other Matter

Unresolved Prior Year Audit Matters

In the audit report for the previous year, issues were raised under Report on the 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

Report of the Auditor-General on Kimilili Sub County Hospital for the year ended 30 June, 2025 – County Government Bungoma

and Governance as detailed in **Appendix I**. However, no evidence was provided indicating whether the issues have been resolved or not.

In the circumstances, the issues remain unresolved.

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the 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. Failure to Undertake Safety and Health Audits

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

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

2. Lack of Imprest Register

Review of imprests management revealed that the Hospital did not maintain an updated imprest register contrary to Section 149(2)(b) of the Public Finance Management Act, 2012 which mandates keeping of financial and accounting records that complies with the Act.

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

3. Non-Compliance with Kenya Quality Model for Health Policy Guidelines

Review of Hospital records, physical verification and interviews revealed that the Hospital did not meet the requirements of the Kenya Quality Model for Health Policy Guidelines due to staff deficits as shown below:

Item	Level 4 Standard A	Number in Hospital B	Variance C=(B-A)	Percentage (%) (C/A)*100
Medical officers	16	6	-10	-63
Anesthesiologists	2	0	-2	-100
General Surgeon	2	0	-2	-100
Gynecologists	2	0	-2	-100
Pediatricians	2	0	-2	-100
Radiologists	2	0	-2	-100
Registered Community Health Nurses	75	58	-17	-23

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

Item	Level 4 Hospital Standard A	Actuals in the Hospital B	Variance C=B-A	Percentage (%) (C/A)*100
Resuscitaire in Labour Ward	2	1	-1	-50
New Born Unit Incubators	5	5	0	
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
Functional Operating Theaters Maternity and General	2	1	-1	-50

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

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

4. Failure to Open Facility Improvement Financing Bank Account

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

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by 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. Information and Communication Technology Internal Control Environment

Review of Information and Communication Technology (ICT) controls environment and records revealed that the Hospital had an ICT Department with one ICT officer. However, it was observed that the department lacked ICT strategic plan, approved ICT policy, established ICT steering committee, remote backup/replication server and backup system.

In the circumstances, the effectiveness of the Hospital's ICT environment internal controls could not be confirmed.

2. Lack of Internal Audit Function

During the year under review, the Hospital did not have an Internal Audit Function to perform risk assessment processes and evaluation of operational effectiveness through

reviews of the internal controls, contrary to Section 155(1)(a) and (5) of the Public Finance Management Act, 2012 which states that a County Government entity shall ensure that it complies with this Act and has appropriate arrangements for conducting internal audit according to the guidelines issued by the Accounting Standards Board.

In the circumstances, the absence of an operational Internal Audit unit creates a significant gap in the Hospital's governance and control framework, increasing its vulnerability to various risks.

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


Report of the Auditor-General on Kimilili Sub County Hospital for the year ended 30 June, 2025 – County Government Bungoma

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

16 December, 2025

Appendix I : Unresolved Prior Year Audit Matters

Reference No. of the Auditor-General's Audit Report	Title of Audit Issue
	Report on the Financial Statements
1	Inaccuracy of the Statement of Financial Position
2.	Lack of Trial Balance
3.	Variance Between the Financial Statements and Supporting Schedules
4.	Unsupported Receivables from Exchange Transactions
5.	Unsupported Trade and Other Payables
6.	Unvalued Property, Plant and Equipment
7.	Accuracy of the General Expenses
8.	Unsupported Inventory Balance
9.	Anomalies in Accuracy, Presentation and Disclosure of Annual Report Financial Statements
10.	Unsupported Board Expenses
	Emphasis of Matter
	Budgetary Control and Performance
	Report on Lawfulness and Effectiveness in the Use of Public Resources
1	Non-Compliance with Kenya Quality Model for Health Policy Guidelines
2	Failure to Undertake Safety and Health Audits
3	Operating without an Approved Strategic Plan
	Report on Effectiveness of Internal Controls, Risk Management and Governance
1	Poor Waste Management System
2	Failure to Establish Internal Audit Unit and Audit Committee
3	Lack of Information Communication Technology (ICT) Policies and Plans
4	Lack of Risk Management Policy

*Kimilili Sub County Level 4 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

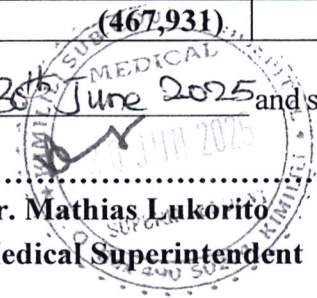
Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Revenue from non-exchange transactions			
In- kind contributions from the County Government	6	7,799,640	15,389,680
		7,799,640	15,389,680
Revenue from exchange transactions			
Rendering of services- Medical Service Income	7	47,275,846	33,415,824
Revenue from rent of facilities	8	16,000	12,090
Miscellaneous Income	9	395,500	
Revenue from exchange transactions		47,687,346	33,427,914
Total revenue		55,486,986	48,817,594
Expenses			
Medical/Clinical costs	10	26,603,955	21,464,574
Employee costs	11	7,799,640	15,389,680
Board of Management Expenses	12	1,058,200	3,075,600
Depreciation and amortization expense	13	749,427	304,946
Repairs and maintenance	14	5,560,260	5,752,021
General expenses	15	14,511,694	11,615,367
Total expenses		56,283,176	57,602,188
Other gains/(losses)			
Medical services contracts Gains/Losses	16	(328,259)	-
Total other gains/(losses)		(328,259)	-
Net Surplus / (Deficit) for the year		(467,931)	(8,784,594)

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

.....
Dr. Wambasi P. Mutoro
 Chairman
 Board of Management

.....
Mr. Welyngton Makanga
 Head of Finance
 ICPAK No:


.....
Dr. Mathias Lukorito
 Medical Superintendent





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


Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	17	288,826	2,544,106
Receivables from exchange transactions	18	20,613,364	33,427,914
Inventories	19	3,652,631	18,224,062
Total Current Assets		24,554,821	54,196,082
Non-current assets			
Property, plant, and equipment	20	1,654,535	896,902
Total Non-current Assets		1,654,535	896,902
Total assets (A)		26,209,356	55,092,984
Liabilities			
Current liabilities			
Trade and other payables	21	13,749,225	8,378,728
Refundable deposits from Patients/Prepayments	22	68,274	
Total Current Liabilities		13,817,499	8,378,728
Total Liabilities (B)		13,817,499	8,378,728
Net assets (A-B)		12,391,857	46,714,256
Represented by:			
Revaluation reserve		10,315,682	4,000,000
Accumulated surplus/Deficit		(467,931)	(8,784,595)
Capital Fund		2,544,106	13,937,651
Net Assets		12,391,857	55,092,984

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


.....
Dr. Wambasi P. Mutoro
Chairman
Board of Management


.....
Mr. Welyngton Makanga
Head of Finance
ICPAK No:


.....
Dr. Mathias Lukorito
Medical Superintendent



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

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital	Total
			Fund	
As at July 1, 2023 (previous year)	-	11,062,314	13,937,651	24,999,965
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	(8,784,595)	-	(8,784,595)
Capital/Development grants	-	-	-	-
As at June 30, 2024 (previous year)	-	2,277,719	2,544,106	4,821,825
At July 1, 2024 (current year)	-	2,277,719	2,544,106	4,821,825
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	(467,931)	-	(467,931)
Adjustment From prior year (Liabilities, Assets, Depreciation & Revenues)	-	-	-	-
Capital/Development grants	-	-	-	-
At June 30, 2025 (current year)	-	1,809,788	288,826	2,098,614

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

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government		-	-
Grants from donors and development partners		-	-
Transfers from other Government entities		-	-
Public contributions and donations		-	-
Rendering of services- Medical Service Income	7	47,275,846	33,415,824
Revenue from rent of facilities	8	16,000	12,090
Finance / interest income		-	-
Miscellaneous receipts(<i>specify</i>)	9	395,500	
Total Receipts		47,687,346	33,427,914
Payments			
Medical/Clinical costs	10	26,603,955	21,464,574
Employee costs	11	7,799,640	15,389,680
Board of Management Expenses	12	1,058,200	3,075,600
Repairs and maintenance	14	5,560,260	5,752,021
Grants and subsidies		-	-
General expenses	15	14,511,694	11,615,367
Finance costs		-	-
Refunds paid out	22	68,274	-
Total Payments		55,602,023	57,297,242
Net cash flows from operating activities	23	(7,914,676)	(23,869,328)
Cash flows from investing activities			
Purchase of property, plant, equipment		(1,812,006)	(482,395)
Purchase of intangible assets		-	-
Proceeds from the sale of PPE		-	-
Acquisition of investments		-	-
Net cash flows used in investing activities		(1,812,006)	(482,395)
Cash flows from financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Capital grants received		-	-
Net cash flows used in financing activities		(0)	(11,393,545)
Net increase/(decrease) in cash and cash equivalents		(2,255,280)	(11,393,545)
Cash and cash equivalents as at 1 July	17	2,544,106	13,937,651
Cash and cash equivalents as at 30 June	17	288,826	2,544,106

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%
Budget carryover from the previous year						
Transfer from county Government						
Receipts						
Rendering of services- Medical Service Income	33,415,824	-	33,415,824	47,275,846	(13,860,022)	141%
Revenue from rent of facilities	12,090	-	12,090	16,000	(3,910)	132%
Miscellaneous receipts (<i>specify</i>)	-	-	-	395,500	(395,500)	0%
Total receipts	33,427,914	-	33,427,914	47,687,346	(14,259,432)	143%
Payments						
Medical/Clinical costs	21,707,375	200,000	21,907,375	26,603,955	(4,696,580)	121%
Board of Management Expenses	374,600	800,000	1,174,600	1,058,200	116,400	90%
Employee cost	15,389,680	-	15,389,680	7,799,640	7,590,040	51%
Repairs and maintenance	6,117,856	1,400,000	7,517,856	5,560,260	1,957,596	74%
General expenses	7,090,496	4,050,000	11,140,496	14,511,694	(3,371,198)	130%
Total Operational Expenditure paid	50,680,007	6,450,000	57,130,007	55,602,023	1,527,985	97%
Capital Expenditure paid	9,531,132	(6,450,000)	3,081,132	2,744,745	336,387	89%
Surplus	2,544,106	-	2,544,106	288,826	2,255,280	11%

Budget Reconciliation

Description of Particulars	Amount in Kshs
Actual Surplus Amounts as per the statement of Budget	288,826
Closing Cash and Cash Equivalent as per the statement of Cash flows	288,826

19. Notes to the Financial Statements

1. General Information

Kimilili Sub County Hospital is established by and derives its authority and accountability from PFM Act. The entity is wholly owned by the Bungoma County Government and is domiciled in Bungoma County in Kenya. The entity's principal activity is to provide comprehensive health care services to its catchment population and beyond

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 hospital's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 3 The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of Kimilili Sub County 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 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>
IPSAS 46 Measurement	<p><i>Applicable 1st January 2025</i></p>

Standard	Effective date and impact:
	<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 for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
<p>IPSAS 49- Retirement Benefit Plans</p>	<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>

Standard	Effective date and impact:
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 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.

b. Budget information

The original budget for FY 2024/2025 was approved by county assembly on 23rd 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 hospital recorded additional appropriations of Kshs 12,512,662.00 on the FY 2024/2025 budget following the county assembly's approval. The hospital's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a criterion 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.

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 3 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.

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.

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 cash flows 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 24.

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.

m. Social Benefits

Social benefits are cash transfers provided to

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

n. Contingent liabilities

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

o. Contingent assets

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

p. Nature and purpose of reserves

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

q. Changes in accounting policies and estimates

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

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.

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 imp rests 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 30th June 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

The hospital did not have any provisions during the year under review. 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.

6. In Kind Contributions from The County Government

Description	2024/2025	2023/2024
	KShs	KShs
Salaries and wages	7,799,640	15,389,680
Total grants in kind	7,799,640	15,389,680

7. Rendering of Services-Medical Service Income

Description	2024/2025	2023/2024
	Kshs	Kshs
Pharmaceuticals	5,624,687	3,596,337
Non-Pharmaceuticals	753,514	988,821
Laboratory	3,272,445	2,348,043
Radiology	1,160,300	1,157,869
Orthopedic and Trauma Technology	250,665	
Theatre	273,255	138,540
Accident and Emergency Service	171,000	
Nutrition service		
Anesthesia	73,500	
Cancer Centre service		
Dental services	211,750	497,280
Reproductive health	3,735,310	6,700,934
Inpatient services	1,297,806	2,801,104
Pediatrics services	449,192	
Farewell home services	748,810	
Ambulance services	157,500	
Other medical services income (outpatient)	1,965,970	3,334,247
Medical examination	132,350	
Physiotherapy	98,370	
Occupational therapy	48,000	
Maternity	216,343	
Psychiatry	34,760	
ECG- Services	4,500	
P-3 Forms	40,800	
Oxygen	58,000	
Eye Department	152,740	

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Records Department	262,322	
Special Clinics	33,300	
Waivers & Exemptions	328,259	
insurance recovery	9,030,659	11,852,649
NHIF, AON, BRITAM & SHA	16,689,740	
Total revenue from the rendering of services	47,275,846	33,415,824

8. Revenue From Rent of Facilities

Description	2024/2025	2023/2024
	Kshs	Kshs
Residential property		
Commercial property	16,000	12,090
Total Revenue from rent of facilities	16,000	12,090

The rent is from the hospital canteen.

9. Miscellaneous Income

Description	2024/2025	2023/2024
	Kshs	Kshs
Insurance recoveries		11,852,649
Attachment fee	391,000	
Other waste disposal	4,500	
Total Miscellaneous income	395,500	11,852,649

10. Medical/ Clinical Costs

Description	2024/2025	2023/2024
	Kshs	Kshs
Dental costs/ materials	852,660	591,400
Laboratory chemicals and reagents	1,349,260	1,914,410
Public health activities		
Food and Ration	6,168,230	5,374,954
Uniform, clothing, and linen	175,400	386,500
Dressing and non-pharmaceuticals	9,116,353	6,078,037
Pharmaceutical supplies	4,634,052	4,352,333
Health information stationery	873,540	1,517,000
Reproductive health materials		
Sanitary and cleansing Materials	2,461,040	860,500
Purchase of Medical gases	312,600	185,440
X-Ray/Radiology supplies	660,820	204,000
Other medical related clinical costs		
Total medical/ clinical costs	26,603,955	21,464,574

11. Employee Costs

Description	2024/2025	2023/2024
	Kshs	Kshs
Salaries, wages, and allowances	7,799,640	15,389,680
Employee costs	7,799,640	15,389,680

12. Board of Management Expenses

Description	2024/2025	2023/2024
	Kshs	Kshs
Chairman's Honoraria		
Sitting allowance	1,058,200	3,075,600
Total	1,058,200	3,075,600

13. Depreciation and Amortization Expense

Description	2024/2025	2023/2024
	Kshs	Kshs
Property, plant and equipment	749,427	304,946
Total depreciation and amortization	749,427	304,946

14. Repairs And Maintenance

Description	2024/2025	2023/2024
	Kshs	Kshs
Property- Buildings	1,753,290	3,138,965
Medical equipment		1,142,326
Plant equipment	2,852,250	
Furniture and fittings		
Computers and accessories	243,220	15,000
Motor vehicle expenses	711,500	1,455,730
Maintenance of civil works		
Total repairs and maintenance	5,560,260	5,752,021

15. General Expenses

Description	2024/2025	2023/2024
	Kshs	Kshs
Advertising and publicity expenses	26,000	
Catering expenses	559,740	1,749,635
Waste management expenses		
Insecticides and rodenticides	136,500	26,000
Audit fees		
Bank charges	76,557	57,036
Conferences and delegations		
Consultancy fees		
Contracted services	1,090,980	
Electricity expenses	2,774,161	2,412,638
Fuel and Lubricants	1,404,327	1,968,299
Insurance	15000	
Research and development expenses		
Travel and accommodation allowance	4,176,130	3,652,888
Legal expenses		
Licenses and permits		
Courier and postal services	18,900	9,450
Printing and stationery	2,526,470	1,040,225
Hire charges		
Rent expenses		

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Water and sewerage costs	546,429	310,896
Skills development levies		
Telephone and mobile phone services	377,500	178,300
Internet expenses	42,000	
Other fuels (Charcoal, Firewood, Cooking gas	741,000	
Total General Expenses	14,511,694	11,615,367

16. Medical Services Contracts Gains /Losses

Description	2024/2025	2023/2024
	Kshs	Kshs
Waivers and Exemptions	(328,259)	0
Total Gain/Loss	(328,259)	0

17. Cash And Cash Equivalents

Description	2024/2025	2023/2024
	Kshs	Kshs
Current accounts	288,826	2,544,106
On - call deposits	0	0
Fixed deposits accounts	0	0
Cash in hand		
Others(<i>specify</i>)- Mobile money	0	0
Total cash and cash equivalents	288,826	2,544,106

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

Description		2024/2025	2023/2024
Financial institution	Account number	Kshs	Kshs
a) Current account			
Kenya Commercial bank	1129366596	288,826	2,544,106
Sub- total		288,826	2,544,106
Grand total		288,826	2,544,106

18. Receivables From Exchange Transactions

Description	2024/2025	2023/2024
	KShs	KShs
Medical services receivables	20,613,364	33,415,824
Rent receivables		12,090
Other exchange debtors		
Less: impairment allowance		
Total receivables	20,613,364	33,427,914

Analysis of Receivables from Exchange Transactions

Description	2024/2025		2023/2024	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	9,307,074	45.15%	33,427,914	100%
Between 1-2 year	11,306,290	54.85%		
Total (a+b)	20,613,364	100%	33,427,914	100%

19. Inventories

Description	2024/2025	2023/2024
	KShs	KShs
Pharmaceutical supplies	1,547,187	9,500,260
Nonpharmaceutical supplies	693,520	
Xray supplies	116,060	
Maintenance supplies	13,900	2,350,000
Laboratory supplies	413,175	
Food supplies	74,599	1,091,740
Linen and clothing supplies	512,100	3,642,000
Cleaning materials supplies	82,340	432,062
Medical expenses	117,000	
General supplies	51,450	1,208,000
I C T Materials	31,300	
Less: provision for impairment of stocks		
Total	3,652,631	18,224,062

Detailed disclosure on inventories

	2024/2025	2023/2024
	KShs	KShs
Opening balance	18,224,062	
Additional Inventory in the year	3,652,631	18,224,062
Inventory expensed in the year	(18,224,062)	
Write-downs in the year		
Others specify		
Closing balance	3,652,631	18,224,062

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20. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (specify)	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh	Ksh
Rates	0	2.5	10	12.5	30	2.5	2.5	-	-
Cost									
At 1 July 2023 (previous year)	-	-	-	155,284	398,048	-	-	-	553,332
Additions	-	-	-	125,395	357,000	-	-	-	482,395
At 30th Jun 2024	-	-	-	280,679	755,048	-	-	-	1,035,727
At 1 July 2024 (current year)	-	-	-	280,679	755,048	-	-	-	1,035,727
Additions	-	-	-	318,710	1,493,296	-	-	-	1,812,006
At 30th Jun 2025	-	-	-	599,389	2,248,344	-	-	-	2,847,733
Depreciation and impairment									
At 1 July 2023 (previous year)	-	-	-	19,411	119,414	-	-	-	138,825
Depreciation for the year	-	-	-	88,831	216,115	-	-	-	304,946
At 30 June 2024	-	-	-	108,242	335,529	-	-	-	443,771
At July 2024 (current year)	-	-	-	108,242	335,529	-	-	-	443,771
Depreciation	-	-	-	74,924	674,503	-	-	-	749,427
At 30th June 2025	-	-	-	183,165.63	1,010,032.20	-	-	-	1,193,198
Net book values									
At 30 th Jun 2024 (previous)	-	-	-	191,848	538,933	-	-	-	730,781
At 30th Jun 2025 (current)	-	-	-	416,223	1,238,312	-	-	-	1,654,535

21. Trade and other Payables

Description	2024/2025		2023/2024	
	KShs		KShs	
Trade payables	13,749,225		8,378,728	
Total trade and other payables	13,749,225		8,378,728	
Ageing analysis:	2024/2025	% of the Total	2023/2024	% of the total
Under one year	10,071,618	73%		%
1-2 years	2,887,607	21%		%
2-3 years	790,000	6%		%
Over 3 years		%		%
Total	13,749,225	100%	8,378,728	%

22. Refundable Deposits from Customers/Patients

Description	2024/2025		2023/2024	
	KShs		KShs	
Medical fees paid in advance	68,274		0	
Credit facility deposit	0		0	
Rent deposits	0		0	
Others (<i>specify</i>)	0		0	
Total deposits	68,274		0	
Ageing analysis:	2024/2025	% of the Total	2023/2024	% of the Total
Under one year	68,274	100%	0	%
1-2 years	0	%	0	%
2-3 years	0	%	0	%
Over 3 years	0	%	0	%
Total	68,274	100%	0	%

23. Cash Generated from Operations

Description	2024/2025	2023/2024
	KShs	KShs
Surplus for the year before tax	(467,931)	(8,784,595)
Adjusted for:		
Depreciation	749,427	304,946
Non-cash grants received		
Impairment		
Gains and losses on disposal of assets		
Contribution to provisions		
Contribution to impairment allowance		
Working Capital adjustments		
Decrease in inventory	14,571,431	(18,224,062)
Decrease in receivables	12,814,550	(11,306,290)
Increase in deferred income		
Increase in payables	5,370,497	8,378,728
Increase in payments received in advance	68,274	
Net cash flow from operating activities	33,106,248	(29,631,273)

24. 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.

Bungoma County Government is the principal shareholder of Kimilili Sub County Hospital, holding 100% of the hospital'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

25. Events after the Reporting Period

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

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26. Ultimate and Holding Entity

Kimilili Sub County Hospital is an entity under the Department of Health and Sanitation. Its ultimate parent is the County Government of Bungoma.

27. Currency

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

20. Appendices

Appendix 1: Progress on Follow up of Auditor Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status	Timeframe
Basis for Qualified Opinion				
REPORT ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2024				
1	<p>Inaccuracy of the Statement of Financial Position</p> <p>The statement of financial position reflects property, plant and equipment balance of Kshs 896,902 while the respective Note 31 to the financial statements reflects Kshs.730,781 resulting to an unexplained variance of Kshs 166,121. Further, recast of the net book value under the notes reflects total amount of Kshs 591,950 resulting to unreconciled variance of Kshs 138,825. In addition, the statement of financial position reflects Nil trade and other payables comparative balance for 2022/2023 financial year, while audited financial statements for the year ended 30 June, 2023 reflect a balance of Kshs 38, 328,691, resulting in unexplained variance of Kshs 38,328,691</p> <p>In the circumstances, the accuracy and completeness of the respective financial statements' balances could not be confirmed</p>	<p>The management acknowledges the raised anomalies by the auditor, respective correction has been taken into consideration as per the</p>	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status	Timeframe
		attached amended financial statement for the year ended 30 th June 2024. Appendix 1- Ammended financial position.		
2.	Lack of Trial Balance During the year under review, Management did not prepare trial balance in support of the financial statement balances. In the circumstances, the accuracy and completeness of the financial statements' balances could not be confirmed.	See the attached Trial balance. Appendix 2-Trial Balance	Resolved	
3.	Variance between the Financial Statements and Supporting Schedules Review of the financial statements revealed variances between the financial statements and supporting schedules provided for audit as indicated below:	See the attached supporting schedules	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor				Management comments	Status	Timeframe
	Description	Amount in the Financial Statements (Kshs)	Amount as Per Supporting Schedule (Kshs.)	Variance KShs			
	Outpatient Medical Services Income	3,334,247	0	3,334,247	Appendix 003- Supporting schedules.		
	In patient medical services income	2,801,104	0	2,801,104			
	Dental Cost	591,400	0	591,400			
	Travel and Accommodation	3,652,888	2,254,308	1,398,308			
	Inventories	18,224,062	0	18,224,062			
	Printing and Stationery	1,040,225	0	1,040,225			
	Other Expenses (Fuel and Lubricants)	1,968,299	1,525,978	442,320			
	In the circumstances, the accuracy and completeness of the respective balances disclosed in the financial statements could not be confirmed.						

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Reference to No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status	Timeframe
4	<p>Unsupported Receivables from Exchange Transactions</p> <p>The statement of financial position reflects receivables from exchange transactions balance of Kshs 11,427,914 as disclosed in Note 28 to the financial statements. However, list of debtors, debtor's management policy and ageing analysis in support of the receivables were not provided for audit review.</p> <p>In the circumstances, the accuracy and completeness of receivables from exchange transactions totaling to Kshs. 11,427,914 could not be confirmed.</p>	<p>See the attached Debtors List and ageing analysis schedules</p> <p>Appendix 004-Debtors List.</p>	Resolved	
5	<p>Unsupported Trade and Other Payables</p> <p>The statement of financial position reflects trade and other payables balance of Kshs 8,378,728 as disclosed in Note 34 to the financial statements. However, Management did not provide list of the creditors and the ageing analysis of the payables. In addition, Management did not demonstrate any payment plan for audit review. In the circumstances, the accuracy and completeness of trade and other payables balance of Kshs 8,378,728 could not be confirmed.</p>	<p>See the attached Creditors List and ageing analysis schedules</p> <p>Appendix 005-List of creditors and</p>	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status	Timeframe
		Aging analysis.		
6.	<p>Unvalued Property, Plant and Equipment</p> <p>The statement of financial position reflects property, plant and equipment balance of Kshs.896,902 as disclosed in Note 31 to the financial statements. However, review of the Hospital records and physical inspection revealed that the Hospital had items of plant, property and equipment, freehold land, capital work in progress, buildings and motor vehicles that were not valued for inclusion in the statement of financial position.</p> <p>Further, the motor vehicles, the land on which the Hospital is built, and the developments therein did not have ownership documents. In addition, the Hospital did not have an updated asset register in the format prescribed by the guidelines from The National Treasury.</p> <p>In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.896,902 could not be confirmed.</p>	<p>The hospital management has written to the chief officer, health and sanitation requesting for the valuation of Hospital assets.</p> <p>Ownership.</p> <p>The hospital board has seized the matter and the process is ongoing.</p> <p>Un updated Asset register</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status	Timeframe
		<p>The hospital asset register has since been updated.</p> <p>Appendix 006: Communication on valuation of assets, Minutes of the board and Updated Asset Register.</p>		
7.	<p>Accuracy of the General Expenses</p> <p>The statement of financial performance reflects general expenses amount of Kshs.11,615,367 as disclosed in Note 21 to the financial statements. However, recast of the amounts indicated total amount of Kshs.11,405,366 resulting to an unreconciled variance of Kshs.210,001.</p>	<p>This was an omission which has since been corrected.</p> <p>Appendix 007: Amended Note 21</p>	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status	Timeframe
	In the circumstances, the accuracy and completeness of the general expenses amount of Kshs.11,615,367 could not be confirmed.			
8.	<p>Unsupported Inventory Balance</p> <p>The statement of financial position reflects inventory balance of Kshs.18,224,062 as disclosed in Note 30 to the financial statements. However, the annual stock takes reports for items of stores were not provided for audit.</p> <p>In the circumstance the accuracy and completeness of the inventory balance of Kshs.18,224,062 could not be confirmed.</p>	<p>See the attached Annual Stock Report.</p> <p>Appendix 008: Annual Stock Report.</p>	Resolved	
9.	<p>Anomalies in Accuracy, Presentation and Disclosure of Annual Report Financial Statements</p> <p>Review of the annual report and financial statements revealed the following anomalies:</p> <p>I. The Board of Management did not include the Medical Superintendent and details of years of birth and ages for the Board members.</p> <p>ii. Chairman's statement was not completed with the required details.</p>	<p>The anomalies have since been corrected in the amended financial Statement 2023-2024.</p> <p>Appendix 009: Amended financial</p>	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status	Timeframe
	<p>iii. Report of the Medical Superintendent did not capture the required information.</p> <p>iv. There are no details captured on the statement of performance against predetermined objectives.</p> <p>V. No details were indicated on the Corporate Governance Statement.</p> <p>vi. The management discussion and analysis has not been documented.</p> <p>vii. The details on the environmental and sustainability reporting were not indicated.</p> <p>Viii .Details on the notes pages that form integral part of the financial statements have not been indicated in the statement of financial position and statement of financial performance</p> <p>ix. The budget information under notes to the financial statements is indicated as budget for FY 2022/2023 instead of 2023/2024</p> <p>In the circumstances, the annual report and financial statements does not comply with the prescribed reporting requirements issued by the Public Sector Accounting Standards Board.</p>	<p>Statement for 30th June 2024.</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status	Timeframe
10.	<p>Unsupported Board Expenses</p> <p>The statement of financial performance reflects Board of management expenses amount of Kshs.3,075,600. However, Board meetings attendance registers were not provided for audit review.</p> <p>In the circumstances, the accuracy and completeness of Board of management expenses amount of Kshs. 3,075,600 could not be confirmed.</p>	<p>See the attached supporting documents</p> <p>Appendix 010: Supporting Documents.</p>	Resolved	
11.	<p>Budgetary Control and Performance</p> <p>The statement of comparison of budget and actual amounts reflects approved final receipts budget and actual on comparable basis of Kshs.44,734,204 and Kshs.33,427,914 respectively resulting to an under-funding of Kshs.11,306,290 or 25%of the budget. Similarly, the Hospital spent Kshs. 57,297,242 against approved budget of Kshs.53,077,051 resulting to an over expenditure of KShs.4,220,191 or 8% of the budget.</p> <p>The under-funding affected the planned activities and may have impacted negatively on service delivery to the public, while the financing and approval of the over-expenditure could not be confirmed.</p>	<p>The underfunding was as a result of unpaid claims from NHIF while over expenditure was as a result of payment in kind of staff salaries.</p>	Unresolved	12 Months

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status	Timeframe
12.	<p>Unresolved Prior Year Matters</p> <p>In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, the status of the prior year audit issues has not be included under progress on follow up of auditor's recommendations section of the financial statements as required by the reporting template issued by the Public Sector Accounting Standards Board.</p> <p>In the circumstances, the issues remain unresolved.</p>	<p>The management acknowledges the auditors observation and commits to adhere to the template issued in preparations of facilities Financial statements.</p>	Unresolved	3 Months
13.	<p>Non-Compliance with Kenya Quality Model for Health Policy Guidelines</p> <p>Review of Hospital records and interviews on verification of services offered, equipment used and medical specialists at the Hospital at the time of revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to staff deficits by thirty-eight (38) or 38% of the authorized staff requirements as detailed below:</p>	<p>The hospital management will pursue with the mother department and other development partners for the adequate staffing</p>	Unresolved	5 Years

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Reference No. on the external audit Report	Issue / Observations from Auditor					Management comments	Status	Timeframe
	Item	Level 4 standard	Number in	Variance	Percentage	and equipping of the hospital.		
	Medical officers	16	5	11	69			
	Anesthesiologists	2	0	2	100			
	General Surgeon	2	0	2	100			
	Gynecologists	2	0	2	100			
	Pediatricians	2	0	2	100			
	Radiologists	2	0	2	100			
	Registered Community Health Workers	75	58	17	23			
	Labour Ward Nurses							
	Total	101	63	38	38			
	<p>In addition, the Hospital lacked the necessary equipment and machines outlined in the Health Policy Guidelines as detailed below.</p>							
	Services	Level 4 Hospital standard	Actuals in the	Variance	Percentage (%)			
	Resuscitaire in				50			
	New Born Unit incubators				20			

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Reference No. on the external audit Report	Issue / Observations from Auditor					Management comments	Status	Timeframe
	Functional ICU Beds				100			
	High Dependency				100			
	Renal Units with at				100			
	Functional operating theaters maternity and general				50			
	Total	36		20	78			
<p>These deficiencies contravene the First Schedule of Health Act, 2017 and imply that accessing the highest attainable standard of health, which includes the right to health care services, including reproductive health care as required by Article 43(1) of the Constitution of Kenya, 2010 may not be achieved. Further, this contravened the Kenya Quality Model for Health Policy Guidelines and hindered the realization of the Government program on Universal Health Coverage (UHC).</p> <p>In the circumstances, the Hospital may not be able to deliver on its mandate.</p>								

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status	Timeframe
14.	<p>Failure to Undertake Safety and Health Audits</p> <p>Review of the documents provided revealed that, there were no safety and health audits carried out by the Hospital during the year under review. This was contrary to Section 11(1) of the Occupational Safety and Health Act, 2007 which states that the occupier of a workplace shall cause a thorough safety and health audit of his workplace to be carried out a least once in every period of twelve months by a safety and health advisor, who shall issue a report of such an audit containing the prescribed particulars to the occupier on payment of a prescribed fee and shall send a copy of the report to the Director.</p> <p>In the circumstances, Management was in breach of the law and the safety of the Hospital's stakeholders was compromised.</p>	<p>The hospital acknowledges that the safety and health audits were not carried out. However, the hospital has moved to remedy this situation by constituting the Occupational Safety committee which will carry out safety and health audits promptly.</p> <p>Appendix 011: Appointment Letters</p>	Partially Resolved	12Months

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status	Timeframe
15.	<p>Operating without an Approved Strategic Plan</p> <p>During the year under review, the Hospital did not have a strategic plan to guide future milestones in its endeavors contrary to Section 149(2)(g) of the Public Finance Management Act, 2012 which states that an Accounting Officer shall prepare a strategic plan for the entity in conformity with the medium-term fiscal framework and financial objectives of the County Government.</p> <p>In the circumstances, Management was in breach of the law.</p>	<p>The hospital has the Approved Strategic Plan 2022/2023-2027-2028.</p> <p>Appendix 012: extract of Approved Strategic Plan.</p>		
16.	<p>Poor Waste Management System</p> <p>Review of records maintained by the Hospital revealed that the facility did not have a documented waste management policy to guide on the disposal of Hospital waste. Further a visit to the waste-burning chamber revealed that, the incinerator was in a dilapidated state and needed urgent renovation.</p> <p>In the circumstances, the effectiveness of the waste disposal system could not be confirmed.</p>	<p>The hospital does not have its own waste management policy in place but relies on NEMA protocols on waste management.</p> <p>Further the hospital has budgeted to funds to renovate the dilapidated incinerator.</p>	Unresolved	3 Months

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status	Timeframe
17.	<p>Failure to Establish Internal Audit Unit and Audit Committee</p> <p>A review of records provided for audit revealed that the Hospital had not established an internal audit function and audit committee. This was contrary to Regulation 167(1) of the Public Finance Management (County Governments) Regulations, 2015 which requires County Government entities to establish audit committees.</p> <p>In the circumstances, the effectiveness of internal controls could not be confirmed.</p>	<p>Section 167(2) of the PFM Regulations, 2015 allows for sharing of one audit committee by two or more county government entities. Internal audit services at the hospital are currently being provided by the County Directorate of Internal Audit.</p>	Resolved	
18.	<p>Lack of Information Communication Technology (ICT) Policies and Plans</p> <p>Review of the ICT internal controls environment revealed that the Hospital did not have an approved ICT policy, ICT security policy, policy on physical access to ICT environment and ICT continuity and disaster recovery plan to guide ICT operations. Further, the Hospital did not have an ICT steering committee.</p>	<p>The hospital is an entity of the County Government.</p> <p>Therefore, the Policy Frameworks applicable in the</p>	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status	Timeframe
	<p>In the circumstances, the effectiveness of ICT internal controls environment could not be confirmed.</p>	<p>County Government are also applicable to the hospital.</p> <p>The County Government had developed a Draft ICT Policy in the year 2021. The delay in approval was occasioned by new ICT Standards that were issued by ICT Authority in the year 2023 thereby necessitating the need for a review of the Draft ICT Policy.</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status	Timeframe
		<p>However, Management would like to state that there is no gap in Strategy and Policy direction as the hospital applies the National Government ICT Policy and ICT Standards issued by ICT Authority from time to time. The ICT Standards have sufficiently provided policy direction on disaster recovery. Sec.8 (2) of the County Governments Act, 2012 allows the County Government to use a National Legislation in situations where</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status	Timeframe
		there is delay in developing own legislation.		
19.	<p>Lack of Risk Management Policy</p> <p>During the year under review, the Hospital did not have a risk management policy, risk register and disaster recovery plan. This may therefore expose the facility to instances of fraud and other emerging risks.</p> <p>In the circumstances, the effectiveness of risk management could not be confirmed.</p>	<p>The hospital is an entity of the County Government.</p> <p>Therefore, the Policy Frameworks applicable in the County Government are also applicable to the hospital. It uses the County Government's Risk Management Policy Framework that is applicable in the</p>	Resolved	

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status	Timeframe
		County Government and all its entities.		

Guidance Notes:

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

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Accounting Officer



Kimilili Sub 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

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

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

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Appendix III: Inter-Entity Confirmation Letter

Name of Transferring entity.....

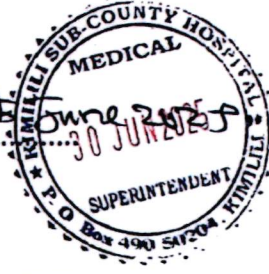
Name of Beneficiary entity.....

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

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

Head of Accounts Department - Disbursing Entity:
 Name WELYNESH W. MALONGO Sign  Date 30th June 2025

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