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REPORT

OF

THE AUDITOR-GENERAL

ON

BUSIA COUNTY REFERRAL HOSPITAL

FOR THE YEAR ENDED

30 JUNE, 2025

COUNTY GOVERNMENT OF BUSIA

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# **BUSIA COUNTY REFERRAL LEVEL 4 HOSPITAL (Busia County Government)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

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

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

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

CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
FIF	Facility Improvement Financing
HMC	Hospital Management Committee
ICU	Intensive Care Unit
HDU	High Dependency Unit
BCRH	Busia County Referral Hospital
A&E	Accident and Emergency
CT	Computed Topography
CRB	Credit Reference Bureau
HELB	Higher Education Loans Board
Fiduciary Management	Key management personnel who have financial responsibility in the hospital.

## **2. Key Hospital Information and Management**

### **(a) Background information**

Busia County Referral Hospital is a level 4 Hospital established under gazette notice number 786 Vol. CXXII – No 24 Page 714 and is domiciled in Busia County under the Department of Health and Sanitation. The hospital is governed by a Board of Management.

### **(b) Principal Activities**

The principal activity/mission/ mandate of the hospital is to offer curative, rehabilitative and prevention services.

Busia County Referral Hospital's principal activities include;

- (i) Patient general care; Assessment, treatment, nursing and rehabilitation.
- (ii) Emergency and trauma services
- (iii) Specialized procedures & surgeries
- (iv) Maternity and neonatal care
- (v) Public health education
- (vi) Medical research & innovation
- (vii) Administrative & support functions i.e. Maintenance, resource management and record keeping
- (viii) Laboratory services i.e. diagnostic test
- (ix) Pharmacy services
- (x) Last respect services
- (xi) Satellite blood transfusion services
- (xii) Infection prevention activities i.e. incineration and Medical Waste Segregation.

All the above activities are supported by human personnel from various cadres which cut across with the aim to provide comprehensive care and maintain hospital operation.

### **Vision**

A leading regional hospital providing quality healthcare, training and research.

### **Mission**

To provide accessible, affordable, efficient and effective Healthcare services, participate in training and research in the region according to set policies.

### **Core values**

- Integrity                      Professionalism              Compassion      Teamwork
- Timeliness                  Discipline                      Respect

**Busia County Referral Hospital (Busia County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

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

**Services offered**

- Outpatient Services
  - Casualty/Accidents and Emergency Services
  - Comprehensive Care Services Maternity Services
  - Pharmacy
  - Mortuary Services
- Inpatient Services
  - Laboratory Services
  - Operational Services
  - ICU Services

**(c) Key Management**

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

- County Department of Health
- Board of Management
- Accounting Officer / Medical Superintendent
- Management

**(d) Fiduciary Management**

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

No.	Designation	Name
1.	Medical Superintendent	Dr. Emma Namulala
2.	Hospital Administrator	Mr. Vincent Muchilwa
3.	Head of Finance	CPA Kenneth Odera
4.	Head of Supply Chain	Mr. Rodgers Busera
5.	Head of Nursing Services	Mrs. Violet Kanyanga

**(e) Fiduciary Oversight Arrangements**

**Clinical Research and Standards Committee.**

There is an active clinical research and standards committee that oversees all researches that are undertaken within Busia County Referral Hospital

**Audit committee**

The facility is audited by the Directorate of Internal Audit within the county government of Busia.  
The facility is also audited by the Office of the Auditor General

**Risk Committee**

There is an active risk committee run by the County Government of Busia.

**County Assembly**

The County Assembly of Busia oversees the operations of the hospital through the County assembly Sub Committee of Health. This is done through sermons to the Assembly and spot checks.

**Parliamentary committees**

The County Government of Busia has oversights through the National Assembly and Senate who conduct sermons and spot checks to the entire county including Busia County Referral Hospital.

**Other oversight committees**

The Public – the public gives a general oversight through the hospital Board of Management

**(f) Hospital Headquarters**

P.O. Box 87-50400  
Busia County Referral Hospital  
Hospital Road  
Busia, Kenya

**(g) Hospital Contacts**

Telephone: (+254) 722429821  
E-mail: busiahospital@gmail.com

**(h) Hospital Bankers**

Kenya Commercial Bank of Kenya (KCB)  
National Bank of Kenya (NBK)

**(i) Independent Auditors**

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

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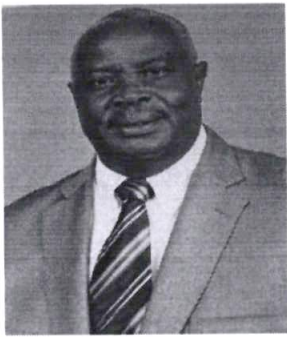

**(j) Principal Legal Adviser**

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



**(k) County Attorney**

P.O. Box. Private Bag  
Busia, Kenya



**3. The Board of Management**

Ref	Directors	Details
1.	 <p>Dr. Apollo Mulianga Ekesa            (Masters degree in General Surgery &amp; Bachelors degree in Medicine and Surgery - UON)  <b>Chairperson</b>  <b>Hospital Management Board</b></p>	<p>He is a 68 years old who also holds an A.O. Fellowship in Trauma Surgery from LKH-FLK Austria and a Diploma in Health Systems Management from Gallile College - Israel. He is an enthusiastic and diligent health systems management medical expert who revolutionized the outlook (physical infrastructure) and service delivery at the then Bungoma District Hospital during his tenure as the Medical Superintendent.</p> <p>He was the first County Director of Health in Bungoma County at the inception devolution.</p> <p>He currently is a Consultant Surgeon based in Bungoma County. He served in the public service to the rank of Deputy Director of Medical Services in the Ministry of Health. He also served as District Medical Services Officer at the then Bungoma, Webuye and Teso Districts, in the then Medical Services Ministry.</p>
2.	 <p>Dr. Ashiono Everline Mitekho            (Masters degree in Paediatrics &amp; Child Health and Bachelor of Medicine &amp; Surgery - Moi)            Chief of Party – USAID Dumisha Afya  <b>Member</b>  <b>Hospital Management Board</b></p>	<p>She is – years of age. She has key competencies are Strategic Program Leadership, Team Management, Financial Stewardship, Stakeholder Engagement, Knowledge Management, Partnership Development and Expertise.</p> <p>She has served as a Chief Technical Advisor – AMPATHPlus &amp; Regional Lead at Moi Teaching &amp; Referral Hospital, Consultant Specialist – AMPATHPlus Western Region, Chief of Party &amp; Technical Director – USAID HIV Service Delivery Support Activity /FHI 360, Technical Lead, Associate Director Clinical Services – APHIAplus Rift Valley/FHI 360, Senior Technical Advisor – APHIAplus Rift Valley/FHI 360 and Consultant Technical Lead – APHIAplus Rift Valley/FHI 360.</p>

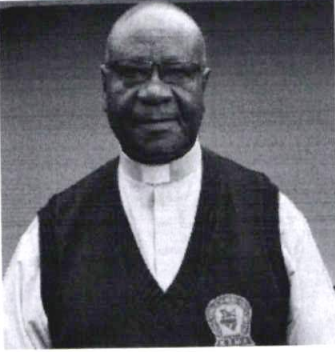

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<p>3.</p>	 <p>Dr. Lawrence Oteba          (Master of Public Health &amp; Epidemiology and Bachelor degree in Medicine and Surgery)  <b>Member</b>  <b>Hospital Management Board</b></p>	<p>He has over 25 years' experience in medical practice, public health programming, capacity development and management of health programmes in both private and public sectors. He also has experience in programme development, resource mobilization, organizational development, managing donor relations, developing and nurturing strategic partnerships. With his vast experience in general project management and managing projects funds by key Health sector donors like USAID, PEPFAR, DFID, SIDA, The Bill and Melinda Gates Foundation, CIDA, the government of the Netherlands, Denmark, Japan and South Korea among others. This has made him develop extremely useful networks in the region and globally.</p> <p>He has also served in the capacity of Regional Advisor Quality of Care and Health Systems Strengthening Team Coordinator; IPPF Africa Regional Office, Technical Advisor Sexual Reproductive Health (SRH) &amp; HIV linkages; International Planned Parenthood Federation Africa Region, Technical Officer Linking Sexual Reproductive Health and HIV/AIDS, Director of Programmes; Family Health Options Kenya and Chair, Department of Public Health at the School of Health Sciences; Kenyatta University.</p> <p>Finally, he served as a Medical Officer, Pumwani Maternity Hospital and Machakos General Hospital.</p>
<p>4.</p>	 <p>Mrs. Zipporah O. Mayiah          P1 – Teacher  <b>Member</b>  <b>Hospital Management Board</b></p>	<p>She is a 75-year retired P1 Teacher who nurtured brains at their early age. She taught at Mayenje Primary School from its inception in 1974, headed the school successfully for thirty-one (31) years within which the school's performance surpassed that of all other schools within Busia County.</p> <p>She also served as a teacher at Budokomi, Mundika Girls, Chakol Girls and Township Primary.</p> <p>She is an active member of Maendeleo Ya Wanawake Movement, chairperson of Ujamaa Women Group – Mayenje Sub-Location, Treasurer of Bukhayo West Women Group among others.</p>


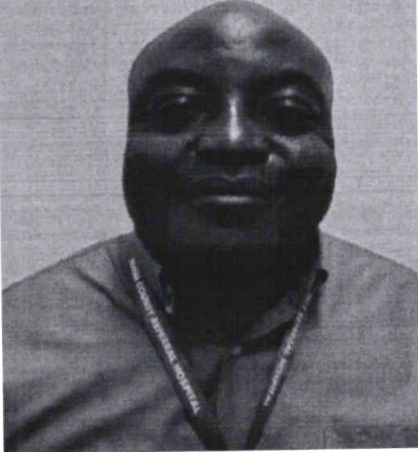

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5.	 <p>Mr. Chrisantus Okware Ekesa          (Master of Counselling          Psychology and Bachelor of          Philosophy)  <b>Member</b>  <b>Hospital Management Board</b></p>	<p>He is currently the Sub-County Administrator – Matayos Sub-County under the County Government of Busia.          He has served in other capacities including being an Executive Trust and Programmes Manager - Akukuranut Development Trust, Development Coordinator – Amagoro Constituency, Offered Mentorship, Guiding and Counselling to students of Starehe Boys Centre &amp; School and also St. Thomas Aquinas Madende Secondary School.          As a give back to the community he has offered voluntary services to Uwezo Kenya District Research as a Coordinator &amp; Contact Person, Teso South 2010 – 2011, Bungoma Catholic Diocese as Diocesan Youth Coordinator, Lions Club of Amagoro as a Director and a member of the Parish Council, Holy Family Basilica, Nairobi.</p>
6.	 <p>Sh. Muhammed Athman Oyuolo          Bachelor of Arts (Linguistics Bias          in English - Arabic translation)  <b>Member</b>  <b>Hospital Management Board</b></p>	<p>He is 55 years old. He also holds a Diploma in Teacher Education and a Diploma in Islamic Leadership and a Post Graduate Diploma in Secondary Education.          He has served as a Teacher of English in Yudesi Academy, a teacher of English Literature and Islamic Religious Education at Bilal Muslim Academy both in Kampala-Uganda.          He is currently the Imam Busia Jamia Mosque and a secretary of Busia County Interfaith Network.</p>
7.	 <p>Ms Sarah Martha Anyika          Bachelor of Science in Tourism          Management  <b>Member</b>  <b>Hospital Management Board</b></p>	<p>She is 33 years old and serves as the Executive Director of DHAMIRA MOJA CBO, a youth- and women-led organization in Busia County implementing health, education, livelihoods, and governance programs.          A Certified Consultant, Trainer, Coach and Mentor in Resource Mobilisation, Mobilising Support and social accountability. She has extensive experience in gender mainstreaming, resource mobilization, and policy advocacy. She also serves as a board member of Okame Technical and Vocational College, St. Mary’s Mundika Boys High School, and St. Mary’s Burumba Secondary School.</p>



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<p>8.</p>	 <p>Rev. Newton Kunyobi Onyango (Certificate in Theology in Christian Ministry) <b>Member Hospital Management Board</b></p>	<p>He is 62 years old and currently serves as a Vicar and Archdeacon of ACK Namaindi Archdeaconry Nambale Diocese and as Health Co-ordinator ACK Nambale Diocese. He has previously served as an Evangelist at A.C.K St. Michael's and All Angels – Nairobi and as a senior Evangelist at Sikinga Parish Nambale Diocese. He is a Stores &amp; Stock Control Consultant and has worked as a Store Clerk, a Store Keeper and Store Supervisor at Car and General Company Limited in Nairobi.</p>
<p>9.</p>	 <p>Dr. Namulala Sara Emma Master of Medicine in Child Health &amp; Paediatrics and Bachelor of Medicine &amp; Surgery <b>Secretary Hospital Management Board</b></p>	<p>She is 41 years and currently the Medical Superintendent of Busia County Referral Hospital after serving as a Deputy Medical Superintendent for five years and also as the head of Paediatric Department upon completion of her Masters in year 2017 at Busia County Hospital.  She also served as a medical superintendent at Teso North Sub County Hospital, Kocholia from 2010 to 2013. She is an active member of the Kenya Paediatric Association (KPA) and a member of the Institutional Research and Ethics Committee at Alupe University.  She is currently the chair of the Health Committee, St Stephens ACK Parish, Busia, Nambale Diocese. She has served as a part time lecture at KMTC, Busia Campus and also plays a key role in advocacy for the rights of a Kenyan child. She is a researcher who has active publications at the East African journal.</p>

4. Key Management Team

Ref	Management	Details
1.	 <p>Dr. Namulala Sara Emma Master of Medicine in Child Health &amp; Paediatrics and Bachelor of Medicine &amp; Surgery</p>	<p><b>Medical Superintendent</b> Oversees all hospital operations including and administrative and clinical</p>
2.	 <p>Mr. Vincent O. Muchilwa Diploma in Supply Chain Management</p>	<p><b>Health Administrative Officer</b> Supports administrative activities within the hospital under the Medical superintendent.</p>
3.	 <p>CPA Kenneth Odero Master of Business Administration (MBA), Bachelor of Commerce and Certified Public Accountant (CPAK)</p>	<p><b>Principal Hospital Accountant</b> Oversees all financial matters in the hospital supporting the Medical superintendent.</p>

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4.	 <p>Ms. Violet Vihenda Kanyanga Higher National Diploma in Paediatric Nursing</p>	<p><b>Nursing Services Manager</b> Oversees all the nursing activities within the hospital supporting the office of the Medical Superintendent.</p>
5.	 <p>Mr. Rodgers Gana Busera Diploma in Business Administration</p>	<p><b>Supply Chain Officer</b> Ensures acquisition of goods and services to ensure smooth running of the hospital</p>

## **5. Chairman's Statement**

The Busia County Referral Hospital Management Board was officially inaugurated on 3rd October, 2024 after its gazettelement on 5th July, 2024. The board inherited a facility that was experiencing several challenges ranging from: health financing, health products, service delivery, leadership and governance. The board stepped forward to address some of these challenges through the setting up of governance structures within itself by creating sub committees, among them the Finance and General-Purpose Committee, Quality of Care Committee and the Welfare Committee. These committees are meant to enhance board efficiency and improve decision making through focused work, enable greater member involvement and strengthened overall governance by ensuring detailed oversight and informed recommendations.

In the year under review, The Busia County Health Facilities Improvement Financing Act, 2024 was assented to on 6th September, 2024 and gazettelement was done vide a special issue of the Kenya Gazette Supplement No. 7 (Busia County Acts No. 4) of 19th September, 2024. The Act came to effect from 3rd October, 2024 as per the requirements of Section One (1) of the Act. Since the Act came into force, there's realized improvement in efficiency, accountability and quality of care since it has allowed the facility to retain and manage its own revenue, by creating a more responsive and sustainable financial model.

The implementation of the FIF Act has enabled the hospital to increase on its revenue collection through both cash and SHA since the facility is able to retain clients who used to be referred to external facilities for tests and services. The hospital now boasts of increased and adequate supplies of both pharmaceuticals and non-pharmaceutical products. Through sustained supplies of reagents and on boarding of specialized test menu in the laboratory, the hospital has built valuable trust with its clients. Service delivery has improved since revenues retained by the hospital has been used to engage essential service providers (Medical Doctors, Nurses and Clinicians) on locum basis. The hospital premises are now under uninterrupted twenty-four-hour security, through a security firm that's paid up entirely by the hospital revenue.

Busia County Referral Hospital has enjoyed valuable support from both the County Assembly on matters health and the department of health and sanitation. Through the exchequer, the hospital

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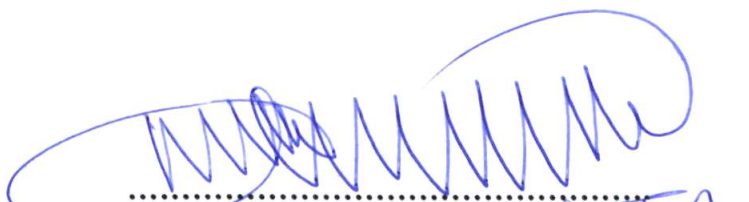
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incinerator and kitchen have been fully renovated and installed with modern equipment (the kitchen now is fully equipped with an LPG supported cooking appliances).

In spite of the aforementioned achievements, the hospital is experiencing challenges ranging from staff shortages occasioned by non-employment by the county government, staff exits without replacement through retirement and natural attrition, dwindled exchequer support, inherited accrued utility bills by the Kenya Power and Lighting Company (KPLC) and Busia Water and Sewerage Company (BUWASCO); increased demand to supply ratio in terms of commodities availability and the temporary closure of the hospital's Renal unit through power fluctuations and often near unpredictable power outages through the national grid power supply.

The board is looking forward to a brighter and promising future in the new financial year, hoping that the hospital will be able to launch a fully functional ICU and renal units, completion of the mother and child building and employment of staff so as to enhance service delivery in all areas. The board also hopes that staff motivation, development and welfare will be improved.

In order to realize the Busia County Referral Hospital vision of being a leading regional hospital through provision of quality health care, training and research a lot lies before us. I look forward to the realization of this dream.



.....  
Name **DR. A. M. EKESA**  
Chairman to the Board

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

The Busia County Referral Hospital was officially gazetted vide a gazette notice number 786 vol. CXXII-24 Page 714 on 4<sup>th</sup> February, 2020. The Medical Superintendent besides overseeing the day to day running of the hospital serves as the secretary to the Hospital Management Board and chair of the Health Management Team. She is the implementing arm of the board. In the year under review, the hospital has had a governance transition of up to three medical superintendents. The Busia County Health Facilities Improvement Financing Act, 2024 was assented to on 6<sup>th</sup> September, 2024 and gazettelement was done vide a special issue of the Kenya Gazette Supplement No. 7 (Busia County Acts No. 4) of 19<sup>th</sup> September, 2024. The Act came to effect from 3<sup>rd</sup> October, 2024 as per the requirements of Section One (1) of the Act. Prior to the implementation of the Act, the hospital was experiencing limited exchequer funds since the hospital had no authority to spend monies collected. The Act has addressed the operational challenges faced by the hospital which were stemming from: Centralized financial control, lack of autonomy over collected revenues, poor accountability mechanisms and inefficiencies in responding to local health needs. The Act has enabled the realization of steady increase in revenue collection both through cash and Social Health Authority/Insurance (SHA/SHIF). In the financial year 2023/2024 total revenue was Ksh. 57,779,460 as compared to FY 2024/2025 which was Ksh. 104,834,390 reflecting an 81% improvement.

The implementation of the FIF Act has greatly improved service delivery across departments; the laboratory was able to launch the Molecular Testing Machine on 11<sup>th</sup> April, 2025 and currently its receiving samples from external facilities and counties within the region. The laboratory's ISO certification has been sustained (the assessment for upgrade from ISO 15189:2022 to the current status was successfully completed in June 2025). The hospital pharmacy has had continuous supply of essential drugs and an expansion of other pharmaceuticals. The radiology department has had regular supply of X-ray and CT-scan films, which is a great transition from the use of discs. The renal unit experienced an increase in the number of clients and service delivery in the period. However, all the available five renal machines failed towards the end of the financial year. Busia County Referral Hospital, through the exchequer now owns a functional Oxygen plant (which had stalled for over seven years) and incinerator that had broken down for over one year. Also, through support from the department of health and sanitation, the hospital kitchen was

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rehabilitated and installed with LPG appliances which is a break from the use of firewood and charcoal as fuel which are environmentally unfriendly. Overtime the hospital has witnessed increased workload with increased bed occupancy from 209 to now over 300. The procurement process has been eased as suppliers have confidence and trust since their deliveries shall be paid in time. The hospital security has also improved; the contracted firm are directly responsible to the hospital management. In the financial year, also, the facility transitioned from SANITAS to fully Jambo Pay HMIS which has enabled the hospital to go cashless and seal all revenue loopholes.

Through the availability of funds in the hospital, staff motivation and attitude towards work has greatly improved since staff are now provided with tea at their work stations. Staff are also motivated after receiving letters from the County Public Service Board at the beginning of the financial year. The hospital management administered performance appraisal forms to staff which were negotiated and signed for and performance reports are now available with staff looking forward for rewards, with some unfortunately awaiting sanctions.

In order to curb on staff shortages occasioned by natural attrition, retirement, intercounty transfer of services, some seeking for opportunities abroad and non-employment by the county over the last three years, through the Facility Improvement Fund, the hospital has been able to engage five medical doctors, ten nurses and five clinicians on locum terms. The hospital continues to suffer from understaffing in key departments and continuous series of industrial unrests occasioned by non-remittance of statutory deductions (bank/Sacco loans, medical cover - SHA, insurance premiums) which continue to greatly impact on service delivery.

The hospital, has witnessed dwindling exchequer funds since the inception of FIF due to continued budget cuts, in turn hurting the operations of the hospital. The cuts, have resulted in increased financial demands against lean budgets leading to unmet needs. Of concern also are setbacks experienced during the transition from SANITAS to Jambo Pay HMIS, among which were delays in installation and uploading health reports. The Jambo Pay system, had near predictable system down times.

At the start of 2025, USAID issued a stop to work order to its staff who were working in our Comprehensive Care Clinic resulting to severe staff shortage leading to burn outs since the facility had to redistribute the available workforce to support the functioning of the clinic.

On behalf of the Busia County Referral Hospital Management, I look forward to the realization of the hospital vision and mission through the completion of the stalled projects including the mother and baby building, the NHIF corporate building, the ablution block, operationalization of the ICU and the Accident and Emergency Building elevator. Restoration of the Renal department services, reinstatement of the medical officer's internship Centre, employment of an internist and psychiatrist and a scale up of other specialists and infrastructure improvement to allow the facility be elevated to a level five which carries both financial and status benefits remain at the core of our long-term intent.

for



.....  
Name DR NAMOLALA SAKA EMMA

Secretary to the Board



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

Busia County Referral Hospital (BCRH) does not have a strategic plan during the financial year under review. However, the hospital's objectives and priorities are guided by the larger Busia County Integrated Development Plan (CIDP) for 2023–2027 and the Annual Development Plan (ADP) for 2024–2025.

Based on these county-wide documents, the key strategic pillars, themes, and issues affecting the BCRH for FY2024/2025 are summarized below.

**The hospital's strategy is aligned with the following pillars of Busia County's health department:**

- Expansion of health facilities: Investing in infrastructure and equipment at all healthcare levels, with a focus on primary care.
- Enhanced service delivery: Improving the quality of health services offered to all residents.
- Preventive and promotive healthcare: Shifting the focus from curative to preventive care by strengthening community health initiatives.
- Operational efficiency and governance: Improving management, resource allocation, and accountability within the health system.

### **Key themes and issues**

- Infrastructure development: The hospital has been actively upgrading its facilities to expand its capacity and range of services.
- Ongoing issues: The ICU, while equipped, requires servicing before becoming fully operational.
- Specialized services: A key theme is the establishment of advanced diagnostic and treatment services that were previously unavailable.
- Progress: Installation of a state-of-the-art HB Electrophoresis machine for diagnosing conditions like sickle-cell anaemia, and planning for CT scan services.

- High-cost treatment: Before the new specialized units, residents had to travel long distances for critical care, a challenge the hospital is addressing.
- Disease prevention and management: A major focus is on tackling infectious diseases common in the region.
- Ongoing programs: Strengthening services for HIV, Tuberculosis, and Malaria.
- Maternal and neonatal health: The construction of a new 60-bed maternity and new-born unit aims to reduce maternal and neonatal mortality and decongest the existing facility.
- Resource allocation: Challenges with high wage bills and pending bills put pressure on the county's ability to fund development projects. The county is working on strengthening revenue streams and addressing historical debts.
- Partnership and collaboration: The hospital, through the Busia County Health Department, works with development partners and the national government on specific projects and testing services.

### **Objectives for FY2024/2025**

Key objectives for the Busia County Referral Hospital, which directly impacted the BCRH, include:

- Launch the newly equipped ICU unit after tendering for servicing.
- Improve CT scan services at the hospital.
- Expand and improve infrastructure at the referral hospital and other health facilities.
- Improve access to preventive and promotive health services, particularly for infectious diseases.
- Enhance efficiency in service delivery.
- Continue implementing initiatives aligned with the CIDP (2023–2027) and the Governor's manifesto.

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Busia County Referral Hospital has 4 strategic pillars/themes/issues and objectives within the current Strategic Plan for the FY 2024 - 2025. These strategic pillars/ themes/ issues are as follows:

- Pillar/theme/issue 1: Expansion of health facilities
- Pillar/theme/issue 2: Enhanced service delivery
- Pillar/theme/issue 3: Preventive and promotive healthcare
- Pillar/theme/issue 4: Operational efficiency and governance

Busia County Referral Hospital develops its annual work plans based on the above 4 pillars/Themes/Issues. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The Busia County Referral Hospital achieved its performance targets set for the FY 2024-2025 period for its 4 strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Expansion of health facilities	To expand Busia County infrastructure to ensure delivery of a wider scope of health services	- Working equipment - Human resource numbers	-Implementation of the FIF act, 2024 -Improvement in the consistency of supply of drugs and commodities -Timely execution of infrastructure projects -Improve quality and reliability of support services -Enhance service delivery of medical services	On course
Enhanced service delivery	To provide accessible, safe, effective, and quality healthcare services to all people	- Mortality rates - Patient satisfaction scores - Availability of supplies	- Assessment - Diagnosis -Quality Improvement - Treatment	- Reduced mortality and morbidity - Improved quality of care

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				-Improved access to supplies
Preventive and promotive healthcare	Maintain and improve health by preventing disease, reducing risk factors, and empowering individuals to make healthy choices.	- community dialogue messages -number of community health days	Health education through health talks Vaccinations Screening tests Behavioural change Environmental improvements Policy initiatives	achieved
Operational efficiency and governance	To ensure operational efficiency and governance	Cost to revenue ratio Productivity metrics Cycle time Inventory turn over Enhanced decision making Risk mitigation Resource allocation Process standardization Technology integration	-Operational governing bodies (boards, councils and committees) -Charters-alignment, decisions, authority, oversight, communication, responsibilities -Interdisciplinary participant identification -Portfolio and program alignment -Logistics and strategic planning	On course

## **8. Corporate Governance Statement**

### **i. Appointment of Board Members**

In Kenya, County Governors appoint members to the County's hospital Boards under the powers granted by the County Governments Act, 2012.

The process for appointing Busia County hospital board members is a competitive, transparent process overseen by the County Public Service Board (CPSB). It involves advertising vacancies, inviting qualified Kenyan citizens to apply with mandatory documents, shortlisting, and finally, selecting and nominating members for County Assembly approval. The final appointments are then published in the County Gazette.

Here are the key steps in the process for appointing Busia County hospital board members:

#### **Establishment of the Board:**

The establishment and functions of the County Board of Health are outlined in the Busia County Public Health Bill, 2015.

#### **Advertisement of Vacancies:**

The County Public Service Board (CPSB) advertises vacant positions on the hospital boards through official channels.

#### **Applicant Eligibility and Application:**

**Eligibility Requirements:** Candidates must be Kenyan citizens residing in the county, hold a Bachelor's degree from a recognized university, have at least five years of working experience, and not be public officers.

**Mandatory Documents:** Applicants must submit an application letter with a curriculum vitae, academic and professional certificates, and testimonials.

**Clearances:** Applicants must also attach copies of: KRA Tax Compliance Certificate, HELB Clearance Certificate, EACC Clearance Certificate, Certificate of Good Conduct from the DCI and CRB Clearance Certificate

#### **Submission of Applications:**

Completed application letters and supporting documents are submitted to the County Public Service Board.

**Selection Process:**

The County Public Service Board conducts a competitive selection process, which includes shortlisting and evaluating qualified applicants.

**Nomination and Approval:**

After selection, the Governor nominates the selected members, and these nominations are then presented to the County Assembly for approval.

**Gazettal of Appointments:**

Once approved by the County Assembly, the names of the appointed board members are published in the County Gazette.

The Busia County Government has also established a specific Busia County Health Services Act, which sets conditions for appointment and ensures criteria such as gender balance, youth, and persons with disabilities are represented on the hospital management committees (HMCs).

**Removal of Board Members**

There are no public reports or news detailing a general removal of hospital board members in Busia County.

**Board Diversity**

The Board comprises 9 members of which 4 are females and 5 males obeying the affirmative action of 1/3 gender rule. The membership also represents various interests in the community. The medical fraternity are represented by 3 doctors, the Muslim community represented by 1 member, the Christian community - 1, the youth – 1, County Government – 1, implementing partners – 1, the elderly – 1. The board however, lacks a representation for persons with disabilities and minorities. The Board is comprised of the various ethnicity found in Busia County and beyond i.e. Khayo, Samia, Bukusu, Teso, Banyala, Isukha.

**Board Charter**

The facility doesn't have a dedicated board charter but highly relies on the Busia County Government's website which has various official documents and information related to its governance such as County Finance and Strategic papers for FY2024 - 2025 and a County Integrated Development Plan. There are details on Busia County Referral Hospital projects for example High Dependence Unit and maternity wing and its level 5 status, which indicates a broad range of health services it provides.

**ii. Roles and functions of the board**

The Busia County Referral Hospital is led by a Medical Superintendent and managed by a Hospital Management Committee (HMC). The HMC's roles, as defined by the Busia Health Services Act, 2016, are to ensure the provision of quality healthcare services by establishing and monitoring quality assurance measures, adhering to clinical guidelines, and overseeing patient safety protocols. The Committee also ensures that services are delivered efficiently and effectively, including managing resources like medical instruments and equipment, maintaining proper health information, and ensuring the facility's overall functioning.

**Key Roles and Functions of the Hospital Management Committee (HMC)**

• **Governance and Management:**

The HMC serves as the primary governing and management body for the hospital, ensuring that the facility operates in line with the County Government's policies and directives.

• **Quality Assurance:**

The HMC is responsible for setting and monitoring quality standards for healthcare services, ensuring adherence to established clinical guidelines and accreditation standards, and maintaining patient safety protocols.

• **Resource Management:**

The committee oversees the effective management of various hospital resources, including medical instruments and equipment, and ensures proper inventory and utilization.

• **Service Delivery Oversight:**

The HMC ensures the efficient and effective delivery of services by the hospital, including the provision of care, medical procedures, and health education.

• **Health Information and Records:**

They ensure the proper maintenance of medical records, health information, and data, which is critical for patient care and facility administration.

- **Emergency Preparedness:**

The HMC is involved in the preparation and response to emergencies and disasters, which is crucial for a referral hospital.

- **Compliance and Representation:**

The HMC ensures that the hospital complies with the Busia Health Services Act, 2016, and other relevant legislation, including maintaining gender balance and ensuring representation of youth, persons with disabilities, and marginalized groups.

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

**iii. Induction, training, and development**

Busia County conducted induction and training programs for its board members in 2024, with a specific focus on Busia County Referral Hospital. The orientation of new staff members included induction and training at the hospital.

**iv. Board and members' performance**

The performance of the board is measured based on a number of indicators. Some of the highlighted hospital improvements and performance indicators in the FY 2024/2025 include:

**Facility upgrades:** Several infrastructure projects were completed, including:

- a. Reinstatement/operationalization of an oxygen manufacturing plant.
- b. The establishment of a High Dependency Unit (HDU).
- c. Upgrades to other hospital amenities, including the ICU and CT scan services.

**Operational improvements:** The hospital improved its emergency and referral services, which were among the health sector's priority areas for the fiscal year.

**Financial oversight:** An Auditor-General's report on the Busia County Health Services Fund was prepared for the year ending June 30, 2024. This document, while not publicly detailed, indicates ongoing financial scrutiny of the health sector.

**Expanded access to care:** Improvements included strengthening diagnostic, imaging, and laboratory services. A viral load machine was placed at the referral hospital to serve Busia and four neighbouring counties.

**v. Number of Board meetings held and the attendance to those meetings by members**

The hospital management committee has held four board meetings since inception, with over 95% in each meeting. Besides the main committee, the board has had two meetings by the finance and general purpose committee and one meeting each for quality of care and welfare committee of which all had 100% representation.

**vi. Succession plan**

As it stands, there is no succession plan for the board members in place. However, there is need to have one with a focus on the following areas:

**Identifying Future Leadership Needs:** Outlining the skills and experience required for future board roles.

**Talent Development:** Nurturing potential candidates from within or outside the organization.

**Benchmarking:** Comparing internal candidates to external opportunities to develop a strong pool of successors.

**Mentoring and Training:** Providing opportunities for potential successors to develop the necessary expertise and leadership qualities.

**vii. Policy to manage conflict of interest.**

There is no policy put in place to manage conflicts of interest for the Busia County Referral Hospital board. The hospital should establish a formal Conflict of Interest Policy requiring board members to disclose any potential conflicts and recuse themselves from relevant decisions. This policy should prohibit board members from improperly using their positions for personal gain, participating in the hiring of relatives, influencing supplier relationships, or bidding for contracts with the hospital. This approach aligns with standard practices and can be developed under the framework of existing Kenyan laws and regulations governing public service and health management, such as the Busia County Health Services Act.

- **Financial oversight:** Board members are responsible for overseeing the hospital's financial management, including its budget and procurement process. This includes ensuring transparency and the prevention of fraud and corruption.
- **Reporting:** HMC members are required to submit regular reports to the county's Chief Officer for Health.

#### **Fiduciary duty and integrity**

- **Conflict of interest:** Members must avoid situations where their personal interests conflict with their duty to the hospital. This is a critical component of ethical conduct in managing public resources.
- **Integrity:** The Busia County Public Service Board's core values, which apply to public service, include integrity, professionalism, and accountability. Hospital board members are expected to embody these values.

#### **Governance and leadership**

- **Policy implementation:** Boards are responsible for developing policies and ensuring the hospital's day-to-day management implements them effectively.
- **Strategic planning:** They must approve strategic plans, work plans, and budgets that guide the hospital's development and service delivery.
- **Compliance:** Boards are responsible for ensuring the hospital operates in compliance with all relevant national and county health laws and regulations.

#### **Public interest and community representation**

- **Client rights:** The board's conduct must uphold patient rights, including the right to information and emergency treatment.
- **Community representation:** The Busia County Health Services Act requires HMCs to ensure gender balance and representation of youth, persons with disabilities, and other marginalized groups to incorporate the community's perspective.

- **Inclusivity:** The board's role includes promoting inclusivity and creating equal opportunities for vulnerable populations.

#### **Accountability for public funds**

- **Financial management reform:** A Public Finance Management Amendment Bill, 2024, aimed to harmonize reporting timelines for financial statements to increase accountability.
- **Fiscal strategy review:** Fiscal strategy papers in 2024 addressed issues such as pending bills and the need to maximize revenue while minimizing debt, which board members would be accountable for.

#### **x. Governance audit**

A governance audit of hospital board members involves assessing their oversight, accountability, and effectiveness in directing the hospital's operations, financial performance, and quality of care. The audit examines the board's composition, knowledge, participation, and adherence to policies, often using internal or external auditors, to ensure they fulfil their responsibilities to stakeholders and maintain high standards of patient safety and financial stability. During the year under review, no governance audit took place but planned for future.

#### **xi. Communication policy**

The Busia County Referral Hospital Management Board communication policy is crafted and informed by the hospital's vision and mission statements and is aimed at setting clear communication channels for both external and internal communication.

This policy is grounded in principles of transparency, confidentiality, and integrity, and it outlines clear guidelines for board members on representing the hospital and communicating with internal and external stakeholders.

##### **Key principles**

**Collective responsibility:** The Board speaks with one voice. Once a decision is made, all members must support it publicly, regardless of their personal opinion.

**Designated spokesperson:** A specific individual, usually the Board Chair, is the primary spokesperson for the board on matters of governance and policy.

**Confidentiality:** Board members must maintain the confidentiality of sensitive and non-public information, including personnel issues, proprietary strategies, and patient data, in accordance with the Data Protection Act of Kenya.

**Accountability:** Board members are accountable for ensuring that communication with all stakeholders is clear, consistent, and accurate.

### **Policy components**

#### **1. Internal communication**

##### **Meetings and information flow:**

Communication between board members should primarily happen within formal board meetings, Committees, and through the official channels set by the Board Secretary.

Board papers, minutes, and other official documents are confidential and for the board's use only.

##### **Relationship with hospital management:**

Communication between the board and hospital staff must be directed through the Medical Superintendent or Chief Executive Officer. This prevents operational micromanagement and enforces the board's oversight role.

#### **2. External communication**

##### **Media relations:**

The Board Chair or an officially designated spokesperson is the sole contact for media inquiries. Individual board members may not make official statements to the media about the hospital's affairs. All media inquiries must be immediately referred to the designated spokesperson.

##### **Public and community communication:**

Communication with the public should be proactive and align with the principles of the Access to Information Act, 2016.

Channels like the hospital's official website, press releases, and public meetings should be used to share information, such as the Hospital's service charter and performance reports.

##### **Government communication:**

Communication with the Busia County Government and national health authorities should be coordinated through the Board Chair, Chief Officer of Health, and other relevant officials.

#### **3. Online and social media**

##### **Personal accounts:**

Board members must clearly distinguish between personal opinions and official statements. They should avoid speaking on behalf of the hospital on personal social media accounts.

**Protecting brand image:**

Any online communication by a board member should not damage the hospital's reputation, create public controversy, or disclose confidential information.

Inappropriate posts, such as those violating the hospital's code of conduct, can be subject to disciplinary action.

**xii. Terms of Reference of Committees**

For the Busia County Referral Hospital Board, the terms of reference (ToR) are guided by Kenya's national Health Act of 2017 and adapted by Busia's own county-level health legislation

The hospital board's main purpose is to oversee the facility's overall management and operations to ensure high-quality, efficient, and accountable health service delivery.

While the county government has the final authority to appoint board members, the board itself has specific powers and duties regarding the hospital's day-to-day functions.

**Purpose and objectives**

The board's core purpose is to guide and oversee the Busia County Referral Hospital's strategic direction and management. Its main objectives are to:

- Ensure that the hospital and its staff provide the highest attainable standard of healthcare to all patients.
- Ensure that the hospital adheres to all relevant national health policies, laws, and professional standards.
- Promote community participation and gather feedback to improve health service delivery.
- Oversee the prudent use of hospital resources, including finances and infrastructure.

**Key roles and responsibilities**

The hospital board's responsibilities fall into several key areas:

**Governance and strategy**

- Policy formulation: Develop and recommend policies that support the hospital's mission, vision, and strategic goals for approval by the County Executive Committee.

**Busia County Referral Hospital (Busia County Government)**  
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- Strategic planning: Work with the hospital's management team to set the hospital's overall strategic direction.
- Oversight: Supervise the general operations and management of the facility, ensuring accountability and adherence to standards.

**Financial management and oversight**

- Budgeting: Approve the hospital's annual operating and capital budgets to ensure they align with strategic goals.
- Financial reporting: Oversee the administration of funds, including those from the Health Sector Services Fund (HSSF), and ensure proper financial records are kept.
- Resource mobilization: Raise and manage funds from community members, donors, and other well-wishers to support hospital operations and development.

**Quality assurance and patient care**

- Quality oversight: Ensure that systems are in place to measure and review the quality of care provided at the hospital.
- Standards compliance: Monitor and enforce compliance with national health standards and professional guidelines.
- Patient rights: Establish procedures for handling patient complaints and ensuring user rights are respected.

**Community relations and public health**

- Community engagement: Advise the community on health promotion and articulate community interests to the county government.
- Feedback loop: Facilitate a process for providing feedback from the hospital's management back to the community.

**Board operations**

- Meetings: The board meets regularly, typically once a month, to review progress and address any issues.
- Records: It maintains proper records and minutes of all its deliberations and decisions.

- Representation: The board's composition must ensure gender balance and include representation for youth, persons with disabilities, and marginalized groups, as required by the Busia Health Services Act of 2016.

**xiii. Policy on related party transactions**

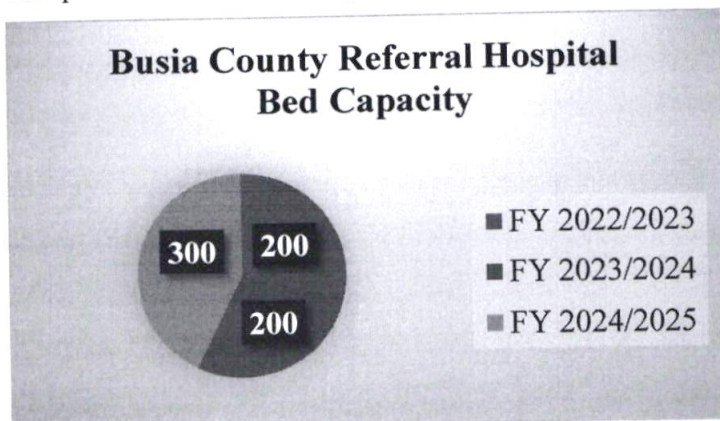
The Board ensures that all related party transactions are conducted transparently and at arm's length. The hospital discloses any dealings involving Board members or senior staff in the financial statements and Board records in accordance with IPSAS 20 and PFM regulations.

**9. Management Discussion and Analysis**

**Clinical/operational performance**

**Bed capacity of the hospital**

The hospital's bed capacity was 200 in the FY 2022/2023 and remained so in the year 2023/2024. However, in the financial year 2024/2025 the capacity increased to 300 beds following the completion and official opening by HE the president of a surgical ward with 90 bed capacity.



Overall patient attendance during the year for both inpatient and outpatient

- Out Patient Department - 90,324
- Inpatient Department - 8,927

**Accident and Emergency attendance**

During the year, the hospital's A&E services were offered to 5,398 patients. Intensive Care Unit (ICU) services which were also expected to begin in the same year was meant to improve treatment outcomes for emergency cases.

**Specialised clinic attendance**

During the FY 2024/2025, patient attendance at the specialised clinics totalled 45,849 people. In the same year, the hospital was set to begin Intensive Care Unit (ICU) services but because of other challenges, this did not happen. The hospital's completed Accident and Emergency block was used to review patients from specialized clinics. Key specialized services emphasized in the county health strategy include HIV care, maternal and child health services (including antenatal care), and the expansion of services through a "reverse referral" system to lower-level facilities. During the year, the hospital provided comprehensive maternity services, child immunization, and nutrition assessment. Investments in health infrastructure for 2024/2025 included expansion and renovation of existing facilities and purchasing equipment.

### **Average length of stay for in patient**

The average length of inpatient stay at Busia County Referral Hospital is 4 days.

Bed occupancy rate	-	89%
Mortality rate	-	69 deaths/1000 population

### **Surgical theatre utilisation (number of operations over a period of time)**

During the FY2024/2025, theatre utilization stood at 2,574 operations. However, several initiatives impacted the hospital's surgical capacity and utilization. Factors that impacted surgical services in FY2024/2025 included the following:

#### **1. Infrastructure expansion**

- Commissioning of a new surgical ward: The 90-bed surgical ward, inaugurated in August 2023, was operational and contributed to increased surgical capacity in during the year under review.

#### **2. Staffing and equipment**

- Universal Health Coverage (UHC) staff recruitment: As part of the UHC program, the Busia County Department of Health recruited over 445 staff, which likely boosted the overall capacity and efficiency of the health sector, including surgical services.
- Theatre equipment including theatre bed were repaired thereby making it easier for usage hence increasing the uptake of more surgical cases for both elective and emergency.

#### **3. Expansion of other health facilities**

- Alupe Sub-County Hospital upgraded: The activation of the main theatre and other critical units at Alupe Sub-County Hospital in 2025 was intended to ease congestion at the Busia County Referral Hospital, which could influence its case mix and theatre utilization.
- Orthopaedic surgery camp: A free orthopaedic and general surgery camp was held in early 2025 in collaboration with an Australian-based charity. These targeted camps often treat patients who may have otherwise faced long waiting lists at the main referral hospital.

### **Sponsorships and partnerships**

For the 2024/2025 financial year, Busia County Referral Hospital (BCRH) and the wider Busia County health sector were involved in numerous partnerships and sponsorship-related activities. These

collaborations with NGOs, development partners, and government agencies focus on specialized health programs, medical supply chain improvements, and capacity building for health workers.

### **Key partnerships and sponsorships**

#### **Eye health initiatives**

- In June 2025, Busia County launched the "Boresha Macho Initiative" with partners including the Fred Hollows Foundation, the Kenya Society for the Blind (KSB), and Sight savers. The program's aim was to prevent, treat, and manage vision impairment throughout the county through vision centres and public education.

#### **Medical supplies and infrastructure**

- Kenya Medical Supplies Authority (KEMSA): In June 2025, Busia County officials met with KEMSA leadership to strengthen their partnership and ensure a consistent supply of quality medical commodities, including for BCRH.
- World Bank (via THS-UC grant): The Transforming Health Systems (THS) grant from the World Bank supported significant investments in health infrastructure across the county. This included renovations and new medical equipment for various facilities, including BCRH.
- AMPATH: As of April 2024, the AMPATH partnership supported a health facility assessment that included BCRH. This work helped the county to develop a master plan and strengthen its health system, with AMPATH having a long-standing relationship with Busia County.

#### **Community and primary healthcare**

- Living Goods: Building on a long-term relationship, Living Goods continues to partner with Busia County to train, equip, and support Community Health Promoters (CHPs). This partnership helped in improving primary healthcare which helped to decongest BCRH.
- Amref Health Africa: In May 2025, Amref partnered with Busia County to provide bicycles for CHPs to improve malaria prevention efforts and strengthen primary care.
- Kenya Ministry of Health: Busia County collaborates with the national Ministry of Health on public health campaigns, including a mass net distribution campaign in July 2024 to combat malaria.

**Training and capacity building**

- University of Nairobi (Department of Human Pathology): In July 2024, BCRH was involved in a medical camp held in partnership with AIDEX-Rainbow for Africa, which included surgical procedures and capacity building.
- Living Goods: The partnership with Living Goods included a strong focus on training CHPs, with a 2024 baseline assessment validating the county's progress in strengthening community health systems.

**Financial performance that includes: -**

Busia County Referral Hospital is a level 5 Hospital established under gazette notice number 786 Vol. CXXII – No 24 Page 714 and is domiciled in Busia County under the Department of Health and Sanitation.

The hospital has various sources of revenue but grossly categorized into two main sources, namely Insurance payments through the Social Health Authority platform and Cash payments.

During the financial year under review, the Hospital majorly depended on funds generated from own source revenue as mandated by the enactment of The Busia County Health Facilities Financing Act 2024 which came into force on 3 October 2024. However, the facility also received financial support totalling Ksh 469,794 from the County Exchequer as well as in kind support from the County Government like provision of Pharmaceuticals, Non-Pharmaceuticals among other supplies.

During the period, the hospital generated a total of revenue amounting to Ksh. 105,304,185 with Ksh 469,794 being support from the County government and a further Ksh 14,193,411 awaiting payment from Social Health Authority leaving the revenue received at Ksh 91,110,774.

As guided by the Busia County Health Financing Act 2024, the hospital through the approval of budgets by the Board of Management, received a total of Ksh 63,076,592 being an allocation of 70% retention by the hospital and Ksh 25,545,138 being the 25% for Primary health care activities and 5% for administration costs.

The above funds were utilised to procure different goods and services for the smooth operations of the hospital. Among the key costs are: Medical / Clinical costs – Ksh 20,078,761 repairs and Maintenance Ksh 2,593,613 Primary Health Care activities – Ksh 25,545,138, Employee costs through hiring of locum medical staff – Ksh 1,238,950 among others.

## **10. Environmental and Sustainability Reporting**

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

The Busia County Health Facilities Improvement Financing Act 2024, provides for collection, retention, management, use and reporting of funds by the hospital. This therefore provides an avenue for the hospital to put in place measures to improve on its revenue collection to sustain its operations in the provision of quality health care to its clients.

During the year under review, the management deliberately took action towards this course through various ways. One was to ensure that that all revenue collections are done through a cashless automated system which ensures that all revenue received is directed to the bank.

Two, the management was cognisant of the inadequate number of medical workers to sustain the number of patients visiting the facility hence deliberate action was taken to on-board more staff by way of Locum. This ensured satisfaction from the part of patients hence giving the facility a positive rating. This ensured more patients visiting the hospital to seek for services thereby enhancing revenue collection.

### **ii. Environmental performance**

#### **Environmental Policy guiding the Facility**

Busia County Referral Hospital follows various environmental policies to ensure a safe and sustainable environment for staff, patients, visitors and the community.

Some key policies include: -

- **Waste management.**

Proper handling, segregation, storage, transportation and disposal of waste, including infectious, pathological, sharps, chemicals, pharmaceuticals and radioactive waste.

- **Infection prevention and control**

Implementing standard precautions to prevent the spread of infections.

This includes hand hygiene. Use of personal protective equipment and proper cleaning and disinfection of surfaces and equipment.

- **Noise reduction**

Measures to minimize noise levels, such as regular maintenance of equipment and machines and staff trainings.

- **Water quality management**

Ensuring safe water supply, treatment and storage to prevent waterborne infections.

- **General buildings safety**

Ensuring the physical structures in the hospital are safe and secure with measures such as regular maintenance, fire safety systems and emergency preparedness plans.

These policies are guided by national and international standards, such as those set by WHO and National regulatory agencies.

The Hospital also prioritizes staff training and community engagement to promote environmental health and safety.

### **Successes**

Proper environmental health management in the facility has helped in

- Reduction of infection transmission
- Enhanced workplace safety
- Cost saving in regard to efficient waste management.
- Contribute to achieving several SDGs including good health, clean water and sanitation.

### **Shortcoming and challenges**

- Limited resources and budget constraints.
- Risk of infection transmission due lack of use of proposed PPEs while handling waste and inadequate provision of proper waste receptors
- Lack of proper maintenance, service and repairs of equipment and machines.
- Lack of awareness and training of health care workers in the facility on environmental health practices.

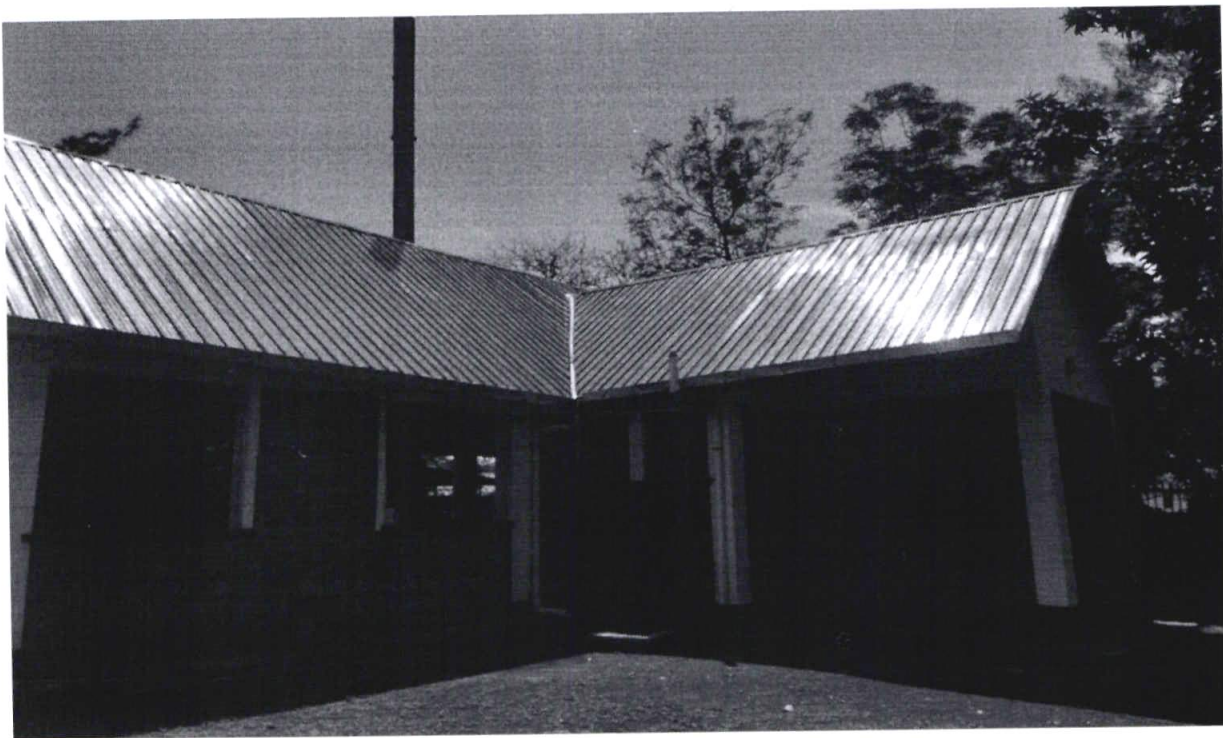
### **Efforts put in place to reduce the facility's environmental impact.**

a) Waste reduction and management.

The facility is reducing medical waste through proper segregation and disposal by incineration, sterilisation, shredding and microwaving. During the financial year, the management pushed for the repair of the incineration machine which had been stalled for a while together with renovation of its housing.



*Fig1: Front; Renovated Incinerator housing and the machine*



*Fig2: Back; Renovated Incinerator housing and the machine*

- b) Water conservation through implementation of water efficient practices in cleaning and laundry services.
- c) Education and training of on environmental sustainability practices and proper waste management.
- d) Monitoring and reporting water consumption, at generation and other environmental measures

**ii) Employee welfare**

Busia County Referral Hospital in the management and recruitment of its human resource abides by the requirements of the Constitution of Kenya, 2010, the County Governments Act, 2012, the Employment Act and the Labour Relations Act, 2007. The aforementioned guidelines are applied with other related legislations such as the Occupational Safety and Health Act, 2007 which govern the key aspects of the employee relationship.

During recruitment for temporary staff, the management advertises its vacancies in all the available public spaces for a period of not less than fourteen (14) working days. In the advert all eligible candidates are asked to apply with youth, women and persons living with disability being encouraged to apply. This is in line with the requirements of the Constitution of Kenya 2010 on the inclusion and protection of youth, women and persons with disabilities. The management endeavours to comply with Article 27 (4), Article 54 (2) 54(3), Article 55 (a & c), Article 27 (6), the Public Service Commission Act and the Employment Act, 2007. This is meant to foster a more inclusive and equitable workforce.

The hospital management, regularly carries out staff skills needs assessment for staff to identify their training needs. Results from the exercise are discussed by the Hospital Advisory Committee and its recommendations are forwarded to the Departmental Advisory Committee for consideration. Staff requests for promotion are also discussed and considered in line with the available schemes of services, staff establishment as provided for by the County Public Service Board and the prevailing availability of vacancies.

Staff appraisal and reward system is at the heart of the hospital management. The system is focused on promoting high-quality patient care, supporting professional growth and encouraging a culture of excellence and accountability while strengthening organizational performance and health outcomes. The hospital has adopted the departmental policy on Occupational Safety and Health Act, 2007 which is aimed at preventing workplace injuries and illnesses.

**iii) Market place practices-**

Responsible competition practices for Busia County Referral Hospital (BCRH) in the 2024/2025 fiscal year are governed by Kenya's Public Procurement and Asset Disposal Act and overseen by national and county-level regulatory bodies. The hospital's procurement activities are publicly advertised, and suppliers must adhere to rules preventing unfair competitive advantages.

**Procurement and tender regulations**

BCRH, like all Kenyan public entities, must follow national and county regulations to ensure a fair and competitive marketplace for suppliers. Key practices include:

- **Public advertisement:** Tenders for goods and services for the hospital are publicly advertised on the Busia County website, the national tender's portal, and sometimes in newspapers.
- **No unfair advantage:** The procurement process is designed to prevent firms from gaining an unfair competitive advantage. To achieve this, competing firms or affiliates were not allowed to use information gained from prior related consulting services.
- **Anti-collusion measures:** Companies bidding on tenders must complete and sign a "Certificate of Independent Tender Determination" to prevent collusive practices that undermine fair competition.
- **Supplier evaluation:** Procurement decisions are not based solely on price. The process emphasizes achieving the "best value" by considering factors like supplier performance and product quality.
- **Reserved tenders:** To foster inclusion, certain tenders are reserved for specific groups, such as women, youth, and persons with disabilities.

**Regulatory oversight**

Several bodies are responsible for ensuring compliance with procurement and competition laws:

- **Busia County Government:** The county government publishes its Fiscal Strategy Paper and Budget Estimates, which detail how funds are allocated, including for the health sector. The county's Department of Finance, ICT, and Economic Planning oversees financial management and budget processes.
- **Public Procurement Regulatory Authority (PPRA):** This national body provides general and sector-specific guidelines, including for the health sector. The PPRA ensures that procurement procedures across all public entities, including BCRH, are followed. In 2025, the PPRA issued a circular

requiring all public entities to transition to a new Electronic Government Procurement System (E-GPS) by June 30, 2025, to enhance transparency.

- Competition Authority of Kenya (CAK): The CAK enforces the Competition Act (Cap 504), which prevents anti-competitive conduct like price-fixing and market abuse. Any supplier engaging in collusive behaviour can be disqualified from a tender and face criminal or civil sanctions.

**a) Responsible competition practice.**

Responsible competition in a hospital setting prioritizes patient welfare while encouraging improvements in quality, efficiency, and innovation. Unlike other industries, healthcare has significant information asymmetry, and unethical competition can reduce care quality, restrict access, and increase costs. Responsible practices focus on "positive-sum" competition, where value is created for the patient rather than extracted through cost-cutting measures. During the year under review, the hospital ensured that it stuck to charging patients rates that were approved by the County Assembly of Busia in the Finance Act rather than introduce new rates to unfairly charge patients.

**b) Responsible Supply chain and supplier relations**

A responsible supply chain and supplier relationship management (SRM) involves the hospital managing its supply chain in a way that aligns with social, environmental, and ethical standards. This includes assessing and mitigating risks, collaborating with suppliers to improve their performance on issues like human rights and environmental impact, and ensuring transparency and ethical practices throughout the supply chain. The aspects include

- **Risk Assessment and Due Diligence:**

The organization conduct thorough assessments of suppliers to identify potential risks related to human rights, environmental impact, and corruption. This process helps determine the level of due diligence required for each supplier.

- **Code of Conduct:**

Establishing clear ethical standards for suppliers through a code of conduct helps ensure they adhere to the company's responsible practices.

- **Supplier Collaboration:**

The Hospital work closely with suppliers to foster strong, collaborative relationships. This partnership approach helps improve supplier performance on sustainability and social responsibility issues.

- **Transparency and Monitoring:**

Transparency in the supply chain is crucial for identifying and addressing risks. This can involve monitoring supplier performance on key environmental, social, and governance (ESG) metrics, such as greenhouse gas emissions.

- **Resilience:**

Strong supplier relationships and a well-managed supply chain enhance resilience. This allows businesses to adapt to disruptions, navigate market fluctuations, and maintain business continuity.

- **Ethical Considerations:**

A responsible supply chain prioritizes fair labor practices, human rights, and a commitment to minimizing environmental impact across all stages of production and distribution.

c) **Responsible marketing and advertisement**

Efforts by Busia County Referral Hospital to maintain ethical marketing practices.

- **Honesty and Transparency:**

The Hospital provides accurate and truthful information about products and services.

- Avoid misleading claims, exaggerated benefits, or deceptive content.

Disclose any potential conflicts of interest or affiliations that could influence recommendations.

- **Respect for Consumer Privacy:**

Safeguard customer data and be transparent about how it is collected, used, and stored.

- Comply with data protection regulations

Obtain informed consent for data collection and usage.

- **Fairness and Inclusivity:**

- Avoid targeting or exploiting vulnerable consumer groups.

- Create marketing content that is fair, respectful, and inclusive, avoiding discriminatory or offensive material.

- Promote diversity and inclusion in all marketing efforts.

- **Social Responsibility and Sustainability:**

- Promote products and practices that are environmentally friendly.

- Avoid "green washing," which involves making false or exaggerated environmental claims.
- Ensure products are sourced under fair labour conditions and through ethical supply chains.

#### **d) Product stewardship or Awareness Creation**

Outline efforts to safeguard consumer rights and interests

- **Legislation and Regulation:**  
Governments enact laws and regulations to protect consumers from unfair business practices, fraudulent activities, and dangerous products.
- **Standards and Quality Assurance:**  
Government bodies, like the Kenya Bureau of Standards (KEBS), establish quality and safety standards for products, ensuring they are safe for use.
- **Consumer Protection Agencies:**  
Specialized agencies are established to implement consumer protection laws, handle complaints, and provide mechanisms for resolving disputes between consumers and businesses.
- **Fair Practices:**  
Businesses are expected to avoid misleading advertisements, unfair terms, and deceptive practices that harm consumers.
- **Information Disclosure:**  
Businesses must provide clear and truthful information about products, including prices, ingredients, warranty details, and terms of sale, to enable informed consumer decisions.
- **Product Quality and Safety:**  
Companies must offer goods and services of reasonable quality that are safe for their intended use and take responsibility for any defects.
- **After-Sales Support:**  
Businesses should provide access to customer service, technical support, and a process for handling complaints and resolving issues, according to GOGLA's consumer protection code.
- **Education and Awareness:**  
Consumer associations and government initiatives educate consumers about their rights and how to make informed choices in the marketplace.
- **Exercising Rights:**

**Busia County Referral Hospital (Busia County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

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- Consumers are encouraged to proactively assert their rights, read contracts carefully, ask for clarifications, and compare offers from multiple suppliers.
- **Complaint and Redress Mechanisms:**
- Consumers have the right to seek compensation for harm caused by defective products and to access effective complaint resolution processes when problems arise.

**e) Responsible marketing and advertisement**

Busia County Referral Hospital maintained ethical marketing by adopting transparent and patient-centric approaches, adhered to informed consent, ensured truthful and evidence-based Insurance claims (Social Health Authority claims), respected patient privacy, and prioritized patient well-being over profit as this is a priority area being a public facility that serves all people irrespective of social standing in the society. Some of the efforts that management put in place during the year under review included; focusing on patient education and empowerment, complying with regulations and the law as well as conducting internal reviews to ensure marketing practices align with the hospital's values.

**f) Product stewardship or Awareness Creation**

During the year under review, Busia County Referral Hospital put Efforts to safeguard consumer rights in hospitals include developing Patients' Bills of Rights, establishing formal complaints and redress mechanisms, promoting transparency and informed consent, ensuring high-quality and safe services through audits and staff training, and providing patient education on their rights.

**Corporate Social Responsibility / Community Engagements**

There were no corporate social responsibility activities during the year under review.

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

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

### **Principal activities**

The principal activities of the hospital are to offer curative, rehabilitative and prevention services which include;

- Patient general care; Assessment, treatment, nursing and rehabilitation.
- Emergency and trauma services
- Specialized procedures & surgeries
- Maternity and neonatal care
- Public health education
- Medical research & innovation
- Administrative & support functions i.e. Maintenance, resource management and record keeping
- Laboratory services i.e diagnostic test
- Pharmacy services
- Last respect services
- Satellite blood transfusion services
- Infection prevention activities i.e. incineration and Medical Waste Segregation.

All the above activities are supported by human personnel from various cadres which cut across with the aim to provide comprehensive care and maintain hospital operation.

### **Results**

The results of the hospital for the year ended June 30 2025 are set out on pages 1 to 9

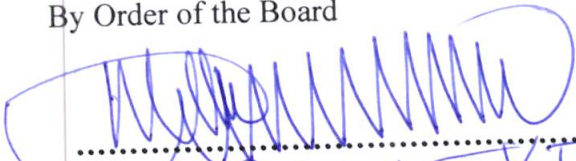
### **Board of Management**

The members of the Board who served during the year are shown on page vii to x. During the year, no director(s) retired/ resigned, and no director (s) was appointed.

### **Auditors**

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

By Order of the Board

  
.....  
Name **DR. A. M. EKESA**



# REPUBLIC OF KENYA

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## **REPORT OF THE AUDITOR-GENERAL ON BUSIA COUNTY REFERRAL HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 – COUNTY GOVERNMENT OF BUSIA**

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### **PREAMBLE**

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

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

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

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of Busia County Referral Hospital –County Government of Busia set out on pages 1 to 55, which comprise of the

*Report of the Auditor-General on Busia County Referral Hospital for the year ended 30 June, 2025 –County Government of Busia*

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 Busia County Referral Hospital –County Government of Busia as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards Accrual Basis and comply with the Busia County Health Services Act, 2016, the Health Act, 2017 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Unsupported Rendering of Services Income – Medical Service Income**

The statement of financial performance reflects an amount of Kshs.104,834,391 in respect of rendering of services-medical service income, as disclosed in Note 11 to the financial statements. However, provided supporting ledgers indicated total revenue of Kshs.89,991,450 resulting to unreconciled variance of Kshs.14,842,94. Further, no reconciliations were provided between the revenue collected, amounts banked and the balances reported in the financial statements.

In the circumstances, the accuracy and completeness of rendering of services-medical service income amount of Kshs.104,834,391 could not be confirmed.

#### **2. Non-disclosure of Property, Plant and Equipment**

The statement of financial position reflects a balance of Kshs.267,181 in respect of property, plant and equipment as disclosed in Note 32 to the financial statements, representing assets acquired during the year under review (additions). However, physical verification and review of asset records revealed that the Hospital occupied a substantial parcel of land and owned thirty-five (35) buildings, three (3) motor vehicles, assorted furniture and fittings, computers and various specialized medical equipment that had not been valued and included in the financial statements. In addition, the Hospital asset register lacked essential details such as purchase costs, depreciation rates and net book values.

In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.267,181 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Busia County Referral Hospital –County Government of Busia Management in accordance with ISSAI 130 on the Code of Ethics.

I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### **Emphasis of Matter**

#### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final revenue budget totalling Kshs74,629,142 and Kshs.105,304,185 for actuals resulting to an over-funding amounting to Kshs.30,675,043 or 141% of the budget. Similarly, the statement reflects expenditure budget and actual on comparable basis of Kshs.74,178,537 and Kshs.52,374,299 respectively resulting to under-expenditure of Kshs.21,804,238 or 29% of the budget.

In the circumstances, Management did not observe fiscal discipline.

My opinion is not modified in respect of this matter.

#### **Key Audit Matters**

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

#### **Other Information**

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

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

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

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

## Conclusion

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

## Basis for Conclusion

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

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

#### Medical Specialists

Item	Level 4 Standard	Number in Hospital	Variance	Variance in Percentage (%)
Medical officers	16	15	1	6
Anesthesiologists	2	0	2	100
Radiologist	2	1	1	50
<b>Total</b>	<b>20</b>	<b>16</b>	<b>4</b>	<b>20%</b>

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

#### Equipment

Services	Level 4 Hospital Standard	Actuals in the Hospital	Variance	Variance in Percentage (%)
Resuscitaire in Labour Ward	2	0	2	100
New Born Unit incubators	5	4	1	20
New Born Unit Cots	5	0	5	100
Functional ICU Beds	6	4-Not operational	2	33.3
High Dependency Units (HDU) Beds	6	6-Not operational	0	100

Services	Level 4 Hospital Standard	Actuals in the Hospital	Variance	Variance in Percentage (%)
Renal Units with at Least 5 Dialysis Machines	5	0	5	100

In addition, the Hospital level of preparedness for handling patients in critical condition was lacking to a greater degree in that despite having fully equipped beds both for ICU and HDU they were not operational at the time of audit due to lack of staff.

Further, the following deficiencies in essential medical infrastructure and equipment were observed:

- i. The mortuary had a designed storage capacity of 12 bodies (three chambers, four bodies per chamber), yet it was holding 69 bodies at the time of audit, resulting in overcrowding. The cold room was non-functional and had been out of service for over two decades.
- ii. Out of three theatre stations, only two were operational due to inadequate staffing. The available three patient monitors for surgical and post-surgical care were also insufficient to meet operational needs.
- iii. Radiology department had one fixed X-ray machine installed in 2014, which was old and frequently breaking down. The mobile X-ray machine was non-functional.
- iv. In the Laboratory Department out of three hematology machines, only one was functional. Out of three chemistry analyzers, only one was functional. The tuberculosis (TB) testing machine (four-module) was inadequate for the Facility's workload, which required a 16-module unit. The microbiology analyzer (Vitek 2) was non-functional due to lack of reagents.
- v. The laundry section had only one functional washing machine and lacked laundry drying equipment
- vi. All five dialysis machines were broken down, and the unit was non-operational at the time of audit.
- vii. The Intensive Care Unit (ICU) remained non-operational despite having four ICU beds supplied in 2013.
- viii. The Facility's incinerator was non-functional, resulting in accumulation of clinical waste. The equipment had been broken down for over a month without evidence of repair action.
- ix. The main hospital kitchen had been non-functional for nine months. The Facility operated a makeshift kitchen that was inadequate to meet patient needs. Management did not provide satisfactory reasons for the prolonged non-use of the main kitchen.

- x. Maternity Department had a bed capacity of 32 but was handling 81 maternity cases at the time of audit, resulting in overcrowding and operational strain.

In the circumstances, Management was in breach of law in respect of capacitation for the Hospital and the residents of Busia County have not realized the services set under the Universal HealthCare Program.

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

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

### Conclusion

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

### Basis for Conclusion

#### 1. Lack of Effective Internal Audit Function

Review of overall governance and internal audit function records revealed that the Hospital lacked an independent internal audit department that reported directly to the Board of Management. The Facility relied on the County Executive Internal Audit for independent review of its operations. During the year under review, the County Executive Internal Audit had carried out a review of the Hospital's processes but Management was yet to be informed of the findings.

Additionally, the Hospital did not have proper mechanism for whistle blowing where cases of fraud can be reported by staff and any member for appropriate action.

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

#### 2. Weaknesses in Information Communication Technology (ICT) Internal Controls

Review of Hospital Information Technology (IT) environment revealed that the Hospital operates on donated Hospital Management Information System by the County Government of Busia for key areas including finance, revenue, records and patient management. However, the system's reliability on revenue collection and reporting could not be confirmed.

Critical weaknesses were observed in ICT governance, operations, and infrastructure that compromised system integrity, data security, and business continuity as follows:

- i. There was no documented, tested emergency procedure to respond to IT-related incidents.
- ii. The assets were not tagged and thus exposing them to misuse or theft.
- iii. The desktops and laptops were on unlicensed software's and thus compromising the integrity of data that was held by the Hospital.
- iv. There was no IT continuity plan or disaster recovery plan. Backup strategies were not documented or implemented effectively.
- v. The main server room was in deplorable condition as it was placed with other E-waste and no CCTV cameras installed in the entire Hospital as a key security measure.
- vi. The Hospital had no formally documented or approved change management process for system upgrades. No formal change request documentation exists to justify or track system changes.
- vii. In addition, it was also established that the Hospital had no reliable internet connectivity as the service provider was yet to be fully paid affecting key areas of Hospital operations.

In the circumstances, the effectiveness of controls over ICT systems and data processed, stored and maintained through the systems could not be confirmed.

### **3. Failure to Maintain Risk Management Policy and Risk Register**

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

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

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

### **Responsibilities of the Management and 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 terminate the Hospital or cease its operations.

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

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

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


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

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

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

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

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

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

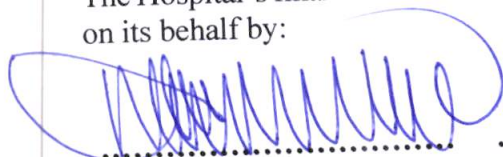
11 December, 2025

**15. Statement of Financial Position as at 30<sup>th</sup> June 2025**

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	27	37,730,412	-
Receivables from exchange transactions	29	14,193,411	-
Inventories	31	114,770	-
<b>Total Current Assets</b>		<b>52,038,593</b>	-
<b>Non-current assets</b>			
Property, plant, and equipment	32	267,181	-
<b>Total Non-current Assets</b>		<b>267,181</b>	-
<b>Total assets (A)</b>		<b>52,305,774</b>	-
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	36	9,797,436	-
<b>Total Current Liabilities</b>		<b>9,797,436</b>	-
<b>Non-current liabilities</b>			
Provisions	38	-	-
<b>Total non-current liabilities</b>		-	-
<b>Total Liabilities (B)</b>		<b>9,797,436</b>	-
<b>Net assets (A-B)</b>		<b>42,508,338</b>	-
<b>Represented by:</b>			
Accumulated surplus/Deficit		42,507,524	-
Capital Fund	27	814	-
<b>Net Assets</b>		<b>42,508,338</b>	-

The notes on pages 10 to 51 form an integral part of the Annual Financial Statements.

The Hospital's financial statements were approved by the Board on 28/8/2025 and signed on its behalf by:



**Chairman**  
**Board of Management**



**Head of Finance**  
 ICPAK No: 20114

for 

**Medical Superintendent**



**Busia County Referral Hospital (Busia County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

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

Description	Revaluation reserve	Accumulated surplus / Deficit	Capital	Total
			Fund	
<b>As at July 1, 2024 (previous year)</b>	-	-	-	-
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	-	-	-
Capital/Development grants	-	-	-	-
<b>As at June 30, 2024 (previous year)</b>	-	-	-	-
<b>At July 1, 2025 (current year)</b>	-	-	-	-
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	42,507,524	-	42,507,524
Capital/Development grants	-	-	814	814
<b>At June 30, 2025 (current year)</b>	-	<b>42,507,524</b>	<b>814</b>	<b>42,508,338</b>

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

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from the County Government	6	469,794	-
Rendering of services - Medical Service Income	11	89,991,453	-
<b>Total Receipts</b>		<b>90,461,247</b>	-
<b>Payments</b>			
Medical/Clinical costs	15 (b)	19,382,347	-
Employee costs	16	1,238,950	-
Board of Management Expenses	17	769,350	-
Repairs and maintenance	19	2,593,613	-
Grants and subsidies	20	19,039,024	-
General expenses	21	9,351,015	-
<b>Total Payments</b>		<b>52,374,299</b>	-
<b>Net cash flows from operating activities</b>	43	<b>38,086,948</b>	-
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment	32	(357,350)	-
Purchase of intangible assets		-	-
Proceeds from the sale of PPE		-	-
Acquisition of investments		-	-
<b>Net cash flows used in investing activities</b>		<b>(357,350)</b>	-
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Capital grants received		-	-
<b>Net cash flows used in financing activities</b>		-	-

**Busia County Referral Hospital (Busia County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>37,729,598</b>	-
Cash and cash equivalents as at 1 July 2024	27	814	-
<b>Cash and cash equivalents as at 30 June 2025</b>	27	<b>37,730,412</b>	-

*Busia County Referral Hospital (Busia County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	<b>a</b>	<b>b</b>	<b>c=(a+b)</b>	<b>d</b>	<b>e=(c-d)</b>	<b>f=d/c%</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	
Budget carryovers from the previous year	-	-	-	-	-	
<b>Receipts</b>						
Transfers from the County Government	469,794	-	469,794	469,794	-	100%
Grants from donors and development partners	-	-	-	-	-	
Transfers from other Government entities	-	-	-	-	-	
Public contributions and donations	-	-	-	-	-	
Rendering of services- Medical Service Income	70,048,432	4,110,916	74,159,348	104,834,391	(30,675,043)	141%
Revenue from rent of facilities	-	-	-	-	-	
Finance / interest income	-	-	-	-	-	
Miscellaneous receipts	-	-	-	-	-	
<b>Total receipts</b>	<b>70,518,226</b>	<b>4,110,916</b>	<b>74,629,142</b>	<b>105,304,185</b>	<b>(30,675,043)</b>	
<b>Payments</b>						
Medical/Clinical costs	48,537,044	11,160,916	59,697,960	19,382,347	40,315,613	32%
Employee costs	-	-	-	1,238,950	(1,238,950)	100%
Board of Management Expenses	553,274	-	553,274	769,350	(216,076)	139%
Repairs and maintenance	821,765	(150,980)	670,785	2,593,613	(1,922,828)	387%
Grants and subsidies	-	-	-	19,039,024	(19,039,024)	100%
General expenses	19,205,538	(5,949,020)	13,256,518	9,351,015	3,905,503	71%
Finance costs				-	-	

**Busia County Referral Hospital (Busia County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

Refunds	-	-	-	-	-	
<b>Total Operational Expenditure paid</b>	<b>69,117,621</b>	<b>5,060,916</b>	<b>74,178,537</b>	<b>52,374,299</b>	<b>21,804,238</b>	71%
<b>Capital Expenditure paid</b>	<b>1,400,605</b>	<b>(950,000)</b>	<b>450,605</b>	<b>357,350</b>	<b>357,350</b>	79%
<b>Surplus</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>52,572,536</b>	<b>(52,836,631)</b>	

**Budget Reconciliation**

Description of Particulars	Amount in Kshs
Actual Surplus amounts as per the statement of Budget	52,572,536
Pending SHA Reimbursement	(14,193,411)
Waivers and Exemptions	(649,527)
Opening Bank Balance – Expenditure Account	814
Closing Cash and Cash Equivalent as per the statement of Cash flows	37,730,412

**Budget Notes**

Description of Particulars	Amount in Kshs
Higher than projected medical service revenue due to increased patient volumes as a result of improved medical services since initiation of FIF	30,675,043
Unutilized operational budget from efficiency savings in medical supplies procurement and general expenses.	40,315,613
Locum staff i.e. medical officers, nurses and clinical officers had not been budgeted for however, the need for additional staff to bridge the staff gap was due to inability of the County to employ staff because of budget constraints.	(1,238,950)
After enactment of FIF Act 2024 in October 2024, it was necessary to have more board meetings and engagements to implement FIF Act smoothly.	(216,076)
During the year under audit, various medical equipment including X-ray machines, Renal machines, Oxygen plant were repaired to enable their smooth running.	(1,922,828)
This was not initially budgeted for but introduced in the FIF Act 2024, as 30% cost for Primary Health care activities	(19,039,024)

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

### **1. General Information**

- ❖ Busia County Referral hospital is established by and derives its authority and accountability from The Busia County Health Facilities Improvement Financing Act, 2024. The hospital is wholly owned by the Busia County Government and is domiciled in Busia County in Kenya. The hospital's principal activity is to offer curative, rehabilitative and prevention services.

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

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant, and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the 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 Notes. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *hospital*. The financial statements have been prepared in accordance with the PFM Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

**3. Adoption of New and Revised Standards**

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

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

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

<b>Standard</b>	<b>Effective date and impact:</b>
IPSAS 43	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the Hospital.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><b>The standard does not have any impact on the Hospital</b></p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><b>The standard does not have any impact on the Hospital</b></p>
IPSAS 45- Property Plant and Equipment	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously</p>

Standard	Effective date and Impact:
	<p>excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p><b>The standard does not have any impact on the Hospital</b></p>
<p>IPSAS 46 Measurement</p>	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ol> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><b>The standard does not have any impact on the Hospital</b></p>
<p>IPSAS 47- Revenue</p>	<p><b>Applicable 1<sup>st</sup> January 2026</b></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that the hospital 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><b>The standard does not have any impact on the Hospital</b></p>

Standard	Effective date and impact:
<p>IPSAS 48- Transfer Expenses</p>	<p><b>Applicable 1<sup>st</sup> January 2026</b></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and 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><b>The standard does not have any impact on the Hospital</b></p>
<p>IPSAS 49- Retirement Benefit Plans</p>	<p><b>Applicable 1<sup>st</sup> January 2026</b></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p><b>The standard does not have any impact on the Hospital</b></p>
<p>IPSAS 50: Exploration For &amp; Evaluation of Mineral Resources</p>	<p><b>Applicable 1<sup>st</sup> January 2027</b></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> <li>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li> <li>ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.</li> <li>iii. Disclosures that identify and explain the amounts in the hospital's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.</li> </ul> <p><b>The standard does not have any impact on the Hospital</b></p>

**iii) Early adoption of standards**

The Hospital 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 hospital 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 hospital.

**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.

*Notes to the Financial Statements (Continued)*

**b. Budget information**

The original budget for FY 2024-2025 was approved by the County Assembly on 11<sup>th</sup> November 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the hospital upon receiving the respective approvals in order to conclude the final budget. Accordingly, the hospital recorded additional appropriations of **4,110,916** 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 classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts, and the actuals as per the statement of financial performance has been presented on page under section of these financial statements.

**c. Taxes**

**Sales tax/ Value Added Tax**

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

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

*Notes to the Financial Statements (Continued)*

**d. Investment property**

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

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of 5 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 hospital 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.

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

**i. Research and development costs**

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

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

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

**j. Financial instruments**

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

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

**Financial assets**

**Classification of financial assets**

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the

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

#### **Subsequent measurement**

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

#### **Amortized cost**

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

#### **Fair value through net assets/ equity**

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

Interest income from these financial assets is included in finance income using the effective interest rate method.

**Fair value through surplus or deficit**

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

**Trade and other receivables**

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

**Impairment**

The hospital 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 hospital recognizes a loss allowance for such losses at each reporting date. No critical estimates and significant judgments were made by management in determining the expected credit loss (ECL)

## **Financial liabilities**

### **Classification**

The hospital 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 Hospital.

### **l. Provisions**

Provisions are recognized when the Hospital 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 Hospital expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

*Notes to the Financial Statements (Continued)*

**m. Social Benefits**

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The hospital 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 hospital will incur in fulfilling the present obligations represented by the liability.

**n. Contingent liabilities**

The Hospital 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 Hospital 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 Hospital 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 hospital does not create and maintain reserves in terms of specific requirements.

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

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

*Notes to the Financial Statements (Continued)*

**r. Employee benefits**

**Retirement benefit plans**

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

**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 Hospital regards a related party as a person or a hospital with the ability to exert control individually or jointly, or to exercise significant influence over the Hospital, 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 Hospital 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 Hospital 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 *Hospital* also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**w. Cash and cash equivalents**

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

**x. Comparative figures**

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

**y. Subsequent events**

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

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

The preparation of the Hospital'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 Hospital 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 Hospital. 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 Hospital.
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- The nature of the processes in which the asset is deployed.
- Availability of funding to replace the asset.
- Changes in the market in relation to the asset.

### **Provisions**

Provisions were not raised and management did not determine an estimate based on the information available. Additional disclosure of these estimates of provisions were not included. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

**Notes to Financial Statements Continued**

**6. Transfers from the County Government**

Description	2024-2025	2023-2024
	KShs	KShs
<b>Unconditional grants</b>		
Operational grant	469,794	-
Level 4/5 grants	-	-
Unconditional development grants	-	-
Other grants ( <i>specify</i> )	-	-
	-	-
<b>Conditional grants</b>		
User fee forgone	-	-
Transforming health services for Universal care project (THUCP)	-	-
DANIDA	-	-
Wards Development grant	-	-
Paediatric block grant	-	-
Administration block grant	-	-
Laboratory grant	-	-
<b>Total government grants and subsidies</b>	<b>469,794</b>	<b>-</b>

**6 b Transfers from The County Government**

Name of the Hospital sending the grant	Amount recognized in Statement of financial performance KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year KShs	Comparative Period KShs
			KShs		
Busia County Government	469,794	-	-	469,794	-
<b>Total</b>	<b>469,794</b>	<b>-</b>	<b>-</b>	<b>469,794</b>	<b>-</b>

Notes to Financial Statements Continued

7. In Kind Contributions from The County Government

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

8. Grants from Donors and Development Partners

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

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

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

**Notes to Financial Statements Continued**

**9. Transfers from Other Government Entities**

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

**10. Public Contributions and Donations**

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

**10 (a) Reconciliations of amortised grants**

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

Notes to Financial Statements Continued

11. Rendering of Services-Medical Service Income

Description	2024-2025	2023-2024
	Kshs	Kshs
Pharmaceuticals	9,824,994	-
Non-Pharmaceuticals	14,918,374	-
Laboratory	20,248,766	-
Radiology	19,239,767	-
Orthopaedic and Trauma Technology	903,230	-
Theatre	5,264,469	-
Accident and Emergency Service	224,766	-
Anaesthesia Service	-	-
Ear Nose and Throat service	48,819	-
Nutrition service	8,118,164	-
Cancer centre service	-	-
Dental services	848,030	-
Reproductive health	104,026	-
Paediatrics services	3,114,084	-
Mortuary	2,195,050	-
Eye Services	1,351,424	-
Special Clinics - GOPC, POPC, MOPC, DOPC, SOPC	1,975,080	-
Physiotherapy	1,560,698	-
Occupational Therapy	51,709	-
Others - ANC, Chest Clinic, Research fees, PHO etc	-	-
	-	-
	-	-
Ambulance services	-	-
Waivers and Exemptions	649,527	-
SHA	14,193,411	-
Other medical services income	-	-
<b>Total revenue from the rendering of services</b>	<b>104,834,391</b>	<b>-</b>

**Statement of Cashflows Adjusted**

Revenue during the year	104,834,391	-
<b>Less Receivables</b>		
Waivers and Exemptions	649,527	-
Pending SHA claims	14,193,411	-
<b>Charge for the year</b>	<b>89,991,453</b>	<b>-</b>

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

**12. Revenue from Rent of Facilities**

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

**13. Finance /Interest Income**

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

**14. Miscellaneous Income**

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

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

**15. Medical/ Clinical Costs**

Description	2024-2024	2023-2024
	Kshs	Kshs
Dental costs/ materials	101,900	-
Laboratory chemicals and reagents	3,024,101	-
Public health activities	-	-
Food and Ration	7,044,507	-
Uniform, clothing, and linen	274,800	-
Dressing and Non-Pharmaceuticals	3,836,369	-
Pharmaceutical supplies	4,030,902	-
Health information stationery	-	-
Reproductive health materials	-	-
Sanitary and cleansing Materials	543,300	-
Purchase of Medical gases	169,700	-
X-Ray/Radiology supplies	1,053,182	-
<b>Total medical/ clinical costs</b>	<b>20,078,761</b>	<b>-</b>

**15 (a)**

<b>Statement of Financial Performance Adjusted</b>		
Purchases during the year	20,078,761	-
Less Closing Inventory	114,770	-
Charge for the year	<b>19,963,991</b>	<b>-</b>

**15 (b)**

<b>Statement of Cashflows Adjusted</b>		
Purchases during the year	20,078,761	-
Less Payables	696,414	-
Charge for the year	<b>19,382,347</b>	<b>-</b>

**16. Employee Costs**

Description	2024-2025	2023-2024
	Kshs	Kshs
Salaries, wages, and allowances	1,238,950	-
Contributions to pension schemes	-	-
Service gratuity	-	-
Performance and other bonuses	-	-
Staff medical expenses and Insurance cover	-	-
Group personal accident insurance and WIBA	-	-
Social contribution	-	-
Other employee costs ( <i>specify</i> )	-	-
<b>Employee costs</b>	<b>1,238,950</b>	<b>-</b>

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

**17. Board of Management Expenses**

Description	2024-2025	2023-2024
	Kshs	Kshs
Chairman's Honoraria	-	-
Sitting allowance	769,350	-
Mileage	-	-
Insurance expenses	-	-
Induction and training	-	-
Travel and accommodation allowance	-	-
Airtime allowances	-	-
<b>Total</b>	<b>769,350</b>	<b>-</b>

**18. Depreciation and Amortization Expense**

Description	2024-2025	2023-2024
	Kshs	Kshs
Property, plant and equipment	90,169	-
Intangible assets	-	-
Investment property carried at cost	-	-
<b>Total depreciation and amortization</b>	<b>90169</b>	<b>-</b>

**19. Repairs and Maintenance**

Description	2024-2025	2023-2024
	Kshs	Kshs
Property- Buildings	1,299,111	-
Medical equipment	428,040	-
Office equipment	56,450	-
Furniture and fittings	37,342	-
Computers and accessories	147,450	-
Motor vehicle expenses	336,670	-
Maintenance of Plant and Machinery	288,550	-
<b>Total repairs and maintenance</b>	<b>2,593,613</b>	<b>-</b>

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

**20. Grants and Subsidies**

Description	2024-2025	2023-2024
	Kshs	Kshs
Community development and social work	-	-
Education initiatives and programs	-	-
Free/ subsidised medical camp	-	-
Disability programs	-	-
Free cancer screening	-	-
Social benefit expenses	-	-
Other grants and subsidies (PHC Activities)	25,545,138	-
<b>Total grants and subsidies</b>	<b>25,545,138</b>	<b>-</b>

<b>Grants Payables</b>		
PHC Activities	6,506,114	-
<b>Charge for the Year</b>	<b>19,039,024</b>	<b>-</b>

**21. General Expenses**

Description	2024-2025	2023-2024
	Kshs	Kshs
Advertising and publicity expenses	167,095	-
Catering expenses	1,061,381	-
Waste management expenses	-	-
Insecticides and rodenticides	-	-
Audit fees	-	-
Bank charges	46,078	-
Conferences and delegations	-	-
Consultancy fees	-	-
Contracted services	1,184,000	-
Electricity expenses	1,200,000	-
Fuel and Lubricants	2,526,492	-
Other fuels - Charcoal	783,950	-
Research and development expenses	-	-
Travel and accommodation allowance	300,300	-
Legal expenses	-	-
Licenses and permits	-	-
Internet, Courier and postal services	102,425	-
Printing and stationery	148,400	-
Office supplies	29,217	-
Rent expenses	-	-

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Water and sewerage costs	1,500,000	-
Outreaches - Blood drive	25,000	-
Telephone and mobile phone services	293,500	-
Mama Care	1,094,908	-
Staff training and development	-	-
Subscriptions to professional bodies	483,985	-
Subscriptions to newspapers periodical, magazines, and gazette notices	-	-
Stationary	999,192	-
<b>Total General Expenses</b>	<b>11,945,923</b>	<b>-</b>

<b>Statement of Cashflows Adjusted</b>		
Expenditure during the year	11,945,923	-
<b>Less Payables</b>	-	-
Mama Care	1,094,908	-
Water and sewerage costs	1,500,000	-
Charge for the year	<b>9,351,015</b>	<b>-</b>

**22. Finance Costs**

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

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

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

**24. Unrealized Gain on Fair Value Investments**

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

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

**25. Medical Services Contracts Gains /Losses**

Description	2024-2025	2023-2024
	KShs	KShs
Comprehensive care contracts with NHIF/SHA	-	-
Non- Comprehensive contracts care with NHIF/SHA	-	-
Linda Mama Program	-	-
Waivers and Exemptions	649,527	-
<b>Total Gain/Loss</b>	<b>649,527</b>	<b>-</b>

**26. Impairment Loss**

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

**27. Cash and Cash Equivalents**

Description	2024-2025	2023-2024
	KShs	KShs
Current accounts	37,715,008	-
On - call deposits	-	-
Fixed deposits accounts	-	-
Cash in hand	15,403	-
Others(specify)- Mobile money	-	-
<b>Total cash and cash equivalents</b>	<b>37,730,412</b>	<b>-</b>

Notes to the Financial Statements (Continued)

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

Description		2024-2025	2023-2024
Financial institution	Account number	KShs	KShs
<b>a) Current account</b>			
Kenya Commercial bank	1263843859	3,306,287	-
National Bank of Kenya	01001036712400	34,408,722	-
<b>Sub- total</b>		<b>37,715,009</b>	-
<b>b) On - call deposits</b>			
Kenya Commercial bank		-	-
Equity Bank – etc.		-	-
<b>Sub- total</b>		-	-
<b>c) Fixed deposits account</b>			
Bank Name		-	-
<b>Sub- total</b>		-	-
<b>d) Others(specify)</b>			
Cash in hand		15,403	-
Mobile money- Mpesa, Airtel money		-	-
<b>Sub- total</b>		-	-
<b>Grand total</b>		<b>37,730,412</b>	-

28. Prepayments

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

**29. Receivables from Exchange Transactions**

Description	2024-2025	2023-2024
	KShs	KShs
Medical services receivables	14,193,411	-
Rent receivables	-	-
Other exchange debtors	-	-
Less: impairment allowance	-	(-)
<b>Total receivables</b>	<b>14,193,411</b>	<b>-</b>

**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	14,193,411	%	-	%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total (a+b)</b>	<b>14,193,411</b>	<b>%</b>	<b>-</b>	<b>%</b>

**30. Receivables from Non-Exchange Transactions**

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

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

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

**31. Inventories**

Description	2024-2025	2023-2024
	KShs	KShs
Pharmaceutical supplies	-	-
Maintenance supplies	-	-
Food supplies	114,770	-
Linen and clothing supplies	-	-
Cleaning materials supplies	-	-
General supplies	-	-
Less: provision for impairment of stocks	-	(-)
<b>Total</b>	<b>114,770</b>	-

**Detailed disclosure on inventories**

	2024-2025	2023-2024
Opening balance	-	-
Additional Inventory in the year	114,770	-
Inventory expensed in the year	-	-
Write-downs in the year	-	-
Others specify	-	-
Closing balance	<b>114,770</b>	-

*Busia County Referral Hospital (Busia County Government)*  
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*Notes to the Financial Statements (Continued)*

**32. Property, Plant and Equipment**

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (specify)	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh	Ksh
<b>Cost</b>									
At 1 July 2024 (previous year)	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-	-	-	-
<b>At 30<sup>th</sup> Jun 2025</b>	-	-	-	-	-	-	-	-	-
At 1 July 2025 (current year)	-	-	-	-	-	-	-	-	-
Additions	-	-	-	97,350	260,000	-	-	-	<b>357,350</b>
Disposals	-	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-	-	-	-
<b>At 30<sup>th</sup> Jun 2025</b>	-	-	-	<b>97,350</b>	<b>260,000</b>	-	-	-	<b>357,350</b>
<b>Depreciation and impairment</b>									

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Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (specify)	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh	Ksh
At 1 July 2024 (previous year)	-	-	-	-	-	-	-	-	-
Depreciation for the year	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-
<b>At 30 June 2025</b>	-	-	-	-	-	-	-	-	-
At July 2025 (current year)	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	12,169	78,000	-	-	-	<b>90,169</b>
Disposals	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-	-	-	-	-
<b>At 30<sup>th</sup> June 2025</b>	-	-	-	<b>12,169</b>	<b>78,000</b>	-	-	-	<b>90,169</b>
<b>Net book values</b>									
At 30 <sup>th</sup> Jun 2024 (previous)	-	-	-	-	-	-	-	-	-
At 30 <sup>th</sup> Jun 2025 (current)	-	-	-	<b>85,181</b>	<b>182,000</b>	-	-	-	<b>267,181</b>

**Equipment - Depreciation**

Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on the straight-line basis to write down the cost of each asset, to its residual value over its estimated useful life using the following annual rates:

	<u>Rate %</u>
Furniture and equipment	13
Computers, laptops and copiers	30

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Notes to the Financial Statements (Continued)

**33. Intangible Assets-Software**

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

**34. Investment Property**

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

**Busia County Referral Hospital (Busia County Government)**  
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**Notes to the Financial Statements (Continued)**

**35. Biological Assets**

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

**36. Trade and other Payables**

Description	2024-2025		2023-2024	
	KShs		KShs	
Trade payables	9,797,436		-	
Employee dues	-		-	
Third-party payments (e.g. unremitted payroll deductions)	-		-	
Audit fee	-		-	
Doctors' fee	-		-	
<b>Total trade and other payables</b>	<b>9,797,436</b>		<b>-</b>	
<b>Ageing analysis:</b>	<b>2025</b>	<b>% of the Total</b>	<b>2024</b>	<b>% of the total</b>
Under one year	9,797,436	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total</b>	<b>9,797,436</b>	<b>%</b>	<b>-</b>	<b>%</b>

**Payables**

Name	Item	Invoice No	Amount
KEMSA	Supply of Pharmaceuticals	KEMSA-AR-22035-24/25	106,500
KEMSA	Supply of Pharmaceuticals	KEMSA-AR-21887-24/25	589,914
Towpell Kenya Ltd	Supply of Non-Pharmaceuticals	054	399,608

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Burnly Investments Limited	Repairs and Maintenance	191	695,300
Buwasco	Water & Sewerage	Bill	1,500,000
CHMT	30% PHC Activities transfer	Transfer	6,506,114
<b>Total</b>			<b>9,797,436</b>

**37. Refundable Deposits from Customers/Patients**

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

**38. Provisions**

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

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

**39. Finance Lease Obligation**

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

**40. Deferred Income**

Description	2024-2025	2023-2024
	KShs	KShs
Current Portion	-	-
Non-Current Portion	-	-
<b>Total</b>	-	-

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

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

**41. Borrowings**

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

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

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

Description	2024-2025	2023-2024
	KShs	KShs
Current Obligation	-	-
Non-Current Obligation	-	-
<b>Total</b>	-	-

**42. Service Concession Arrangements**

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

**43. Cash Generated from Operations**

Description	2024-2025	2023-2024
	KShs	KShs
Surplus for the year before tax	<b>42,507,524</b>	-
<b>Adjusted for:</b>		
Depreciation	<b>90,169</b>	-
Non-cash grants received	-	(-)
Impairment	-	-
Gains and losses on disposal of assets	-	(-)
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
<b>Working Capital adjustments</b>		
Increase in inventory	(114,770)	(-)
Increase in receivables	(14,193,411)	(-)
Increase in deferred income	-	-
Increase in payables	9,797,436	-
Increase in payments received in advance	-	-
<b>Net cash flow from operating activities</b>	<b>38,086,948</b>	-

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

**44. Financial Risk Management**

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

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

**(i) Credit risk**

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2024 (previous year)</b>				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 30 June 2025 (current year)</b>				
Receivables from exchange transactions	14,193,411	14,193,411	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	37,730,412	37,730,412	-	-
<b>Total</b>	<b>51,923,823</b>	<b>51,923,823</b>	-	-

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

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

**(ii) Liquidity risk management**

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 20xx</b>				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 30 June 20xx</b>				
Trade payables	9,797,436	-	-	<b>9,797,436</b>
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	<b>9,797,436</b>	-	-	<b>9,797,436</b>

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

**(iii) Market risk**

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

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

**a) Foreign currency risk**

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

Description	KShs	Other currencies	Total
	Kshs		Kshs
<b>At 30 June 20xx</b>			
Financial assets (investments, cash, debtors)	-	-	-
Liabilities			
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

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

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

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

**Foreign currency sensitivity analysis**

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

Description	Change in currency rate	Effect on Profit before tax	Effect on equity
	KShs	KShs	KShs
<b>20XX (previous year)</b>			
Euro	10%	-	-
USD	10%	-	-
<b>20XX (current year)</b>			
Euro	10%	-	-
USD	10%	-	-

**b) Interest rate risk**

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

**Management of interest rate risk**

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

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

**Sensitivity analysis**

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of financial performance if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs 0 (2024: KShs 0). A rate increase/decrease of 5% would result in a decrease/increase in surplus of KShs 0 (2025 – KShs 0).

**iii) Capital Risk Management**

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

Description	2024-2025	2023-2024
	Kshs	Kshs
Revaluation reserve	-	-
Retained earnings	-	-
Capital reserve	-	-
<b>Total funds</b>	-	-
Total borrowings	-	-
Less: cash and bank balances	37,730,412	(-)
Net debt/ ( <i>excess cash and cash equivalents</i> )	(37,730,412)	-
<b>Gearing</b>	<b>-100%</b>	<b>-%</b>

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

**45. Related Party Balances**

**Nature of related party relationships**

Entities and other parties related to the hospital include those parties who have the ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates, and close family members. Busia County Government is the principal shareholder of the 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 hospital, both domestic and external. The related parties include:

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

Description	2024-2025	2023-2024
	Kshs	Kshs
<b>Transactions with related parties</b>		
<b>a) Services offered to related parties</b>		
Services to 0	-	-
Sales of services to xxx	-	-
<b>Total</b>	-	-
<b>b) Grants from the Government</b>		
Grants from County Government	469,794	-
Grants from the National Government Entities	-	-
Donations in kind	-	-
<b>Total</b>	469,794	-
<b>c) Expenses incurred on behalf of related party</b>		
Payments of salaries and wages for xxx employees	-	-
Payments for goods and services for Medical Services	469,794	-
<b>Total</b>	469,794	-
<b>d) Key management compensation</b>		

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

**46. Segment Information**

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

**47. Contingent Liabilities**

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

**48. Capital Commitments**

Capital Commitments	2024-2025	2023-2024
	Kshs	Kshs
Authorised For	-	-
Authorised and Contracted For	-	-
<b>Total</b>	-	-

**49. Events after the Reporting Period**

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

**50. Ultimate and Holding Hospital**

The hospital is a County Corporation/ or a Semi- Autonomous Government Agency under the Department of Health and sanitation. Its ultimate parent is the County Government of Busia.

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**51. Currency**

The financial statements are presented in Kenya Shillings (Ksh) 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: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
N/A				

*for J. M. O. O.*

.....  
**Accounting Officer**



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**Appendix II: Projects Implemented by the Hospital**

**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.	N/A					
2						

**Status of Projects completion**

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-Hospital Confirmation Letter**

Name of Transferring hospital.....

Name of Beneficiary hospital.....

Confirmation of amounts received by [Insert name of beneficiary Hospital] as at 30 <sup>th</sup> 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 Hospital:**  
 Name ..... Sign ..... Date .....

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