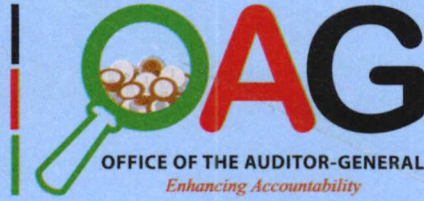


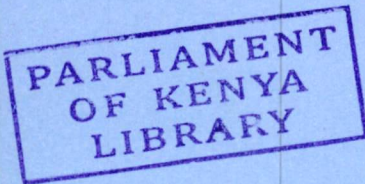
REPUBLIC OF KENYA



REPORT

OF

THE AUDITOR-GENERAL



ON

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MATAYOS SUB COUNTY HOSPITAL

FOR THE YEAR ENDED  
30 JUNE, 2025

COUNTY GOVERNMENT OF  
BUSIA

102



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# **Matayos Sub County 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
Fiduciary Management	Key management personnel who have financial responsibility in the entity.
HMT	Hospital Management Team
FIF Act	Facility Improvement Financing Act
SRC	Salary and Remuneration Commission
CHMT	County Health Management Team
SOPs	Standard Operating Procedures
SHA	Social Health Authority
KISM	Kenya Institute of Supply Management
CHVs	Community Health Volunteers
IPC	infection prevention and control
PWD	Person Living with Disability
SDG	Sustainable Development goals
NGO	Non-Governmental Organisation
CIDP	County Integrated Development Plans



**(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 period ended 30<sup>th</sup> June 2025 and who had direct fiduciary responsibility were:

SN	Designation	Name
1.	Medical Superintendent/CEO	Dr Edmond Nabuyia
2.	Head of finance	Michael Roche
3.	Head of supply chain	Allan Juma
4.	Hospital Administrator	Timothy Bosire Nyangau
5.	Head of Record	Cynthia Bahati Andeka
6.	Head of Revenue	Gago Leaky Acharry
7.	Head of Reporting	CPA Feler Orido
8.	Head of pharmaceuticals	Samuel Otieno
9.	Head of Nursing	Leah Ouma
10.	Head of Public Health	Julia Nyamoita Nyambane
11.	Head of laboratory	Jimlacks Ogunda
12.	Head of Nutrition	Purity Khamala

**(e) Fiduciary Oversight Arrangements**

- Clinical Research and Standards Committee.
- Audit committee
- Risk Committee
- County Assembly
- Other oversight committees

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

**(f) Entity Headquarters**

P.O. Box 465-5006  
 FUNYULA-KENYA

**(g) Entity Contacts**

Telephone: (+254) 731978170  
E-mail: sioporthospital@gmail.com  
Website: www.go.ke

**(h) Entity Bankers**

Kenya Commercial Bank (National bank)

**(i) Independent Auditors**

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

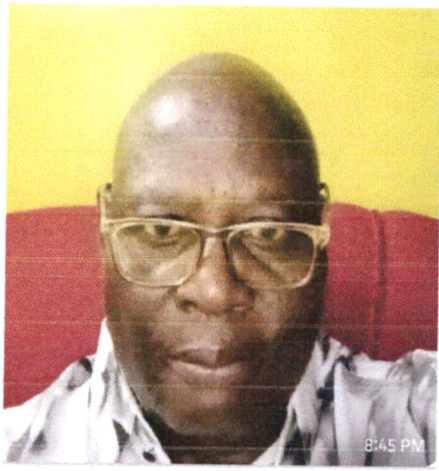

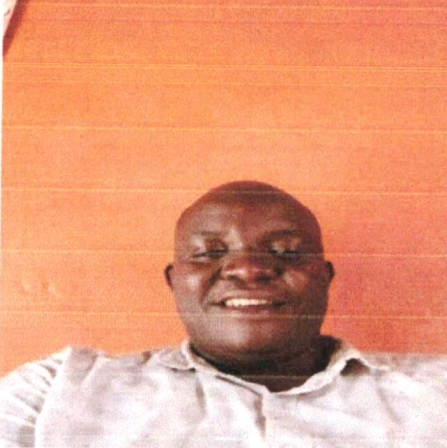
**(j) Principal Legal Adviser**

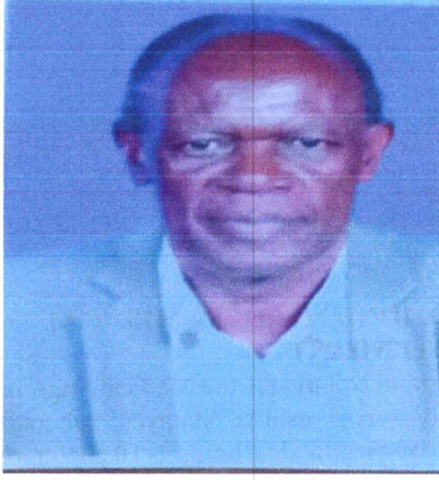


The Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya

**(k) County Attorney**



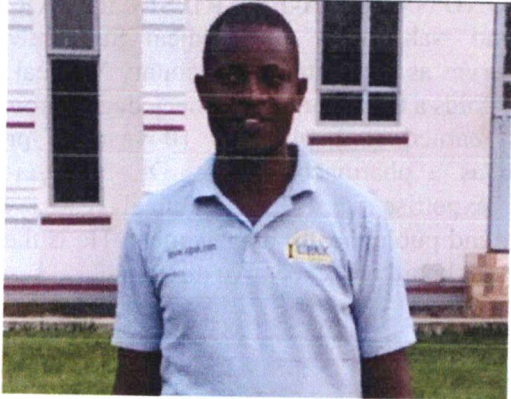
P.O. Box. Private Bag  
Busia, Kenya



**3. The Board of Management**

Ref	Directors	Details
1.		<p><b>CHRISPINUS HAMALA MANDARE- BOARD CHAIRMAN</b>                      Chrispinus Hamala Mandare is the Board Chairperson, bringing with him a wealth of experience gained over 40 years of service as a senior accountant in the civil service. A retired civil servant, he is professionally qualified with CPA Part II and is highly skilled in financial management, auditing, and governance. His extensive background in public finance and accountability provides strong leadership and oversight to the board, ensuring sound decision-making and strategic guidance.</p>
2.		<p><b>ISAAC MOSES NAYEMA-BOARD MEMBER</b>                      He holds Master in Business Administration, University of Costa Rica, 2013                      Post Graduate Diploma in strategic Management from Cambridge, 2011.</p>
3.		<p><b>ISAAC MOSES NAYEMA-BOARD MEMBER</b>                      Isaac is a 43-year-old professional currently serving as a Ward Administrator. He holds a Bachelor’s Degree in Development Studies and brings valuable experience in governance and community development.</p>



4.		<p><b>PATRICK MWAKHULO-BOARD MEMBER</b>                  He is a retired senior head teacher. Holder of a diploma in financial management. As a head teacher I served for 26years. In the community I have previously been a lay secretary in the ACK Diocese of Nambale, and board member of Busende ack parish and over ten years as chairman finance board of Busende parish.</p>
5.		<p><b>ANNA ANGAYA ODHIAMBO - BOARD MEMBER</b>                  Anna Angaya Odhiambo is a trained Laboratory Technician from Mwiwila Mission Hospital, where she began her career and served for 8 years. She later worked with CFW Clinics from 2009 to 2019, gaining over a decade of hands-on experience. With a combined 18 years in the health sector, Anna brings a wealth of expertise in laboratory safety, quality control, and laboratory management.</p>
6.		<p><b>DR EDMOND NABUYIA-BOARD SECRETARY/CEO</b>                  Dr. Edmond Nabuyia is the Medical Superintendent and currently serves as the Matayos Subcounty Medical Officer of Health. He holds a Bachelor of Pharmacy degree from Kenyatta University, earned in 2014. With 10 years of professional experience as a pharmacotherapist, Dr. Nabuyia has built extensive expertise in pharmaceutical care, healthcare leadership, and public health management. He is the secretary to the hospital board and executive director.</p>
7.		<p><b>CHRISTOPHER OMONDI- BOARD MEMBER</b></p>
8.		<p><b>PHAUSTINE OGOLLA- BOARD MEMBER</b></p>

**4. Key Management Team**

Ref	Management	Details
1.		<p><b>DR EDMOND NABUYIA-MEDICAL SUPRITENDANT</b>                      Dr. Edmond Nabuyia is the Medical Superintendent and currently serves as the Matayos Subcounty Medical Officer of Health. He holds a Bachelor of Pharmacy degree from Kenyatta University, earned in 2014. With 10 years of professional experience as a pharmacotherapist, Dr. Nabuyia has built extensive expertise in pharmaceutical care, healthcare leadership, and public health management and chairs the Hospital Management Team (HMT).</p>
2.		<p><b>TIMOTHY BOSIRE NYANGAU-HOSPITAL ADMINISTRATOR</b>                      Timothy is a seasoned Hospital Administrator with 18 years of extensive experience in healthcare management and administration. He holds a Bachelor's Degree in Administration and has dedicated his career to improving hospital operations, staff coordination, and service delivery. Over the years, Timothy has developed strong expertise in strategic planning, financial oversight, human resource management, and policy implementation within healthcare settings</p>
3.		<p><b>CPA FELER ORIDO-REOORTING UNIT</b>                      CPA Feler Orido is a seasoned accounting professional with extensive experience in public sector finance, particularly within the County Government of Busia, Kenya. He is the in charge of finance department at Sio Port Sub County Hospital. Feler Orido is a Certified Public Accountant (CPA) and a registered member of the Institute of Certified Public Accountants of Kenya (ICPAK). He holds a Master of Business Administration (MBA) in Finance from Mount Kenya University between 2017 and 2022. He also obtained his Bachelor of Commerce (Accounting option) from Technical University of Mombasa between 2012 and 2015.</p>

4.		<p><b>CYNTHIA BAHATI ANDEKA –HEALTH RECORDS OFFICER</b> Diploma in Health Records and Information Technology Mount Kenya University. Graduated in 2015. Started working in 2012 with certificate in Health Records from KMTC. Years of working experience 14 years</p>
5.		<p><b>GAGO LEAKY ACHARRY.-REVENUE OFFICER</b> He attained a Diploma in Supplies Management at Rongo University College in the year 2010. Five years of experience in Revenue Collection in which this is my second year in Supervisory role having been in charge Revenue Collection in Water Department and Business Licencing before being transferred to Health Department</p>
6.		<p><b>SAMUEL OTIENO PHARMACEUTICAL TECHNOLOGIST</b> Samuel is a qualified Pharmaceutical Technologist, having earned a Diploma in Pharmaceutical Technology from Rift Valley Technical Training Institute, Eldoret, in 2012. With 13 years of professional experience, he has developed strong expertise in dispensing, drug management, patient counseling, and pharmaceutical care. Samuel has worked across different healthcare settings, ensuring safe, effective, and ethical use of medicines. His long-standing commitment to quality health</p>

7.		<p><b>LEAH OUMA. NURSING OFFICER</b> Leah Ouma is the Nursing Officer In-Charge, qualified as a Kenya Registered Community Health Nurse. She trained at St. Elizabeth School of Nursing, Mukumu, and graduated in 2010. With over a decade of experience in nursing practice and healthcare leadership, Leah has developed strong skills in patient care, community health, and clinical supervision. She is dedicated to promoting quality healthcare services, coordinating nursing teams, and ensuring effective delivery of patient-centered care.</p>
8.		<p><b>ALLAN JUMA- PROCUREMENT OFFICER</b> He holds a Bachelor of Science degree in Supply Chain Management from Africa Nazarene University, where they graduated in 2016. With a solid foundation in procurement, logistics, inventory control, and contract management, [has developed strong expertise in ensuring efficient and cost-effective supply chain operations.</p>
9.		<p><b>JULIA NYAMOITA NYAMBANE. HOSPITAL PUBLIC HEALTH OFFICER</b> She Joined moi nyabohanse girls in 1991,I did my KCSE in 1994. She then joined Kenya Medical Training College in 1997 Sep and graduated in 1999 from kisumu kmtc as a public health Technician 2016 I joined Karuri Kmtc I did my diploma in Environmental health sciences and I graduated in 2017 December.</p>

10.		<p><b>JIMLACKS OGONDA-LABORATORY</b>                  Jimlacks Ogonda is the Laboratory In-Charge, holding a Bachelor of Science degree in Medical Laboratory Sciences from Masinde Muliro University of Science and Technology, where he graduated in 2023. He brings with him 10 years of practical experience in medical laboratory practice, with expertise in diagnostics, laboratory safety, and quality assurance.</p>
11.		<p><b>PURITY KHAMALA-NUTRITIONIST IN-CHARGE,</b>                  She holds a Diploma in Community Nutrition from Great Lakes University of Kisumu, earned in 2015. She has 8 years of professional experience in nutrition and dietetics, with expertise in dietary assessment, meal planning, therapeutic nutrition, and community-based nutrition programs. Purity is passionate about promoting healthy lifestyles, preventing malnutrition, and supporting patient recovery through proper diet and nutrition management.</p>
12.		<p><b>MICHAEL ROCHE-FACILITY ACCOUNTANT</b></p>

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

During the year under review, the hospital made significant strides across its three strategic pillars: Curative Health Services, Preventive and Promotive Health Services, and Universal Health Coverage (UHC). Our outpatient, inpatient, maternity, dental, and laboratory services registered notable growth, generating Kshs 4,164,726 in medical service income. Under the SHA/UHC programme, subsidized healthcare services reached a wider segment of the community, reducing out-of-pocket costs for many households.

Several critical infrastructure projects progressed well:

- Operationalization of X-Ray Services – civil works ongoing, with equipment installation set for after completion.
- Development of a Surgical Theatre – structure completed and already in operational for FY 2024/2025.

Preventive and Promotive health activities remained central to our mission. Public health campaigns, medical outreach camps, distribution of sanitary and reproductive health products, and environmental health interventions benefitted thousands in our catchment area.

### **Challenges**

Despite these achievements, the hospital continued to face systemic challenges:

- Inadequate infrastructure and equipment in some departments delayed service expansion.
- Human resource gaps in specialized cadres constrained optimal utilization of new facilities.
- Inconsistent drug and medical supply chains, requiring increased reliance on Facility Improvement Financing (FIF) procurement.
- Funding limitations, which slowed the pace of some development projects.

The Board worked closely with the County Department of Health to mitigate these issues through resource mobilization, strategic partnerships, and prudent financial management.

### **Future Outlook**

Looking ahead to FY 2025/2026, the hospital will prioritize:

- Full operationalization of the surgical theatre, oxygen plant, and X-ray department.
- Enhanced staffing through county support and targeted recruitment.
- Improved service efficiency by expanding digital health systems and strengthening performance-based budgeting.
- Sustained community engagement to promote preventive health measures and uptake of UHC services.
- Completion of ongoing infrastructure projects to meet growing patient demand.

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

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The Board remains committed to steering Matayos Sub County Hospital towards becoming a resilient, responsive, and regionally competitive healthcare facility. Our success will continue to depend on collaborative partnerships, staff dedication, and active community participation.

On behalf of the Board of Management, I extend my sincere appreciation to the County Government of Busia, our partners, stakeholders, and the dedicated hospital staff for their unwavering support in advancing our mission. Together, we shall continue to improve health outcomes and enhance the quality of life for the people of Matayos Sub-County.



.....  
**Chrispinus Hamala Mandare**  
**Chairman to the Board**

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

It is with great pleasure that I present this report on the operations and performance of Matayos Sub County Hospital for the financial year ended 30th June 2025. This period has been one of significant progress, marked by strategic advancements in service delivery, infrastructure development, and community engagement, all aimed at fulfilling our mission to provide quality, accessible, and patient-centered healthcare to the people of Matayos and beyond.

As the Medical Superintendent and Secretary to the Board of Management, I am proud to report that the hospital has continued to demonstrate resilience, innovation, and commitment to excellence despite facing several systemic and operational challenges.

### **Operational Performance and Service Delivery**

During the financial year 2024/2025, the hospital recorded notable achievements across its three strategic pillars: Curative Health Services, Preventive and Promotive Health Services, and Universal Health Coverage (UHC).

#### **Curative Services**

- The hospital generated a total of Kshs 4,164,726 in medical service income, reflecting strong performance across outpatient, inpatient, maternity, laboratory, and dental services.
- A total of Kshs 442,000 worth of pharmaceuticals and Kshs 230,000 in non-pharmaceutical supplies were issued, ensuring uninterrupted clinical care.
- Laboratory services conducted tests worth Kshs 153,170, supporting accurate diagnostics and treatment plans.

#### **Preventive and Promotive Health**

- Public health campaigns, medical outreach, and community sensitization programs were conducted, focusing on hygiene, family planning, immunization, and disease prevention.
- Distribution of reproductive health and sanitary products, along with environmental health interventions, benefited thousands of residents.
- Insecticides and rodenticides worth Kshs 5,000 were procured to maintain a safe and hygienic environment.

#### **Universal Health Coverage (UHC)**

- Under the Social Health Authority (SHA) program, the hospital served a broad segment of the community with subsidized services, generating Kshs 3,644,711 in revenue.
- Kshs 201,900 was allocated to grants and subsidies, including free maternal care and support for vulnerable groups, enhancing equity in healthcare access.

### Infrastructure and Capital Projects

Significant strides were made in upgrading and expanding the hospital's infrastructure to meet growing patient demands and improve service quality:

- Surgical Theatre: Completed and operationalized, enabling minor and elective surgeries. This was supported by the Kenya Devolution Support Programme.
- Radiology Department: Structural works commenced, with plans to install X-ray equipment to enhance diagnostic capabilities.
- Female Wards: Completed and operational, addressing congestion and improving patient privacy and dignity.
- Water Project: Ongoing construction to ensure a reliable water supply critical for infection prevention and overall hospital functionality.

These projects are testament to the commitment of the County Government of Busia and development partners in supporting the hospital's growth and sustainability.

### Challenges Encountered

Despite these achievements, the hospital continued to face several challenges:

- Human Resource Gaps: Shortages in specialized cadres limited optimal utilization of new facilities.
- Drug and Supply Chain Inconsistencies: Delays in county deliveries necessitated increased reliance on Facility Improvement Financing (FIF) funds.
- Infrastructure Limitations: Incomplete projects and space constraints delayed full operationalization of some services.
- Funding Constraints: Limited financial resources slowed the pace of development and service expansion.

The hospital management, in collaboration with the Board and County Health Department, has been proactive in addressing these issues through resource mobilization, staff training, and strategic planning.

### Financial Overview

The hospital maintained a strong financial position during the year:

- Total revenue: Kshs 4,164,726
- Total expenditure: Kshs 2,307,396

Prudent financial management, efficient resource utilization, and strict adherence to budgetary controls contributed to this positive outcome. The hospital also maintained zero statutory arrears and complied fully with all relevant financial regulations.

### **Governance and Compliance**

The hospital adhered to all statutory requirements, including the Public Finance Management Act, Public Procurement and Asset Disposal Act, and Occupational Safety and Health Act. The Board of Management provided strong oversight, and internal controls were strengthened to ensure accountability and transparency.

Regular audits, risk assessments, and performance reviews were conducted to maintain high standards of governance and operational efficiency.

### **Acknowledgments**

I extend my sincere gratitude to:


- The Board of Management for their unwavering guidance and support.
- The County Government of Busia, particularly the Department of Health, for their continued partnership and resource allocation.
- Development partners, including the Kenya Devolution Support Programme, for their invaluable contributions.
- The dedicated staff of Matayos Sub County Hospital, whose commitment and professionalism remain the backbone of our success.
- The community of Matayos for their trust and cooperation.

### **Future Outlook**

Looking ahead to the 2025/2026 financial year, the hospital will focus on:

- Full operationalization of the surgical theatre, radiology department, and oxygen plant.
- Strengthening human resources through recruitment and training.
- Enhancing digital health systems and performance-based budgeting.
- Expanding community outreach and preventive health programs.
- Completing ongoing infrastructure projects to improve service capacity and quality.

We remain committed to transforming Matayos Sub County Hospital into a resilient, responsive, and regionally competitive healthcare facility.

  
.....  
**Dr Edmond Nabuyia**  
**Secretary to the Board**

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

Matayos sub county hospital has 3 strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2024- FY 2025. These strategic pillars/ themes/ issues are as follows:

- Curative Health Services
- Preventive and Promotive Health Services
- Universal Health Coverage (UHC)

Matayos sub county hospital develops its annual work plans based on the above 3 pillars/Themes/Issues. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. Matayos sub county hospital achieved its performance targets set for the FY 2024/2025 period for its 3 strategic pillars, as indicated in the diagram below:

<b>Strategic Pillar/Theme/Issues</b>	<b>Objective</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
Curative Health Services	Deliver comprehensive and timely clinical services	Total revenue from services - Number of patients served - Range of services offered	- Provision of outpatient, inpatient, maternity, laboratory, and dental services - Diagnostic support services - Drug and non-drug supply	- Kshs 4,164,726 generated from medical services - Provided maternity care worth Kshs 3980. - Conducted 153,170 worth of laboratory tests - Issued pharmaceuticals valued at Kshs 442,000 and non-pharmaceuticals at Kshs 230,000
Preventive and Promotive Health Services	Promote community health and prevent disease outbreaks	- Number of community health interventions - Health education reach - Sanitation and	- Public health inspections - Disease surveillance and investigation - Distribution of reproductive and	- free maternal health care (Kshs 36,400) - Reproductive and sanitary items distributed - Insecticides

		surveillance activities	sanitary materials - Provision of health information and preventive kits	and rodenticides procured worth Kshs 5,000 - Regular environmental and public health campaigns conducted under the Public Health Department
Universal Health Coverage (UHC)	Enhance access, affordability, and equity in healthcare services	- Utilization of SHA program - Free/subsidized service beneficiaries - SHA uptake and community awareness	- Coordination of SHA services - Engagement of special interest groups - Health education and SHA promotion - Financial subsidies to indigents	- Revenue of Kshs 3,644,711 earned from SHA (government-subsidized healthcare) - Kshs 201,900 spent on grants and subsidies including education, social welfare, and support to indigent groups - Enhanced uptake of SHA in community through outreach and sensitization campaigns

**Link to Performance Contracts**

The performance indicators in each strategic pillar were integrated into departmental work plans and tracked through internal reporting systems. The CEO signed annual performance contracts tied with the chief officer to measurable targets such as revenue generation, patient satisfaction, clinical efficiency, and outreach coverage.

Management held quarterly performance review meetings to track progress, identify bottlenecks, and adapt plans as necessary. Reports were presented to the Hospital Board, ensuring accountability and continuous improvement in service delivery.

**Key Challenges and Mitigation**

<b>Challenge</b>	<b>Mitigation Measures</b>
Inadequate infrastructure for expanded services	Submitted funding proposals for facility upgrades
Limited in-kind contributions from the County	Maximized internally generated revenue (IGR) through efficient service delivery
Human resource gaps in technical cadres	Collaboration with the County Department of Health for staffing support

**8. Corporate Governance Statement**

Matayos Sub County Hospital is committed to promoting effective, accountable, and transparent leadership guided by the principles of good corporate governance as enshrined in the Constitution of Kenya, the Public Finance Management (PFM) Act, 2012, and the Mwongozo Code of Governance for State Corporations. The governance framework of the hospital provides for the efficient oversight of institutional strategy, risk management, ethics, and stakeholder engagement, while upholding public sector values and accountability.

**i. Appointment and Composition of the Board**

The Board of Management of Matayos Sub County Hospital is constituted in accordance with Section 9 of the Public Health Act Cap 242 and operationalized through gazettelement by the County Executive Committee (CEC) for Health. Board members are appointed based on professional expertise, gender equity, regional representation, and inclusion of special interest groups. As at 30th June 2025, the Board comprised:

8 Independent Board Members, including representatives of women, youth, and PWDs

1 Ex-Officio Member (Medical Superintendent/Secretary to the Board)

The Board Charter adopted at the start of the financial year defines the responsibilities, powers, and code of conduct of members. Board members serve a three-year renewable term, and removal is conducted in accordance with relevant county policies and governance laws.

## **ii. Roles and Functions of the Board**

The Board is responsible for:

- Approving strategic plans and performance targets
- Providing policy and fiduciary oversight
- Monitoring risk, compliance, and internal controls
- Overseeing financial planning and budgeting
- Evaluating performance of the management and the hospital as a whole

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**

Newly appointed members undergo an induction program facilitated by the County Department of Health and hospital leadership. The Board further supports continuous professional development through exposure to governance forums, health sector briefings, and capacity-building workshops where budget permits.

## **iv. Board and Members' Performance**

Board performance is reviewed annually against a scorecard that assesses attendance, strategic input, financial oversight, and contribution to hospital development. All members participated in at least one governance review during the reporting period. The Board Chair provided quarterly updates to the County Health Management Team (CHMT) on institutional progress and challenges.

**v. Board Meetings and Attendance**

In the 2024/2025 financial year, the Board convened four ordinary meetings and one special session. Members achieved a 100% attendance rate. All meetings were minuted, and decisions followed structured procedures in compliance with the Board Charter and Standing Orders.

**vi. Succession Planning**

Succession is guided by County Public Service policies and the Leadership and Integrity Act, 2012, which promote continuity and institutional memory. The hospital maintains an internal talent pipeline for critical roles and works closely with the County Health Department to ensure timely replacement of retiring or transitioning Board members.

**vii. Conflict of Interest Policy**

All Board members are required to declare personal and financial interests before engaging in deliberations as per Section 16 of the Leadership and Integrity Act, 2012. A conflict of interest register is maintained, and any member with a conflict recuses themselves from voting or participating in affected agenda items.

**viii. Board Remuneration**

Board remuneration is governed by the Salaries and Remuneration Commission (SRC) guidelines and comprises sitting allowances. In FY 2024/2025, Kshs 106,100 was paid in sitting allowances. No honoraria or other benefits were paid during the year.

**ix. Ethics and Conduct**

The Board upholds high standards of public service ethics, integrity, and professionalism. Members are subject to the Leadership and Integrity Act, the Mwongozo Code, and the hospital's internal code of conduct. Whistle blower mechanisms and feedback channels are in place to address ethical violations.

**x. Governance Audit**

Although a full governance audit was not conducted in FY 2024/2025, the hospital undertook internal governance assessments through the Hospital Management Team (HMT) and external oversight by the County Health Department. A formal governance audit is planned for the next financial period in line with Mwongozo best practices.

**xi. Communication Policy**

The hospital promotes open communication with stakeholders through public notice boards, community forums (barazas), suggestion boxes, and digital platforms (email: [sioporthospital@gmail.com](mailto:sioporthospital@gmail.com)). Communication is guided by public participation principles under Article 10 of the Constitution and hospital service charters displayed prominently at facility entrances.

**xii. Terms of Reference of Committees**

The hospital has established the following governance committees:

- Clinical Standards and Research Committee
- Audit and Risk Committee
- Human Resource Advisory Committee (through County linkage)

Each committee operates under defined Terms of Reference (ToRs), focusing on specialized areas including clinical quality, fiduciary compliance, and risk mitigation.

**xiii. Related Party Transactions Policy**

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

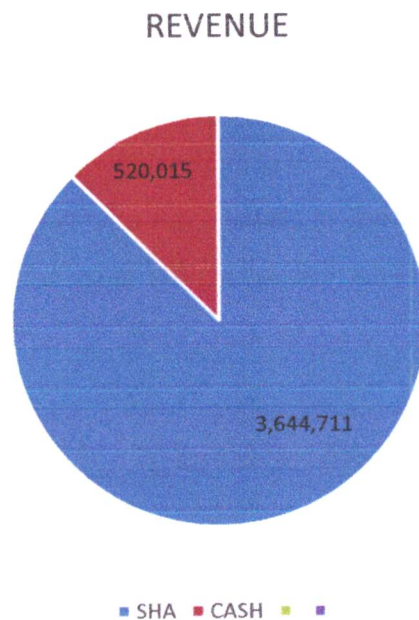
Matayos Sub County Hospital continues to grow as a critical healthcare provider in Matayos Sub-County, Busia County. The hospital's operations are guided by principles of equity, accountability, and sustainability in line with national health policy and the County Integrated Development Plan (CIDP). This section outlines operational and financial performance, investment projects, statutory compliance, risk assessment, and strategic outlook, with trends from the past three years.

Despite limitations in human resources and theatre functionality, the hospital maintained strong outpatient and specialized clinic service performance. There were no recorded surgical operations due to the ongoing development of the theatre.

## 2. Financial Performance

### a) Revenue Sources

In FY 2024/25, the hospital generated **Kshs 4,164,726** in total revenue, primarily from:



**b) Fund Utilization**

Total expenditure for FY 2024/25 was **Kshs 2,956,861**, used in:



Figure 3: Revenue vs Expenditure Trend (FY 2024/2025)

**3. Ongoing and Key Investments**

Matayos Sub County Hospital has attracted both county government and development partner support to address critical infrastructure and service gaps. Key investments underway include:

**i) Construction of water project**

Project Status: Ongoing, as evidenced by photographic documentation in the report.

Impact: A reliable water supply is fundamental to hospital operations, impacting hygiene, infection prevention, and the functionality of departments such as maternity, theatre, and laboratories. This project will ensure the hospital meets essential standards of care and sanitation.



Water project

**ii) Radiology (County Government)**

This will greatly enhance diagnostic capacity and reduce referrals for radiological services. The physical structure is not yet complete and will be fully compliant with radiation protection standards.

- Project Status: Structural works started.
- Financing: Funded by County Government of Busia.
- Viability: Highly viable as it will support imaging services for outpatient, inpatient, and emergency clients, contributing directly to improved service delivery.
- Sustainability: The project is sustainable, with plans underway to generate revenue from diagnostic services while ensuring affordability under SHA.



### **Radiology**

#### **iii) Operating Surgical Theatre (County Government)**

The hospital initiated the setup of a surgical theatre to enable minor and elective surgeries. The theatre utilization remains active for FY 2024/25, this is expected to change in FY 2025/26. This project was supported by Kenya Devolution support Programme



Surgical theatre room

**iv) Completed female wards**

Project Status: Completed and operational in FY 2024/2025.

Objective: To address congestion, improve patient dignity and privacy, and create a modern, conducive environment for recovery.

Impact: This investment has directly enhanced our inpatient capacity and quality of care. The new wards allow for better segregation of patients, improved infection prevention and control (IPC) practices, and a more dignified experience for female patients. This expansion is critical for accommodating the growing patient demand and reflects our commitment to providing compassionate, high-quality healthcare services.



Female wards

**4. Statutory Compliance**

Matayos Sub County Hospital complied with:

- Public Finance Management Act, 2012

- Public Procurement and Asset Disposal Act, 2015
- Occupational Safety and Health Act, 2007
- Leadership and Integrity Act, 2012

There were no major compliance issues or audit queries raised during the period. Financial reports were submitted to the County Treasury and Auditor-General as required.

### 5. Risks and Mitigation

<b>Risk</b>	<b>Description</b>	<b>Mitigation Strategy</b>
Inadequate Drug Supply	Delay in County deliveries	Direct procurement under FIF and emergency stockpiling
Underutilization of New Facilities	Incomplete infrastructure or staffing gaps	Liaise with County Dept. for staff secondment and commissioning
High Patient Load	Overburdening available resources	Implement appointment systems and strengthen CHV outreach
Security Concerns	Open facility perimeter exposing hospital assets	Construction of perimeter wall (in progress)

### 6. Statutory Arrears and Financial Obligations

As of 30th June 2025:

- Trade and other payables: Kshs 0
- No material arrears in statutory deductions or obligations

### 7. Conclusion and Outlook

The hospital has recorded strong operational growth, sustained revenue performance, and infrastructure development despite funding and staffing challenges. With ongoing support from the County Government and partners:

- The surgical theatre and X-ray services are expected to be fully operational in FY 2025/26.

- There is increased community trust in hospital services, driven by outreach, subsidy programs, and improved diagnostics.
- Management will focus on performance-based budgeting, infrastructure optimization, and digital health adoption to further enhance service delivery.

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

### *i) Sustainability strategy and profile*

Matayos Sub-County Hospital integrates sustainability into its operations by aligning with global frameworks such as the Sustainable Development Goals (SDGs), particularly SDG 3 (Good Health and Well-being) and SDG 13 (Climate Action). The hospital prioritizes eco-friendly practices, community health, and efficient resource management to minimize its environmental footprint.

#### **Key Achievements:**

- **Waste Management:** Implemented a waste segregation system (biodegradable, non-biodegradable, and hazardous waste) with designated disposal bins.
- **Local Procurement:** Allocated 30% of supply contracts to local vendors, supporting women- and youth-owned businesses.

#### **Challenges & Mitigation:**

- **Limited funding for green infrastructure** → Seeking partnerships with NGOs for solar energy expansion.
- **Low community awareness on recycling** → Conducted training sessions for staff and patients.

### *ii) Environmental performance*

The hospital adheres to Kenya's Environmental Management and Coordination Act and Occupational Safety and Health Act (OSHA 2007).

#### **Waste Management**

- **Medical Waste:** Partnered with certified disposal with Alupe Sub County Hospital for safe incineration of hazardous waste.

#### **Climate Action Initiatives**

- **Tree planting:** 30 indigenous trees planted across hospital grounds to offset carbon emissions.

*iii) Employee welfare*

Matayos Sub County Hospital upholds inclusive, equitable, and merit-based employment practices in line with the Constitution of Kenya, the Employment Act, and the Occupational Safety and Health Act (OSHA), 2007. The hospital's human resource policies support a fair hiring process that considers gender balance, youth representation, and inclusion of Persons Living with Disabilities (PWDs).

**Hiring Policies and Inclusion**

The hospital has implemented structured recruitment procedures that ensure transparency and fairness. These procedures are aligned with county government guidelines and affirmative action provisions. In the financial year 2024/2025, deliberate efforts were made to maintain gender equity and enhance youth and PWD representation in the workforce and hospital board.

**Stakeholder Engagement and Policy Review**

Hiring and staffing policies are periodically reviewed by the County Department of Health and the Hospital Board to incorporate evolving needs, legal reforms, and stakeholder feedback. Through engagement forums and hospital management team (HMT) meetings, staff welfare issues and employment concerns are discussed and addressed, allowing continuous improvement in workforce management practices.

**Career Development and Staff Motivation**

While the financial statement reflects limited allocations to salaries and benefits (Kshs 170,000 for the FY 2024/2025), the hospital has continued to invest in non-financial staff support. Staff participated in several training sessions and knowledge-sharing forums during the year. Though formal appraisal and structured reward systems are still developing, the management has prioritized opportunities for professional growth, especially for heads of departments and clinical personnel.

## **Workplace Safety and OSHA Compliance**

Matayos Sub County Hospital is committed to ensuring workplace safety in compliance with OSHA (2007). The hospital premises are routinely inspected for hazards, with appropriate signage, cleanliness, and ventilation maintained in critical areas such as laboratories, wards, and the pharmacy. No work-related injuries were reported during the financial year, a testament to the hospital's proactive safety measures and training of staff on standard operating procedures (SOPs) and infection prevention and control (IPC).

### **Efforts to Minimize Risk**

To further promote staff safety, the hospital has invested in essential protective equipment such as uniforms, gloves, and clinical safety materials. A total of Kshs 16,086 was spent on uniforms, clothing, and linen during the year, which directly contributes to personal safety, hygiene, and professionalism. Additionally, insecticide and rodenticide expenses (Kshs 5,000) supported a pest-free environment, enhancing health and safety for both staff and patients.

In the upcoming financial year, the hospital plans to enhance its welfare program by expanding training opportunities, formalizing appraisal systems, and improving occupational health monitoring.

#### ***iv) Market place practices-***

Matayos Sub County Hospital operates in a highly regulated public health environment, where transparency, accountability, and equity are foundational to service delivery and resource management. The hospital has institutionalized a variety of marketplace practices to promote ethical governance, fair competition, responsible procurement, and citizen-focused engagement.

##### ***a) Responsible competition practice.***

The hospital promotes responsible competition through strict adherence to public procurement laws and policies, including the Public Procurement and Asset Disposal Act. All procurement activities are conducted through open tendering, with calls for bids and quotations published transparently and competitively. The procurement officer, registered

with the Kenya Institute of Supply Management (KISM), ensures all processes meet compliance and integrity thresholds.

Although no specific allocation was made to advertising in the current year, the hospital has adopted outreach and communication tools such as community barazas and bulletin boards to inform the public of available services. Measures have been instituted to prevent corruption, including segregation of duties, use of standardized procurement procedures, and oversight by audit and risk management committees.

Service delivery is governed by a public service charter displayed within hospital premises, outlining patient rights, responsibilities, and expected turnaround times.

***b) Responsible marketing and advertisement or Responsible engagement with citizens***

Although traditional advertising expenditures are not reflected in the 2024/2025 budget, the hospital remains active in community outreach through public health campaigns, stakeholder meetings, and information sessions during mobile clinics and medical camps.

The hospital avoids unethical promotion by providing factual, verifiable health service information through its staff, public health officers, and community health volunteers. All communication emphasizes inclusivity, respect for cultural and gender diversity, and discouragement of misinformation or exaggerated promises. Patients and citizens are informed of service eligibility criteria, SHA coverage, and referral processes during health talks and community barazas.

***c) Product stewardship or Awareness Creation***

Matayos Sub County Hospital is committed to protecting patient rights and ensuring safe, reliable, and informed access to healthcare services. This is demonstrated through:

- Health and safety: Implementation of infection prevention protocols and provision of clean, safe hospital environments.
- Product information: Patients receive clear explanations of procedures, prescriptions, and treatment plans.

- Complaint and redress mechanisms: A suggestion box and front-desk feedback systems allow patients to report grievances, which are reviewed by the Hospital Management Team (HMT) for resolution.
- Citizen awareness: Community outreach teams educate citizens on rights to health, insurance options (SHA), immunization schedules, and access to specialized care such as maternity and pediatrics services. The Kshs 201,900 spent on grants and subsidies includes support for social benefit schemes, reflecting the hospital's attention to public health justice.

*v) Corporate Social Responsibility / Community Engagements*

During the financial year 2024/2025, Matayos Sub County Hospital actively engaged in a variety of Corporate Social Responsibility (CSR) initiatives aimed at enhancing community health and well-being, in alignment with its core mandate of delivering comprehensive primary healthcare services. These activities were focused on addressing pressing community health challenges, promoting inclusivity, and strengthening partnerships for sustainable development in Matayos Sub-County.

**1. Health Education and Public Sensitization:**

Through coordinated efforts with community health volunteers (CHVs) and the public health department, the hospital held regular sensitization campaigns on hygiene, family planning, immunization, nutrition, cancer screening, and HIV/AIDS awareness. Civic education sessions also covered SHA registration, healthcare rights, and service charter awareness.

**Impact**

- Enhanced Awareness: Health education sessions reached approximately 3,000 community members.
- Community Trust: Strengthened partnerships with local organizations, fostering long-term collaboration.

**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 entity is offering comprehensive primary care including inpatient, outpatient, maternity, minor surgery, emergency and public health outreach serving residents of Matayos.

**Results**

The results of the entity for the year ended June 30 2025 are set out on pages 1 to 48.

**Board of Management**

The members of the Board who served during the year are shown on page vi-vii. During the year, 2024/2025 no director(s) retired/ resigned, and 9 directors were appointed with effect from 5<sup>th</sup> July, 2024.

**Auditors**

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

*OR*

By Order of the Board



.....  
**Dr Edmond Nabuyia**  
**Secretary to the Board**

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

Section 164 of the Public Finance Management Act, 2012, the Public Health Act Cap 242, the Public Procurement and Asset Disposal Act, 2015, FIF Act and applicable International Public Sector Accounting Standards (IPSAS) requires the Board of Management to prepare financial statements in respect of that *entity*, which give a true and fair view of the state of affairs of the *entity* at the end of the financial year/period and the operating results of the *entity* for that year/period. The Board of Management is also required to ensure that the *entity* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *entity*. The council members are also responsible for safeguarding the assets of the *entity*.

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

The Board of Management accepts responsibility for the *entity*'s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and FIF Act 2024. The Board members are of the opinion that the *entity*'s financial statements give a true and fair view of the state of *entity*'s transactions during the financial year ended June 30, 2025, and of the *entity*'s financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the *entity*, which have been relied upon in the preparation of the *entity*'s financial statements as well as the adequacy of the systems of internal financial control.

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

### **Approval of the financial statements**

The Hospital's financial statements were approved by the Board on 29/6/25 and signed on its behalf by:



.....  
**Chrispinus Hamala Mandare**  
**Chairperson**  
**Board of Management**



.....  
**Dr Edmond Nabuyia**  
**Accounting Officer**

# REPUBLIC OF KENYA

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NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON MATAYOS SUB COUNTY 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 Matayos Sub County Hospital-County Government of Busia set out on pages 1 to 49, which comprise of the statement

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

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 Matayos Sub County 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. Inaccuracy of the Statement of Financial Position**

The statement of financial position erroneously reflects total non-current assets balance of Kshs.242,400 instead of the actual balance of Kshs.190,225 resulting to unreconciled variance of Kshs.52,175.

In the circumstances, the accuracy and completeness of total non-current assets balance of Kshs.242,400 could not be confirmed.

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

The statement of financial position as disclosed under Note 22 to the financial statements reflects a balance of Kshs.190,225 in respect of property, plant and equipment. However, physical verification and review of assets records revealed that the Hospital occupied approximately 10 acres parcel of land and owned eighteen (18) buildings, one (1) motor vehicle, assorted furniture and fittings, computers and various specialized medical equipment that had not been recognized or valued and included in the property, plant and equipment balance.

In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.190,225 could not be confirmed.

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

## **Emphasis of Matter**

### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.4,764,863 and Kshs.4,164,726 respectively, resulting to under-funding of Kshs.600,137 or 13% of the budget. Similarly, the entity spent a total of Kshs.2,714,461 against a budget of Kshs.3,016,068 resulting to under expenditure of Kshs.301,607 or 10% of the budget.

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

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

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

### **Other Information**

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

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

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

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

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on

Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

## **Basis for Conclusion**

### **1. Operation Beyond Licensed Level without Ministry Approval**

Audit verification of records and financial statements revealed that the facility operated and reported as a Level 4 Hospital without the requisite authorization. The operating license provided for audit review indicated that the facility was licensed to function as a Level 3B Public Health Centre. Management therefore operated the facility in contravention of the applicable Health Sector Regulations.

In the circumstances, the Hospital's eligibility for certain Government funding, staffing norms, and service level responsibilities associated with level 4 status could not be confirmed.

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

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

#### **Medical Specialists-Table 1**

<b>Item</b>	<b>Level 4 standard</b>	<b>Number in Hospital</b>	<b>Variance</b>	<b>Variance in Percentage (%)</b>
Medical officers	16	1	15	94
Anesthesiologists	2	0	2	100
Radiologist	2	0	2	100
<b>Total</b>	<b>20</b>	<b>1</b>	<b>19</b>	<b>95</b>

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

#### **Equipment-Table 2**

<b>Services</b>	<b>Level 4 Hospital Standard</b>	<b>Actuals in the Hospital</b>	<b>Variance</b>	<b>Variance in Percentage (%)</b>
Resuscitaire in Labour Ward	2	0	2	100
New Born Unit incubators	5	0	5	100

<b>Services</b>	<b>Level 4 Hospital Standard</b>	<b>Actuals in the Hospital</b>	<b>Variance</b>	<b>Variance in Percentage (%)</b>
New Born Unit Cots	5	0	5	100
Functional ICU Beds	6	0	6	100
High Dependency Units (HDU) Beds	6	0	6	100
Renal Units with at Least 5 Dialysis Machines	5	0	5	100

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

### **3. Unutilized Female Ward Facility**

Review of the Hospital operations revealed that the facility had a fully equipped new female ward with a patient capacity of sixteen (16) beds. However, the ward remained unutilized throughout the period under review. Management did not provide satisfactory justification for the non-utilization of the facility, despite having invested in equipment and infrastructure intended to enhance healthcare service delivery for female patients.

In the circumstances, this undermines the achievement of Universal Health coverage objectives and value for money in public expenditure.

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 Designated Hospital Accountant**

Review of Human resource records revealed that the Hospital currently does not have a designated Accountant responsible for managing its financial operations. Financial duties are being handled by administrative staff without formal accounting qualifications.

In the circumstances, the effectiveness of internal controls over financial processes such as budgeting, procurement, recording and expenditure tracking could not be confirmed.

### **2. Lack of Internal Audit Function**

Review of overall governance and Internal Audit function records revealed that the Hospital did not have an independent internal audit department that reported directly to the board of directors, instead the facility relied on the County Executive Internal Audit department for independent review of its operations.

It was also established that the Internal Audit had carried out a review of the Hospital in June, 2025 but the scope was not established and as at the time of audit, Management was yet to be informed of the findings. In addition, the Hospital did not have proper mechanism for whistle blowing where cases of fraud can be reported by staff or any member of public for appropriate action.

In the circumstances, the effectiveness of independent checks on fraudulent activities could not be confirmed.

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

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

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

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

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards Accrual

Basis and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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

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

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

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

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

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

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the

effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

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

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

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

**Nairobi**

**11 December, 2025**

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

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


Description	Note	Insert Current	Insert Comparative
		FY 2024/2025 Kshs	FY 2023/2024 Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from the County Government		-	-
In- kind contributions from the County Government		-	-
Grants from donors and development partners		-	-
Transfers from other Government entities		-	-
Public contributions and donations		-	-
		-	-
<b>Revenue from exchange transactions</b>			
Rendering of services- Medical Service Income	6	4,164,726	-
Revenue from rent of facilities		-	-
Finance /Interest Income		-	-
Miscellaneous Income		-	-
<b>Revenue from exchange transactions</b>		<b>4,164,726</b>	-
<b>Total revenue</b>		<b>4,164,726</b>	-
<b>Expenses</b>			
Medical/Clinical costs	7	599,846	-
Employee costs	8	170,000	-
Board of Management Expenses	9	106,100	-
Depreciation and amortization expense	10	52,175	-
Repairs and maintenance	11	522,500	-
Grants and subsidies	12	201,900	-
General expenses	13	654,875	-
Finance costs		-	-
<b>Total expenses</b>		<b>2,307,396</b>	-
<b>Other gains/(losses)</b>		-	-
Gain/Loss on disposal of non-Current assets	14	-	-

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

Description	Note	Insert Current FY 2024/2025	Insert Comparative FY 2023/2024
		Kshs	Kshs
Unrealized gain on fair value of investments	15	-	-
Medical services contracts Gains/Losses	16	-	-
Impairment loss	17	-	-
Gain on foreign exchange transactions		-	-
<b>Total other gains/(losses)</b>		-	-
<b>Net Surplus / (Deficit) for the year</b>		<b>1,857,330</b>	-

*(The notes set out on pages 10 to 48 form an integral part of the Annual Financial Statements.)*

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

  
 .....

**Chrispinus Hamala**  
**Mandare**  
**Chairman**  
**Board of Management**

  
 .....

**CPA Feler Orido**  
**Head of Finance**  
**ICPAK No:27084**

  
 .....

**Dr Edmond Nabuyia**  
**Medical Superintendent**

*Comparative FY refers to the financial year preceding the current year.*

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


Description	Note	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	18	104,592.67	-
Prepayments			
Receivables from exchange transactions	19	1,279,000	-
Receivables from non-exchange transactions	20	-	-
Inventories	21	459,240	-
<b>Total Current Assets</b>		<b>1,842,832.67</b>	-
<b>Non-current assets</b>			
Property, plant, and equipment	22	190,225	-
Intangible assets		-	-
Investment property		-	-
Biological Assets	23		
<b>Total Non-current Assets</b>		<b>242,400</b>	-
<b>Total assets (A)</b>		<b>2,033,057.67</b>	-
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	24	-	-
Refundable deposits from Patients/Prepayments		-	-
Provisions		-	-
Finance lease obligation		-	-
Current portion of deferred income		-	-
Current portion of borrowings		-	-
<b>Total Current Liabilities</b>		-	-
<b>Non-current liabilities</b>			
Provisions		-	-
Non-Current Finance lease obligation		-	-
Non-Current portion of deferred income		-	-
Non - Current portion of borrowings		-	-


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Description	Note	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
Service concession Arrangements		-	-
<b>Total non-current liabilities</b>		-	-
<b>Total Liabilities (B)</b>		-	-
<b>Net assets (A-B)</b>		<b>2,033,057.67</b>	-
<b>Represented by:</b>			
Revaluation reserve		-	-
Accumulated surplus/Deficit		1,857,330	-
Capital Fund		175,727.67	-
<b>Net Assets</b>		<b>2,033,057.67</b>	-

(The notes on pages 10 to 48 form an integral part of the Annual Financial Statements.)

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

  
 .....  
**Chrispinus Hamala**  
**Mandare**  
**Chairman**  
**Board of Management**

  
 .....  
**CPA Feler Orido**  
**Head of Finance**  
**ICPAK No:27084**

  
 .....  
**Dr Edmond Nabuyia**  
**Medical Superintendent**

*Comparative FY refers to the financial year preceding the current year.*

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

<b>Description</b>	<b>Revaluation reserve</b>	<b>Accumulated surplus/Deficit</b>	<b>Capital Fund</b>	<b>Total</b>
<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, 2024 (current year)</b>	-	-	-	-
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	1,857,330	-	1,857,330
Capital/Development grants	-	-	175,727.67	175,727.67
<b>At June 30, 2025 (current year)</b>	-	<b>1,857,330</b>	<b>175,727.67</b>	<b>2,033,057.67</b>

*(Note:*

- 1. For items that are not common in the financial statements, the entity should include a note on what they relate to – either on the face of the statement of changes in equity/net assets or among the notes to the financial statements.*
- 2. Prior year adjustments should have an elaborate note describing what the amounts relate to. In such instances, a restatement of the opening balances needs to be done.)*

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

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

Description	Note	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from the County Government		-	-
Grants from donors and development partners		-	-
Transfers from other Government entities		-	-
Public contributions and donations		-	-
Rendering of services- Medical Service Income		2,885,726	-
Revenue from rent of facilities		-	-
Finance / interest income		-	-
Miscellaneous receipts( <i>specify</i> )		-	-
<b>Total Receipts</b>	26	<b>2,885,726</b>	-
<b>Payments</b>			
Medical/Clinical costs	27	1,059,086	-
Employee costs	8	170,000	-
Board of Management Expenses	9	106,100	-
Repairs and maintenance	11	522,500	-
Grants and subsidies	12	201,900	-
General expenses	13	654,875	-
Finance costs		-	-
		-	-
<b>Total Payments</b>		<b>2,714,461</b>	-
<b>Net cash flows from operating activities</b>	25	<b>171,265</b>	-
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment		(242,400)	-
Purchase of intangible assets		-	-
Proceeds from the sale of PPE		-	-
Acquisition of investments		-	-
<b>Net cash flows used in investing activities</b>		<b>(242,400)</b>	-
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Capital grants received		-	-

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<b>Net cash flows used in financing activities</b>		<b>0</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(71,135)</b>	<b>-</b>
Cash and cash equivalents as at 1 July		175,727.67	-
<b>Cash and cash equivalents as at 30 June</b>	18	<b>104,592.67</b>	<b>-</b>

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

*Comparative FY refers to the financial year preceding the current year.*

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	a	b	c=(a+b)	D	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget carryovers from the previous year	-	-	-	-	-	-
<b>Receipts</b>						
Transfers from the County Government	-	-	-	-	-	-
Grants from donors and development partners	-	-	-	-	-	-
Transfers from other Government entities	-	-	-	-	-	-
Public contributions and donations	-	-	-	-	-	-
Rendering of services- Medical Service Income	4,390,423	374,440	4,764,863	4,164,726	600,137	87%
Revenue from rent of facilities	-	-	-	-	-	-
Finance / interest income	-	-	-	-	-	-
Miscellaneous receipts ( <i>specify</i> )	-	-	-	-	-	-
<b>Total receipts</b>	<b>4,390,423</b>	<b>374,440</b>	<b>4,764,863</b>	<b>4,164,726</b>	<b>600,137</b>	<b>84%</b>
<b>Payments</b>						
Medical/Clinical costs	976,762	200,000	1,176,762	1,059,086	117,676	90%
Employee costs	188,889	-	188,889	170,000	18,889	90%
Remuneration of directors	117,889	-	117,889	106,100	11,789	90%
Repairs and maintenance	580,556	-	580,556	522,500	58,056	90%
Grants and subsidies	224,333	-	224,333	201,900	22,433	90%
General expenses	727,639	-	727,639	654,875	72,764	90%
Finance costs	-	-	-	-	-	-
Refunds	-	-	-	-	-	-
<b>Capital Expenditure paid</b>	<b>2,816,068</b>	<b>200,000</b>	<b>3,016,068</b>	<b>2,714,461</b>	<b>301,607</b>	<b>90%</b>
<b>Operational Expenditure paid</b>	<b>242,400</b>	<b>26,933</b>	<b>269,333</b>	<b>242,400</b>	<b>26,933</b>	<b>90%</b>
	<b>1,331,955</b>	<b>147,507</b>	<b>1,479,462</b>	<b>1,207,865</b>	<b>271,597</b>	<b>43%</b>

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

*(Budget carryovers\* This is for entities whose budget lapses at year-end, but the surpluses are not legally required to be remitted to the Exchequer. Budget carryovers should not include third-party funds such as contractors' retention.)*

*(Entities can present the Statement of Comparison of Budget & Actual amounts in a different format/categorization as approved by the governing body.)*

**Budget notes**

1. Provide an explanation of differences between actual and budgeted amounts (any over/ 90% under) IPSAS 24.14
2. Provide an explanation of changes between the original and final budget, indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)

**Budget Reconciliation**

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	1,207,865
1	Lower than projected medical service revenue due to reduced patient volumes in some months and delays in SHA reimbursements.	600,137
2	Unutilized operational budget from efficiency savings in medical supplies procurement and general expenses.	301,607
3	Capital expenditure savings from delayed acquisition of equipment now scheduled for next financial year.	26,933
4	Miscellaneous budget adjustments due to changes in planned outreach activities and public health campaigns.	271,597
	Closing Cash and Cash Equivalent as per the statement of Cash flows	104,592.67

Management wishes to clarify that the only significant variance exceeding 10% (medical services rendered) is primarily due to delays in reimbursement from the Social Health Authority (SHA).

*Internal Auditor*

<b>Standard</b>	<b>Effective date and impact:</b>
Plant and Equipment	infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.
IPSAS 46 Measurement	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47- Revenue	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
IPSAS 48- Transfer Expenses	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial</p>

Standard	Effective date and impact:
	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.
IPSAS 49- Retirement Benefit Plans	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p><b><i>Applicable 1<sup>st</sup> January 2027</i></b></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> <li data-bbox="478 862 1385 952">i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li> <li data-bbox="478 963 1385 1108">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 data-bbox="478 1120 1385 1375">iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.</li> </ul>

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

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

**4. Summary of Significant Accounting Policies**

**a. Revenue recognition**

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

**Transfers from other Government entities**

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

**ii) Revenue from exchange transactions**

**Rendering of services**

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

**Sale of goods**

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

**Interest income**

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

**Rental income**

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

*Notes to the Financial Statements (Continued)*

**b. Budget information**

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

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

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

**c. Taxes**

**Sales tax/ Value Added Tax**

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

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

*Notes to the Financial Statements (Continued)*

**d. Investment property**

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

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

**e. Property, plant and equipment**

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

*Notes to the Financial Statements (Continued)*

**f. Leases**

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

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

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

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

**g. Intangible assets**

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

*Notes to the Financial Statements (Continued)*

**h. Biological Assets**

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

**i. Research and development costs**

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

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

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

**j. Financial instruments**

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

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

## **Financial assets**

### **Classification of financial assets**

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

### **Subsequent measurement**

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

### **Amortized cost**

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

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

**Fair value through net assets/ equity**

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

**Fair value through surplus or deficit**

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

**Trade and other receivables**

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

**Impairment**

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

## **Financial liabilities**

### **Classification**

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

#### **k. Inventories**

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

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

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

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

#### **l. Provisions**

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

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

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

*Notes to the Financial Statements (Continued)*

**m. Social Benefits**

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

**n. Contingent liabilities**

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

**o. Contingent assets**

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

**p. Nature and purpose of reserves**

The entity creates and maintains reserves in terms of specific requirements. This financial year there were no reserves maintained.

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

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

*Notes to the Financial Statements (Continued)*

**r. Employee benefits**

**Retirement benefit plans**

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

**s. Foreign currency transactions**

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

**t. Borrowing costs**

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

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

**u. Related parties**

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

**v. Service concession arrangements**

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

**w. Cash and cash equivalents**

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

**x. Comparative figures**

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

**y. Subsequent events**

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

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

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

**Estimates and assumptions.**

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

**Useful lives and residual values**

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

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

**Provisions**

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

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

**Notes to Financial Statements Continued**

**6. Rendering of Services-Medical Service Income**

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Pharmaceuticals	149,680	-
Ultrasound	12,000	-
Laboratory	153,170	-
ANC	6,000	-
Outpatient	14,320	-
Medical records	88,450	-
Outpatient services	34,625	-
MCH	3,980	-
Ward	2,390	-
Nutrition service	5,000	-
Cancer centre service		-
Dental services		-
Maternity	47,000	-
Paediatrics services		-
Farewell home services		-
Physiotherapy services	3,400	
Eye Department		
Total	520,015	-
Other medical services income (SHA)	3,644,711	-
<b>Total revenue from the rendering of services</b>	<b>4,164,726</b>	<b>-</b>

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

**7. Medical/ Clinical Costs**

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Dental costs/ materials		-
Laboratory chemicals and reagents	161,000	-
Public health activities		-
Food and Ration	180,000	-
Uniform, clothing, and linen	16,086	-
Dressing and Non-Pharmaceuticals	230,000	-
Pharmaceutical supplies	442,000	-
Health information stationery		-
Reproductive health materials		-
Sanitary and cleansing Materials	30,000	-
Purchase of Medical gases		-
X-Ray/Radiology supplies		-
Other medical related clinical costs ( <i>specify</i> )		-
<b>Total medical/ clinical costs</b>	<b>1,059,086</b>	<b>-</b>
<b>Less closing inventory at fair value</b>	<b>459,240</b>	
<b>Net Medical Costs</b>	<b>599,846</b>	

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

When preparing financial statements under IPSAS 12 (Inventories), the closing inventory is deducted from the cost of goods available for use/sale, and it must be valued at the lower of cost and net realizable value (NRV) and that is why we are using 599,846 as medical costs.

**8. Employee Costs**

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Salaries, wages, and allowances	170,000	-
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>170,000</b>	<b>-</b>

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

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

**9. Board of Management Expenses**

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Chairman's Honoraria	-	-
Sitting allowance	106,100	-
Mileage	-	-
Insurance expenses	-	-
Induction and training	-	-
Travel and accommodation allowance	-	-
Airtime allowances	-	-
<b>Total</b>	<b>106,100</b>	<b>-</b>

**10. Depreciation and Amortization Expense**

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Property, plant and equipment	52,175	-
Intangible assets	-	-
Investment property carried at cost	-	-
<b>Total depreciation and amortization</b>	<b>52,175</b>	<b>-</b>

**11. Repairs And Maintenance**

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Property- Buildings	211,630	-
Medical equipment		-
Office equipment		-
Furniture and fittings		-
Computers and accessories	8,500	-
Motor vehicle expenses		-
Maintenance of civil works	302,370	-
<b>Total repairs and maintenance</b>	<b>522,500</b>	<b>-</b>

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

**12. Grants And Subsidies**

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Outreaches and SHA awareness	165,500	-
Free maternal health care	36,400	-
Medical disability, eye services and jigger control		-
HIV/AIDS and malaria control		-
Disease surveillance & control, immunization and vaccination campaign		-
Nutrition services, school health programme		-
Non communicable diseases, TB and Leprosy		-
<b>Total grants and subsidies</b>	<b>201,900</b>	<b>-</b>

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

**13. General Expenses**

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Advertising and publicity expenses	128,000	-
Catering expenses	10,000	-
Waste management expenses		-
Insecticides and rodenticides	5,000	-
Audit fees		-
Bank charges	59,975	-
Conferences and delegations		-
Consultancy fees		-
Contracted services		-
Electricity expenses	35,000	-
Fuel and Lubricants	95,000	-
Insurance		-
Research and development expenses		-
Travel and accommodation allowance	205,600	-
WIFI	16,000	-
Licenses and permits		-
Courier and postal services		-
Printing and stationery	83,300	-
Hire charges		-
Rent expenses		-

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Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Water and sewerage costs		-
Skills development levies		-
Telephone and mobile phone services	17,000	-
Internet expenses		-
Staff training and development		-
Subscriptions to professional bodies		-
Subscriptions to newspapers periodical, magazines, and gazette notices		-
Library books/Materials		-
Household		-
<b>Total General Expenses</b>	<b>654,875</b>	<b>-</b>

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

Description	FY 2024/2025	FY 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>

**15. Unrealized Gain On Fair Value Investments**

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

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

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

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

**17. Impairment Loss**

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

**18. Cash And Cash Equivalents**

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Current accounts	100,592.67	-
On - call deposits	-	-
Fixed deposits accounts	-	-
Cash in hand	4,000	-
Others( <i>specify</i> )- Mobile money	-	-
<b>Total cash and cash equivalents</b>	<b>104,592.67</b>	-

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

Notes to the Financial Statements (Continued)

(a). Detailed Analysis of Cash and Cash Equivalents

Description		FY 2024/2025	FY 2023/2024
Financial institution	Account number	KShs	KShs
<b>a) Current account</b>			
National Bank	01001085025600	100,592.67	-
Equity Bank, etc		-	-
<b>Sub- total</b>		<b>100,592.67</b>	<b>-</b>
<b>b) On - call deposits</b>			
Kenya Commercial bank		0	-
Cooperative bank – etc		0	-
<b>Sub- total</b>		<b>-</b>	<b>-</b>
<b>c) Fixed deposits account</b>			
Bank Name: KCB		-	-
<b>Sub- total</b>		<b>-</b>	<b>-</b>
<b>d) Others(specify)</b>			
cash in hand		4,000	-
Mobile money- Mpesa, Airtel money		-	-
<b>Sub- total</b>		<b>4,000</b>	<b>-</b>
<b>Grand total</b>		<b>104,592.67</b>	<b>-</b>

Provide disclosure on any restricted cash that the entity is holding.

19. Receivables From Exchange Transactions

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Medical services receivables	1,279,000	-
Rent receivables	-	-
Other exchange debtors	-	-
Less: impairment allowance i.e. waiver	-	-
<b>Total receivables</b>	<b>1,279,000</b>	<b>-</b>

(Entity to state the expected credit loss rates for various categories of its receivables. The entity should also disclose how ECL was arrived at in line with provisions of IPSAS 41.)

**Analysis of Receivables from Exchange Transactions**

Description	FY 2024/2025		FY 2023/2024	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	1,279,000	%	-	%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total (a+b)</b>	-	%	-	%

20. Receivables From Non-Exchange Transactions

Description	FY 2024/2025	FY 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>	-	-

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

Analysis of Receivables From Non-Exchange Transactions

Description	FY 2024/2025		FY 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>	-	%	-	%

21. Inventories

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Pharmaceutical supplies	379,000	-
Maintenance supplies	X	-
Food supplies		-
Linen and clothing supplies	-	-
Cleaning materials supplies	-	-
Lab reagents	12,500	
Non pharms	67,740	-
Less: provision for impairment of stocks	(-)	-
<b>Total</b>	<b>459,240</b>	-

**Detailed disclosure on inventories**

	<b>FY 2024/2025</b>	<b>FY 2023/2024</b>
Opening balance	0	-
Additional Inventory in the year	1,059,086	-
Inventory expensed in the year	599,846	-
Write-downs in the year		-
Others specify	-	-
Closing balance	459,240	-

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*Notes to the Financial Statements (Continued)*

**22. Property, Plant and Equipment**

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment @ 12.5%	ICT Equipment @30%	Plant and medical equipment	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 2024</b>	-	-	-	-	-	-	-	-	-
At 1 July 2025 (current year)	-	-	-	-	-	-	-	-	-
Additions				117,400	125,000	-			<b>242,500</b>
Disposals	(-)	(-)	(-)	(-)	(-)	(-)	-	(-)	(-)
Transfer/adjustments								(-)	-
Revaluation Adjustments								-	-
<b>At 30<sup>th</sup> Jun 2025</b>	-	-	-	<b>117,400</b>	<b>125,000</b>	-	-	-	<b>242,500</b>
<b>Depreciation and impairment</b>									
At 1 July 2024 (previous year)	-	-	-	-	-	-	-	-	-

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Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment @ 12.5%	ICT Equipment @30%	Plant and medical equipment	Other Assets (specify)	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh	Ksh
Depreciation for the year		-	-	-	-	-	-	-	-
Disposals		(-)	(-)	(-)	(-)	(-)	(-)	-	(-)
Impairment		(-)	(-)	(-)	(-)	(-)	(-)	-	(-)
<b>At 30 June 2025</b>		-	-	-	-	-	-	-	-
At July 2025 (current year)		-	-	-	-	-	-	-	-
Depreciation		-	-	14,675	37,500	-	-	-	<b>52,175</b>
Disposals		(-)	(-)	(-)	(-)	(-)	(-)	-	(-)
Impairment		(-)	(-)	(-)	(-)	(-)	(-)	-	(-)
Transfer/adjustment		-	-	-	-	-	-	-	(-)
<b>At 30<sup>th</sup> June 2025</b>		-	-	<b>14,675</b>	<b>37,500</b>	-	-	-	<b>52,175</b>
<b>Net book values</b>									
At 30 <sup>th</sup> Jun 2024 (previous)	-	-	-	-	-	-	-	-	-
At 30 <sup>th</sup> Jun 2025 (current)	-	-	-	102,725	87,500	-	-	-	190,225

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Notes to the Financial Statements (Continued)

**23. Biological Assets**

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

**24. Trade and other Payables**

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

**25. Cash Generated from Operations**

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Surplus for the year before tax	1,857,330	-
<b>Adjusted for:</b>		
Depreciation	52,175	-
Non-cash grants received	-	-
Impairment	-	-
Gains and losses on disposal of assets	-	-
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
<b>Working Capital adjustments</b>		

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Increase in inventory	(459,240)	-
Increase in receivables	(1,279,000)	-
Increase in deferred income	-	-
Increase in payables	-	-
Increase in payments received in advance	-	-
<b>Net cash flow from operating activities</b>	<b>171,265</b>	<b>-</b>

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

**26. Actual Receipts from Rendering Services**

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Pharmaceuticals	149,680	-
Ultrasound	12,000	-
Laboratory	153,170	-
ANC	6,000	-
Outpatient	14,320	-
Medical records	88,450	-
Outpatient services	34,625	-
MCH	3,980	-
Ward	2,390	-
Nutrition service	5,000	-
Cancer centre service		-
Dental services		-
Maternity	47,000	-
Paediatrics services		-
Farewell home services		-
Physiotherapy services	3,400	
Eye Department		
Total	520,015	-
Other medical services income (SHA)	2,365,711	-
<b>Total revenue from the rendering of services</b>	<b>2,885,726</b>	<b>-</b>

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**27. Actual Cash Involved in Medical Costs**

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Dental costs/ materials		-
Laboratory chemicals and reagents	161,000	-
Public health activities		-
Food and Ration	180,000	-
Uniform, clothing, and linen	16,086	-
Dressing and Non-Pharmaceuticals	230,000	-
Pharmaceutical supplies	442,000	-
Health information stationery		-
Reproductive health materials		-
Sanitary and cleansing Materials	30,000	-
Purchase of Medical gases		-
X-Ray/Radiology supplies		-
Other medical related clinical costs ( <i>specify</i> )		-
<b>Total medical/ clinical costs</b>	<b>1,059,086</b>	<b>-</b>

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

**28. Financial Risk Management**

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

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

**(i) Credit risk**

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024 (previous year)		-	-	-
Receivables from exchange transactions	-	-	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
<b>Total</b>	-	-	-	-
At 30 June 2025 (current year)				
Receivables from exchange transactions	1,279,000	-	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	100,592,67	-	-	-
<b>Total</b>	<b>1,379,592.67</b>	-	-	-

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

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

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the hospital has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The entity has significant concentration of credit risk on amounts due from xxxx. The board of management sets the hospital's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

**(ii) Liquidity risk management**

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

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

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

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

**(iii) Market risk**

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

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

**a) Foreign currency risk**

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

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

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

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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>2024 (previous year)</b>			
Euro	10%	-	-
USD	10%	-	-
<b>2025 (current year)</b>			
Euro	10%	-	-
USD	10%	-	-

**b) Interest rate risk**

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

**Management of interest rate risk**

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

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

**Sensitivity analysis**

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of financial performance if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs xxx (20xx: KShs xxx). A rate increase/decrease of 5% would result in a decrease/increase in surplus of KShs xxx (20xx – KShs xxx).

**iv) Capital Risk Management**

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

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Revaluation reserve	-	-
Retained earnings	-	-
Capital reserve	-	-
<b>Total funds</b>	-	-
Total borrowings	-	-
Less: cash and bank balances	(104,592.67)	(-)
Net debt/ <i>(excess cash and cash equivalents)</i>	(104,592.67)	-
<b>Gearing</b>	0%	-%

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

**29. Related Party Balances**

**Nature of related party relationships**

Entities and other parties related to the entity include those parties who have the ability to exercise control or exercise significant influence over its operating and financial decisions.

Related parties include management personnel, their associates, and close family members.

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

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

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

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

**30. Segment Information**

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

**31. Contingent Liabilities**

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

*(Give details)*

**32. Capital Commitments**

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

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

**33. Events after the Reporting Period**

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

**34. Ultimate and Holding Entity**

The entity is a County Corporation/ or a Semi- Autonomous Government Agency under the Department of health. Its ultimate parent is the County Government of Busia.

**35. Currency**

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

**20. Appendices**


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

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

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>

**Guidance Notes:**

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

  
.....  
**Accounting Officer**

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

**Projects**

Projects implemented by the Hospital Funded by development partners

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

**Status of Projects completion**

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

SN	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1							
2							
3							
4							

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

Name of Transferring entity.....

Name of Beneficiary entity.....

Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30 <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 Entity:**  
 Name ..... Sign ..... Date .....

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

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**Appendix IV Reporting of Climate Relevant Expenditures**

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

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**Appendix V: Disaster Expenditure Reporting Template**

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