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REPORT

OF

THE AUDITOR-GENERAL

ON

BUMULA SUB COUNTY HOSPITAL

FOR THE YEAR ENDED  
30 JUNE, 2025

COUNTY GOVERNMENT OF BUNGOMA

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COMMITTEE	
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# BUMULA SUB-COUNTY LEVEL IV HOSPITAL (Bungoma County Government)

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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Transitional IPSAS Financial Statements /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.

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

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

Bumula Sub County Hospital is a level (4) hospital established under gazette notice number CXX11-NO 24 dated 4<sup>th</sup> February 2020 and is domiciled in Bungoma County under the Health Department. The hospital's land is approximately three acres. The hospital is governed by a Board of Management.

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

The principal activity/mission/ mandate of the hospital is to provide quality healthcare services to the clients with dignity, professionalism and within the shortest time possible.

### **VISION**

To be a centre of excellence in service provision.

This therefore drives the employees to work harmoniously thus making Bumula a multi-speciality hospital, delivering exceptional quality, patient safety and outstanding experience, whilst achieving sustainable growth.

### **MISSION**

To inspire hope and contribute to health and well-being by providing the best care to every patient through integrated clinical practice, education and research.

### **CORE VALUES**

- Honesty
- Integrity
- Confidentiality
- Timely
- Trust

## **Key Management**

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

County department of health  
Sub County Health Management Team  
Board of Management  
Accounting Officer/ Medical Superintendent  
Hospital Management team

## **Fiduciary Management.**

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

No.	Designation	Name
1.	Medical Superintendent	DR DAVID IKURA SHIVACHI
2.	Head of finance	ANTONY ODONGO
3.	Head of supply chain	WALTER WANYONYI
4.	Nursing officer in charge	MAURICE MULONGO

## **Fiduciary Oversight Arrangements**





- Executive Expenditure Committee – The committee that sits together after the hospital management team meeting has discussed the financial report to fine-tune the budget and lay down any priorities that were suggested in the hospital management team meeting.
- Infection Prevention Committee – The committee ensures that patients and health care workers are protected from avoidable infections.
- Quality Improvement Committee – The committee ensures better performance and patient outcomes including safe, effective, patient-centred, timely, efficient and equitable patient care
- Waiver Committee – To discuss authenticity of any cases that requested to be waived.
- Inspection Committee – To confirm that supplies which were ordered are the ones delivered, and also confirm the expiry dates of perishable products.
- Antimicrobial Resistance Committee – A committee that oversees policies and procedures related to medicines and other health products, together with any drug reactions.
- Emergency Response Committee - A committee that will analyse any emergency initiatives and evaluate effectiveness of emergency preparedness and response.

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





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- Sexual and Gender Based Violence Committee – the committee that addresses problems of sexual and gender-based violence within the community. Such cases are attended to at no cost in the hospital.
- Blood transfusion committee – the committee is entitled to oversee donation and availability of blood and blood products in the facility. It is also entitled to record any adverse reactions following blood transfusion.



**3. The Board of Management**

Ref	Directors	Details
1.	 <p><b>Mr. Syprine Ndakwa</b> <b>Board Chairman</b></p>	<p>ID: 4380175 Age: 62 Years Degree in environmental health science, Diploma in environmental health science. Holder of a certificate senior management course from the Kenya school of government.</p>
2.	 <p><b>George Wafula Nabutola</b> <b>Vice Chair Man.</b></p>	<p>ID: 0423591 Age: 77 Years Diploma in social sciences, criminology, psychology and sociology.</p>
3.	 <p><b>Maureen Mudi.</b> <b>Member of The Board, Chair Of The Finance Sub Committee.</b></p>	<p>ID: 29707528 Age: Years Certificate in HIV testing and counselling services</p>
4.	 <p><b>Dr. David Ikura Shivachi,</b> <b>Secretary to the Board</b></p>	<p>Dr. Shivachi David Ikura Holds Bachelors of Medicine and Surgery, Master of Medicine (Family &amp; Emergency Medicine) Fellow of East, Central and South Africa College of Family of Physician (FECSA, CPF). Certified in Trauma Room Management, Geriatric care and NCDs Diploma in Health system Management.</p>

**4. Key Management Team**

Ref	Management	Details
1.	 <p><b>Dr. David Ikura Shivachi</b> <b>Medical Superintendent</b></p>	<p>Dr. Shivachi David Ikura</p> <p>Holds Bachelors of Medicine and Surgery, Master of Medicine (Family &amp; Emergency Medicine)</p> <p>Fellow of East, Central and South Africa College of Family of Physician (FECSA, CPF). Certified in Trauma Room Management, Geriatric care and NCDs</p> <p>Diploma in Health system Management.</p>
2.	 <p><b>Mr. Bernard Mare Matuli</b> <b>Health Administration Officer.</b></p>	<p>ID: 10801698</p> <p>Age: 53 Years</p> <p>Health administrative officer.</p> <p>Diploma in Human resource management, Com Human resource management, member of Kenya Association of Health Administrator/Institute of HR managers.</p>
3.	 <p><b>Antony Odongo.</b> <b>Accountant.</b></p>	<p>He holds a Bachelor of Commerce degree from Egerton University, and CPA Part II.</p> <p>Currently pursuing MBA at Kibabii University.</p>
4.	 <p><b>Mr. Maurice Masinde</b> <b>Nursing Officer In Charge.</b></p>	<p>ID: 2010043270</p> <p>Age: 42 Years</p> <p>Nursing officer in charge.</p> <p>Bsn in nursing.</p> <p>Member of the professional body: Kenya National Union of Nurses.</p>

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5.		<p><b>Irine Nguti.</b> <b>Laboratory Technologist.</b></p>	<p>ID: 22646477          Age: 41 Years          Laboratory officer in charge. A certified and experienced medical laboratory technologist. Holds a bachelor of science in medical laboratory sciences, diploma in medical laboratory science. A member of Kenya medical laboratory technicians and technologists board (KMLTTB)</p>
6.		<p><b>Charles Sasita.</b> <b>Pharmaceutical Technologist.</b></p>	<p>ID: 22947509          Age: 42 Years          Pharmacy in charge/subcounty pharmacist. Professional body membership: pharmacy and poisons board, reg. no. 02013</p>

**5. Chairman's Statement**

It has been two years since the current board embarked on this exciting journey of serving our Bumula Sub County Hospital. The support extended to us throughout our tenure by the Bumula fraternity has always been overwhelming. I especially wish to thank the members of the board for their selfless service to the community and the dedicated team at the hospital led by the Medical Superintendent and the entire staff.

Developing a prioritized and implementable annual work plan for a rapidly growing health facility is like running a marathon. To navigate the uneven terrain and endure the changing weather, the runners train well, vary their pace and take a sip of water at strategic times along the journey. More importantly, it requires teamwork, self-discipline and stamina. Indeed, it has taken teamwork and selfless engagement among staff at all levels as well as stakeholders to realize the achievements for Bumula Sub-County Hospital. On behalf of the hospital management Committee, I appreciate all the stakeholders who made contributions at various stages of implementation of the hospitals work plan.

Firstly, the clients of the hospital through their continuous feedback and utilization of our services giving us the impetus to improve the quality of our services. We value client-centred services and we trust this plan marks a new beginning in our renewed commitment to servicing the Bumula Sub-County community and beyond. Secondly, BSCH has an amazing team of staff members at all levels, headed by a Medical superintendent who has provided exceptional leadership. Their motivation to always provide the best services despite resource constraints is unparalleled. Their contributions from conceptualization of the plan to participation through interviews and focused group discussions ensured the plan become a reality. A special thank you to the hospital management team and the sub-committees for excellent leadership and inspiring the much-needed commitment during the entire process. We cannot forget to acknowledge and appreciate the technical support and cordial relationships that we have built with the Bumula Sub-County administration, planning department and Bumula Constituency leadership. Thirdly, we are deeply indebted to the county Director of Health; Chief Officer for Health Bungoma County for their unwavering support and encouragement to develop the facility, improving staffing norms and quality of care.

Finally, the members of the hospital management board are proud of the progress in the last one year and commit to support the facility through stewardship to ensure efficient and effective service delivery at the facility and primary health care levels in line with the county health Act.



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**Mr. Syhprine Ndakwa**

**Chairperson Hospital Management Board**

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

In the ended financial year 2024/2025, we have been focused to steadily provide quality health services to our community in response to the increasing population and different health needs as new diseases emerge. Although being resource constraint, team work and support from staff, board and county government has given us the energy to bourgeon. The hospital presents the opportunity to give meaningful response to the health challenges facing the people within and beyond our catchment area. It also aims to advance efficiency, effectiveness and equity in service delivery by integrating the key elements into providing a long-term framework that will guide the annual planning and budget cycles.

There are four outplaying outcomes that we aim to address a single impact of “quality health and wellbeing”. The first outcome of “Improved health infrastructure and facilities” aims to address the issue of infrastructure and facility shortages that afflict the Hospital service delivery. From an infrastructure perspective, the Hospital is impacted by ageing facilities, motorbike fleet and equipment. It also faces challenges meeting the mandatory Ideal clinic & National Core Standards, as well as the National Environmental Health Norms & Standards due to resource constraints.

It takes a great team with dedication and focus to build a great health organization to serve our community, county and beyond. As I present the details of this report, it is clear that the accomplishment and achievements were as a result of great collaboration of staff, partners and the county. The distinctive disciplines of our hospital do not matter but rather each individual plays a valued part in making Bumula Sub County Hospital a preferred health provider within the county.

In the past financial year, we collectively embarked on drive to align our activities to the county health plan, advance our vision, and deliver our services using balanced score card to ensure patients get value for their money. Even with constant exposure to challenges, we remained focused on our core contribution to our vision. To top the list of our success was to integrate chronic disease clinics, emphasize on use of HMIS and to have a workable health responsive plan. I personally respect the team for standing with us over the years to save lives. It is with this commitment that I am distinctly pleased to present this year’s annual report of achievements and accomplishment. Bumula Sub County Hospital is an organization of action; a community of engaged professionals who create, pursue, perform, and achieve in support of the BSCH’s mission and vision.

### **Clinical performance**

In addition, the hospital has maintained inpatient capacity of 30 beds and focused on opening and equipping new mother child hospital. Renovations and equipping dental unit, Physiotherapy department, and Occupational department has enabled access to service, increased revenue and reduced expenditure on referral of clients who needed these services.

There has been a longstanding challenge of low number of medical staff due non employment by the county, retirement and un replaced transfers, released staff on training.

**Responding to consumer demand for improved access**

During the year under review, the hospital established the nutrition and wellness screening program, customer care desk, specialized integrated clinics to address consumer-focused needs. The program is aimed at reducing some of the common lifestyle diseases. With this, majority of our patients would recommend BSCH to friends seeking healthcare services. The survey also revealed that our staff are keen to listen, learn and receive customer feedback for services improvement. In order to maintain and exceed customer satisfaction, we have established a customer feedback management system to receive and resolve public feedback. Our commitment to serve our clients by addressing the concerns of patients, staff and partners. BSCH shall also remain focused in engaging with our stakeholders in our business decision-making processes.

**Financial sustainability**

Healthcare services are usually expensive and no Government in the world has ever been able to successfully provide without public private partnership. Nevertheless, Social Health Insurance Fund (SHIF) has come handy to bail out healthcare burdens and provided a safe haven for enrolled members under Primary Health Coverage without pay. This has increased access to care and is a means of healthcare financing irrespective of individual socioeconomic status.

**Financial review**

In the financial year under review, the hospital did not get any government grant. The running of the aforementioned activities was entirely dependent on out of pocket from clients seeking services and SHA claims reimbursement. There was partner support for outreaches and equipment. There were waivers and exemptions which reduced our collection and increased operating costs. Within this period, we had a total Defunct NHIF reimbursement / Current SHA Kshs. 11,775,300.00 out of pocket of Kshs. 7,378,419.00, making a total banking of Kshs. 19,153,719.00



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**Dr. David Shivachi**  
**Medical Superintendent Bumula Sub-County Hospital**  
**Secretary to the Board**

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

Bumula Sub County hospital has 4 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:

- i. Health services delivery.
- ii. Health workforce.
- iii. Health products and Technology.
- iv. Health information.

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

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Health Service Delivery.	To improve general service availability	Number of outpatient visits per 10,000 population per year.47 beds available relative to population for the same geographical area.	Renovation of the hospital	Partially done at the outpatient pharmacy and lab.
Health work force	To reduce / inequities in the effective provision of health service	Number of health workers per 10,000 population	number of contracted staff were added therefore bridging the workforce gaps.	the gaps had been reduced
Health products and technology	To measure access to essential medicine	Availability of 15 selected essential drugs/medicines	Avoid stock outs of pharmaceuticals.	Medicines were available.
Health information	To assess capacity for analysis, synthesis and validation of data.	Availability and use of indicators with targets and annual reporting to inform annual health sector reviews and planning cycles.	Data validation is done every month, all data sets are uploaded to the KHIS.	

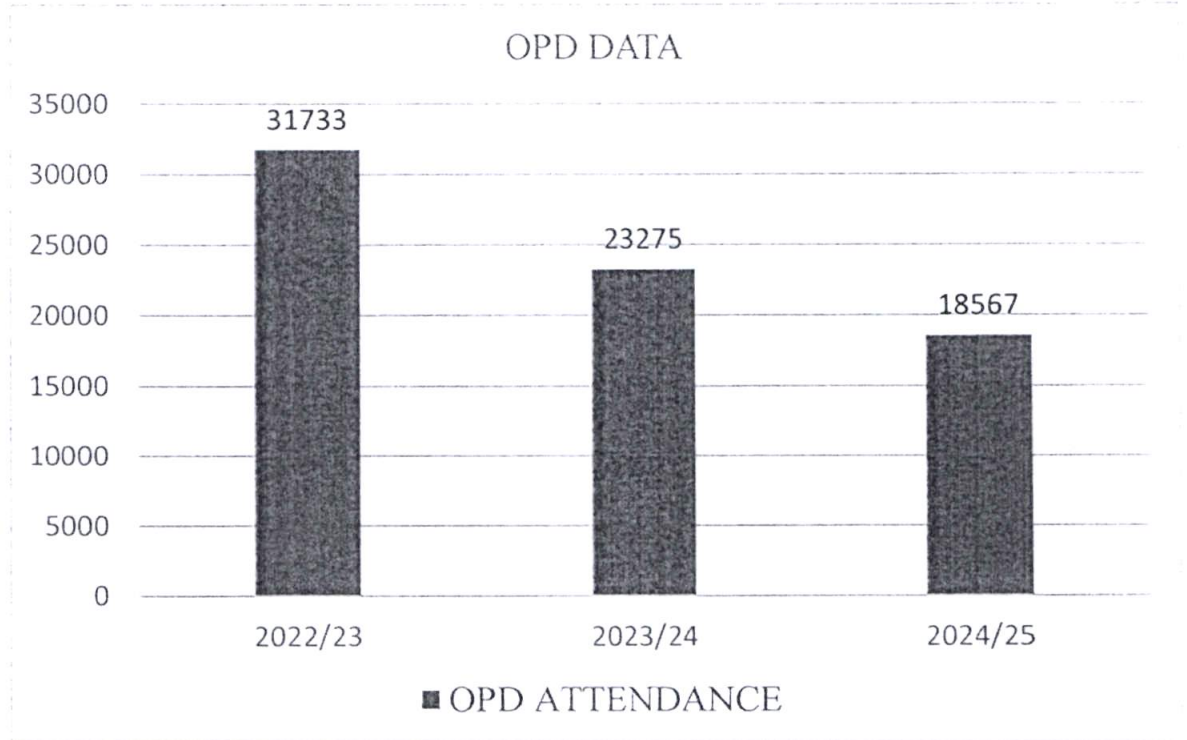
## **8. Corporate Governance Statement**

- i. Appointment of Board members.  
The Current Board members were appointed through a GAZETTE NOTICE NO.7056, dated 2<sup>nd</sup> June 2023 in exercise of the powers conferred by articles 183 and 186 of the constitution of Kenya, and Part 2 of the fourth schedule of the County Government Act Section 20.
- ii. Roles and functions of the board.
  - Providing oversight over the administration of the hospital
  - Approving plans and programs for implementing county health strategies in the hospital.
  - Promoting the development of the hospital.
  - Approving estimates before submission to the Executive Member.
  - Carrying out any other function assigned by the Executive Member.
- iii. Induction, training, and development the board is a continuous exercise and one was done to the existing Board by the executive.
- iv. Board and members' performance is seen in the sub committees they represent in the board, that is the finance and quality sub committees.
- v. Board meetings held quarterly with the sub committees meetings coming before the full board meetings and the attendance to those meetings by members are well captured on the attendance schedules and minutes.
- vi. Succession plan is done by the Executive after serving for three years.
- vii. Policy to manage conflict of interest. If a member is directly or in directly interested in any contract, proposed contract or other matter before a board and is present at the meeting at which the contract is the subject, he should disclose and shall not take part in the deliberations.
- viii. Board remuneration,
  - Board chair.....15000.00
  - Vice chair.....12000.00
  - Secretary.....12000.00
  - Members.....10,000.00
- ix. Ethics and Conduct.
  - The board or committee members shall comply with the code of conduct governing public officers.

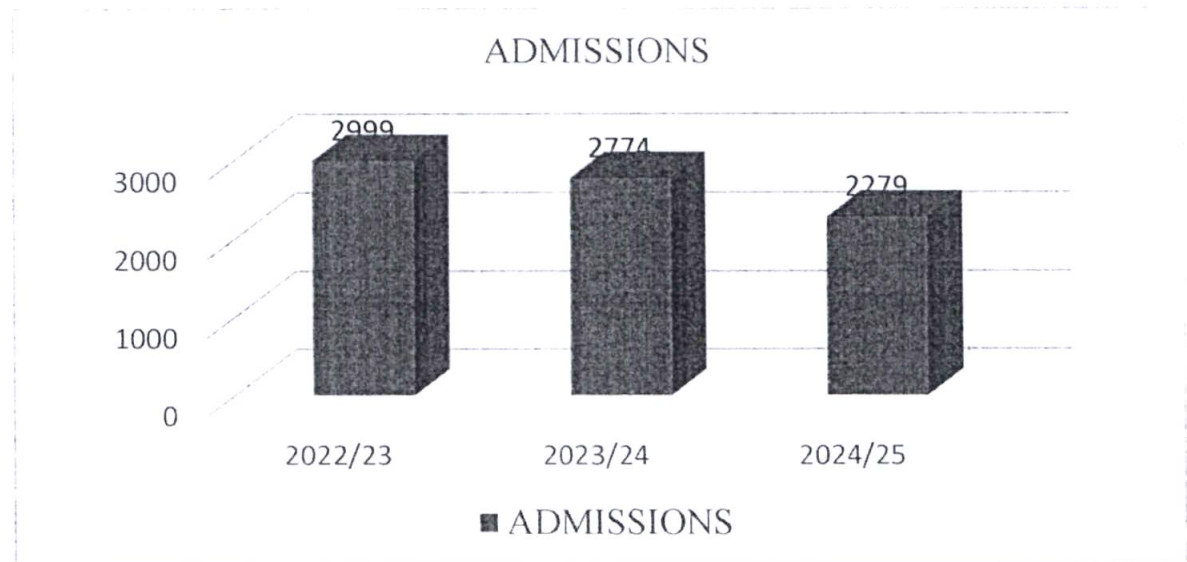
**9. Management Discussion and Analysis**

**Clinical/operational performance**

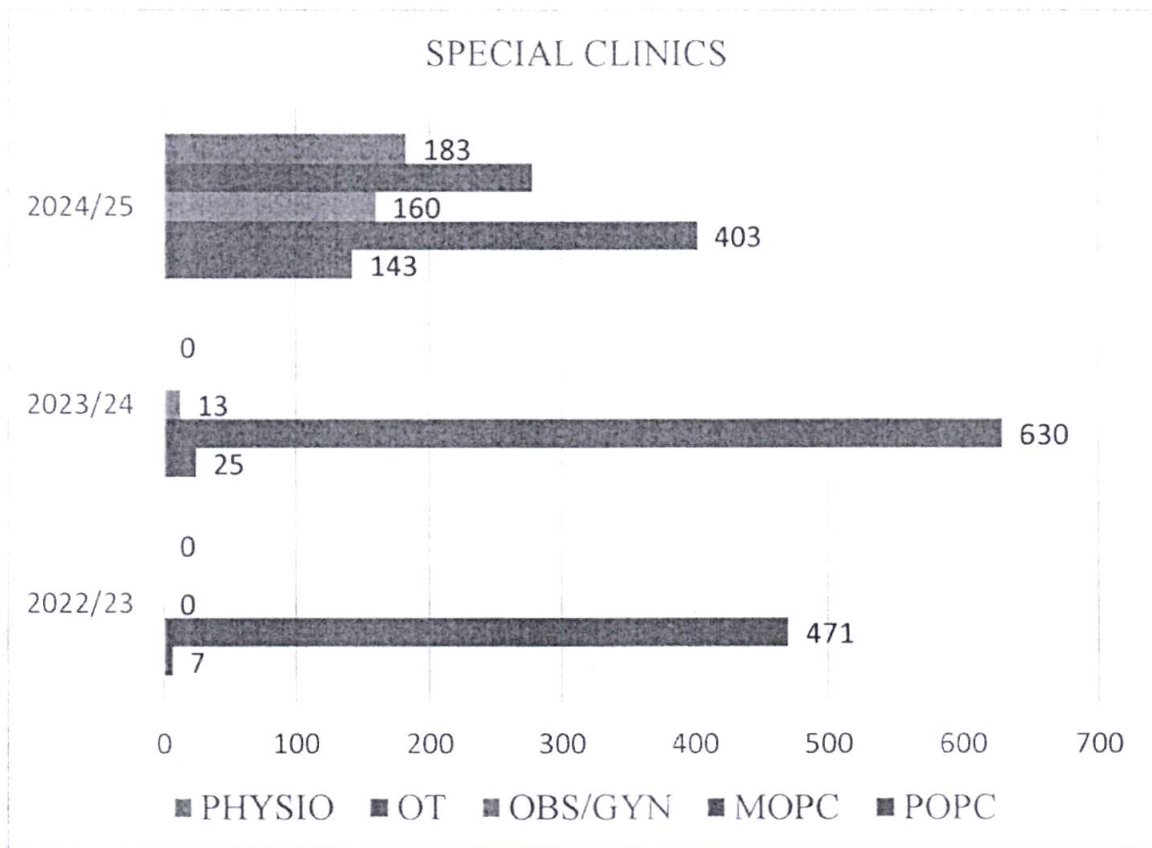
**OUTPATIENT**



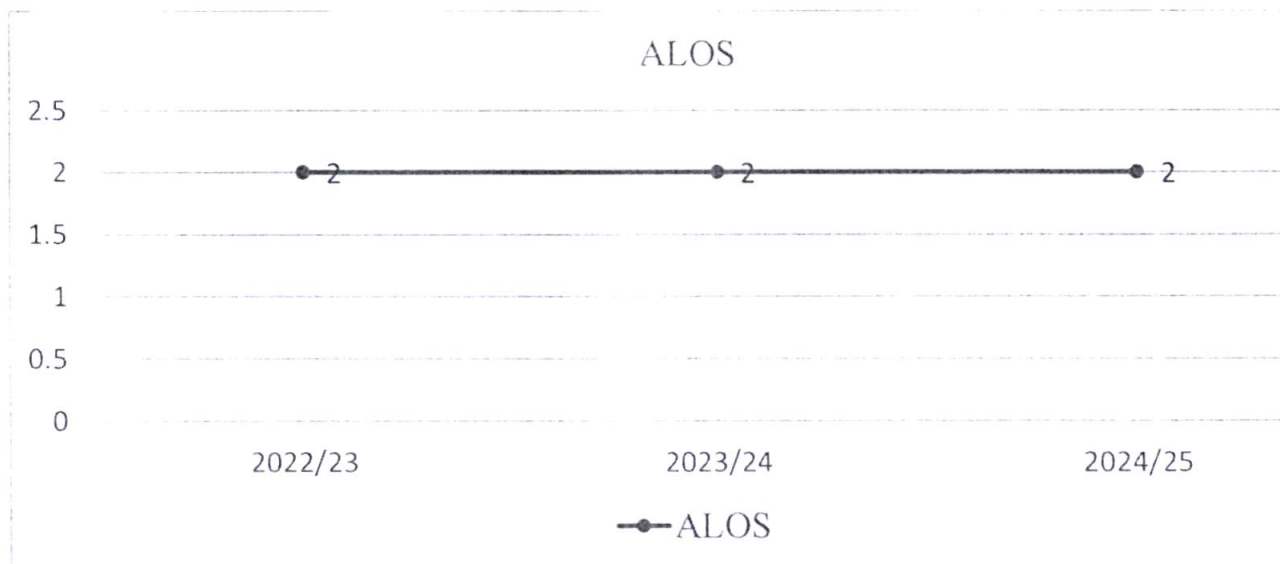
**INPATIENT**



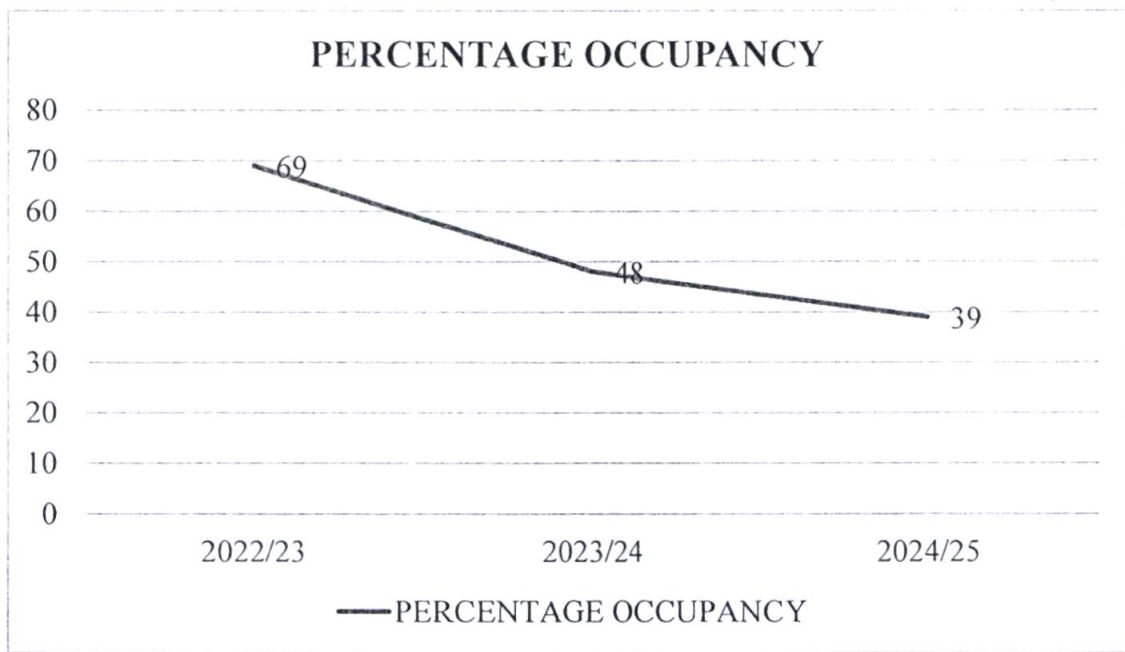
**SPECIALISED CLINIC ATTENDANCE**



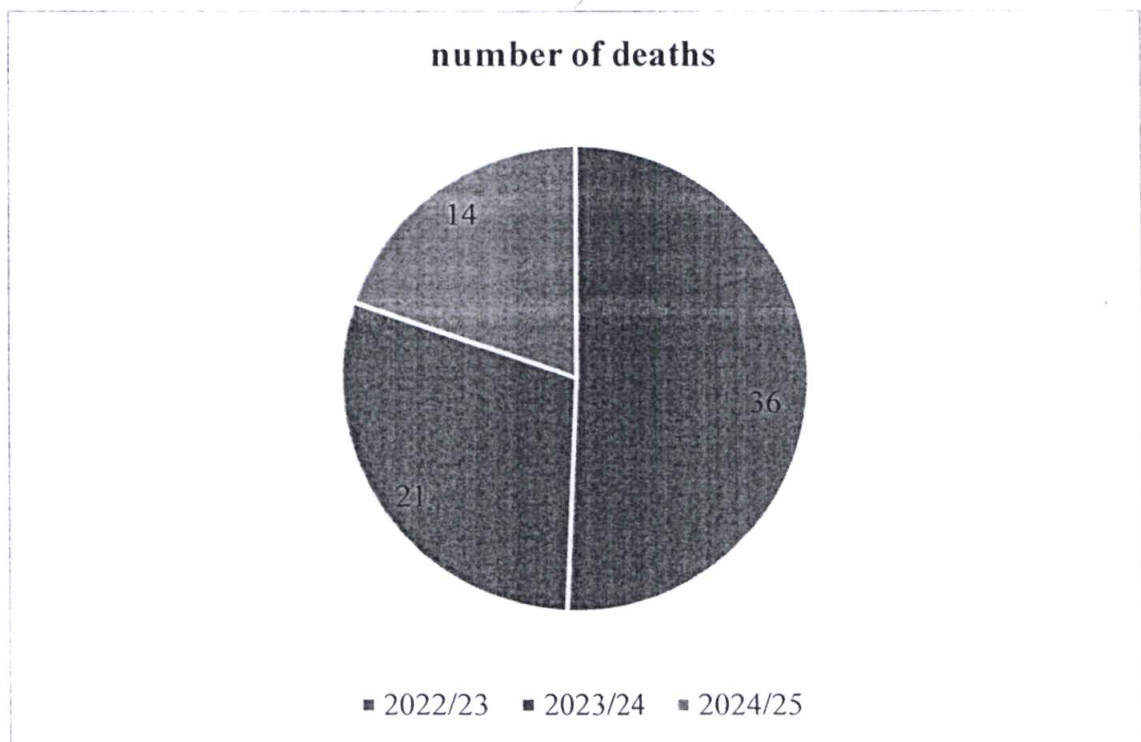
**AVERAGE LENGTH OF STAY FOR INPATIENT**



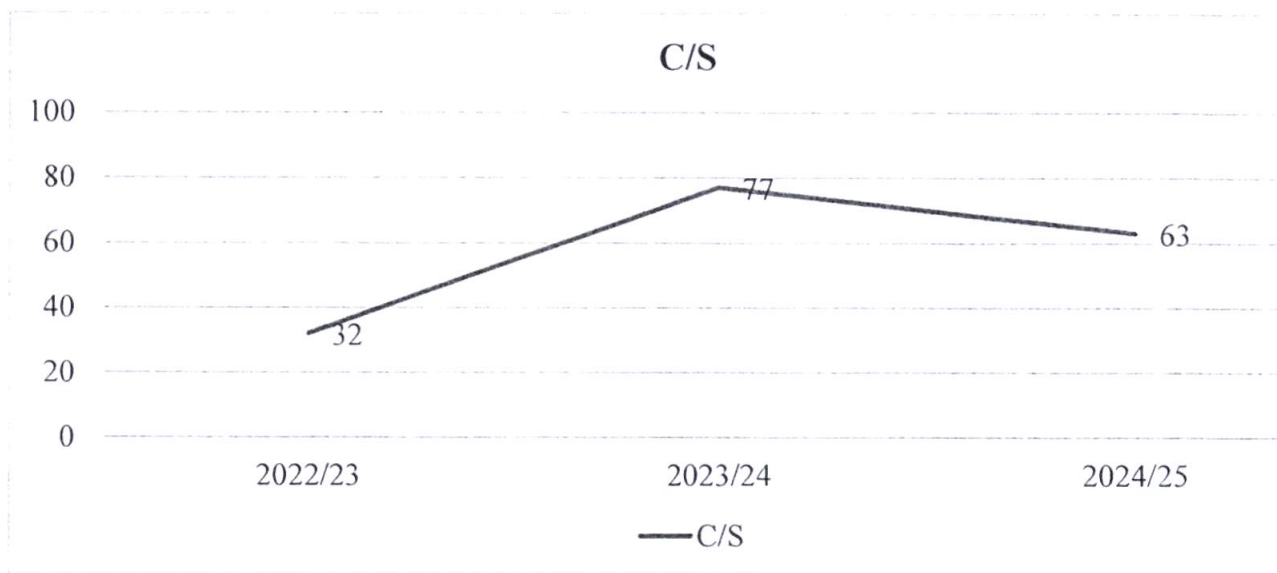
**PERCENTAGE BED OCCUPANCY**



**MORTALITY RATE**



**SURGICAL THEATRE UTILISATION (Number of Operations over a Period of Time)**



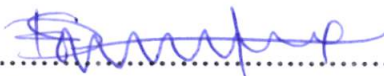
**Sponsorships and partnerships**

- KANCO
- CREADIS
- SETH
- EVIDENCE ACTION
- AFYA UGAVI
- KENYA REDCROSS SOCIETY
- MARRIE STOPS
- USAID DUMISHA AFYA
- UZIMA FOUNDATION
- TUPIME COUNTY
- JACARANDA HEALTH
- ACE AFRICA
- MWENDO

**Financial performance**

**Revenue sources,**

In the period ended June 30<sup>th</sup>, 2025, the facility had projected revenues of ksh,19,153,719.00 which wholly from collection on offer of services to our clients. The revenue sources are categories based on the services offered within the facility namely, Pharmacy, Laboratory, Inpatient, Cooperate Entities i.e SHA, NHIF and Outpatient among others.

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**Dr. David Shivachi**  
**Medical Superintendent Bumula Sub-County Hospital**  
**Secretary to the Board**

**Environmental and Sustainability Reporting.**

*i) Sustainability strategy and profile*

Global political and macroeconomic trends significantly influence sustainability priorities. Key factors include globalization, economic growth models, and the interplay between economic development and environmental protection. These trends highlight the need for international cooperation, technological innovation, and policy frameworks that integrate economic growth with environmental stewardship.

Globalization and Sustainability:

- **Interconnected Economies:**

Globalization fosters interconnectedness through trade, requiring international cooperation on environmental issues and sustainable development.

- **Trade Agreements and Green Technologies:**

Countries can leverage trade agreements to encourage the adoption of green technologies and sustainable production methods across borders.

- **Impact of Global Shocks:**

Global economic crises can shift focus away from sustainability priorities, while conversely, some shocks can accelerate the transition to more sustainable practices.

Economic Growth and Sustainability:

- **Balancing Growth and Environment:**

The traditional model of economic growth often clashes with environmental sustainability, leading to resource depletion and pollution.

- **Transitioning to Green Economies:**

The shift towards green economies requires investments in renewable energy, sustainable infrastructure, and resource-efficient technologies.

- **Cost-Benefit Analysis:**

While sustainable practices may involve initial investments, they can lead to long-term cost savings through reduced resource consumption and improved resource management,

Political Landscape and Sustainability:

- **Government Policies and Regulations:**

Governments play a crucial role in setting sustainability priorities through policies, regulations, and incentives.

- **International Agreements and Cooperation:**

International agreements and collaborations are essential for addressing global environmental challenges like climate change.

- **Public Awareness and Advocacy:**

Public awareness and advocacy efforts can drive political action and demand for greater sustainability.

**Key Sustainability Issues:**

- **Climate Change:**

Greenhouse gas emissions from human activities are causing climate change, leading to extreme weather events and biodiversity loss.

- **Deforestation:**

Deforestation contributes to habitat loss and climate change, requiring sustainable forest management practices.

- **Resource Depletion:**

Over-extraction of natural resources and unsustainable consumption patterns threaten the long-term availability of resources.

- **Waste Management:**

Proper waste management is crucial for reducing pollution and promoting resource circularity.

In conclusion, global political and macroeconomic trends significantly shape sustainability priorities. Balancing economic growth with environmental protection requires international cooperation, policy changes, technological innovation, and a shift towards more sustainable consumption and production patterns.

**Mitigation Measures.**

Mitigating the effects of global political and macroeconomic factors on sustainability requires a multi-faceted approach focused on reducing carbon emissions, promoting renewable energy, enhancing energy efficiency, and fostering international cooperation. Furthermore, addressing political instability and implementing robust risk mitigation strategies are crucial for ensuring sustainable development.

**Political Factors:**

- **Geopolitical Risk:**

Political instability, conflicts, and shifting alliances can disrupt supply chains, hinder investment, and destabilize economies, impacting sustainability efforts.

- **Policy Uncertainty:**

Changes in government policies, regulations, and international agreements can create uncertainty for businesses and investors, slowing down progress on sustainability initiatives.

- **Corruption and Governance:**

Corruption and weak governance can undermine the effectiveness of environmental regulations and divert resources away from sustainable development.

**Macroeconomic Factors:**

- **Economic Growth and Inequality:**

Rapid economic growth can lead to increased resource consumption and pollution, while income inequality can exacerbate social and environmental problems.

- **Trade and Investment:**

Trade policies and investment patterns can influence resource extraction, production, and consumption patterns, impacting sustainability.

- **Financial Instability:**

Economic crises and financial volatility can disrupt long-term investments in sustainable technologies and infrastructure.

Mitigation Measures:

- **International Cooperation:**

Strengthening international agreements, promoting technology transfer, and providing financial assistance to developing countries are essential for addressing global challenges.

- **Policy Frameworks:**

Governments need to implement clear and consistent policies that incentivize sustainable practices, regulate polluting industries, and promote renewable energy adoption.

- **Risk Management:**

Businesses should conduct thorough political risk analysis, diversify supply chains, and invest in risk mitigation strategies, such as political risk insurance, to protect their investments.

- **Sustainable Finance:**

Promoting green finance, carbon pricing mechanisms, and investments in sustainable infrastructure can help mobilize the necessary capital for a transition to a low-carbon economy.

- **Public Awareness and Education:**

Raising public awareness about the importance of sustainability and empowering individuals to adopt sustainable lifestyles are crucial for long-term success.

- **Technological Innovation:**

Investing in research and development of sustainable technologies, such as renewable energy, energy storage, and carbon capture, can accelerate the transition to a more sustainable future.

By addressing these political and macroeconomic challenges and implementing effective mitigation measures, the world can move towards a more sustainable and resilient future.

*i) Environmental performance*

Environmental performance refers to how well Bumula sub County hospital manages its impact on the environment. It's a measure of how effectively an entity minimizes negative environmental effects and maximizes positive contributions to environmental sustainability. This can involve evaluating resource use, pollution reduction, and efforts to protect ecosystems.

Here's a more detailed breakdown:

**Key Aspects of Environmental Performance:**

- **Resource Utilization:** Bumula Sub County hospital efficiently uses resources like water, energy, and raw materials. (enhancing the solar energy and using bore hole water)
- **Pollution Reduction:** Bumula Sub County Hospital minimizes emissions, waste, and other forms of pollution by the use of a hood in the laboratory for TB samples and (eco jiko).
- **Ecosystem Protection:** Activities that protect biodiversity, habitats, and natural resources. (tree cover is at 50% in the facility)
- **Compliance:** Adherence to environmental regulations and standards. (compliance with public health act and the NEMA act)

How Environmental Performance is Measured:

- **Quantitative Data:**

Using metrics like emissions levels, waste generation, water consumption, and energy usage.

- **Qualitative Assessments:**

Evaluating practices, policies, and management systems related to environmental impact.

- **Ecosystem and Biodiversity Assessments:**

Measuring the health and resilience of ecosystems and the status of species populations.

- **Environmental Performance Indices (EPI):**

Rankings of countries or regions based on their environmental performance, often using a range of indicators.

**Why Environmental Performance Matters:**

- **Sustainability:**

It's crucial for achieving long-term sustainability goals and protecting the planet for future generations.

- **Cost Savings:**

Efficient resource use and pollution reduction can lead to significant cost savings.

- **Reputation:**

A strong environmental performance can enhance an organization's reputation and attract stakeholders.

- **Public Health:**

Minimizing pollution and protecting ecosystems can improve public health outcomes.

- **Regulatory Compliance:**

Demonstrating good environmental performance can help organizations avoid penalties and legal issues. In essence, environmental performance is a critical aspect of responsible and sustainable practices, impacting both the environment and the entities that interact with it.

**Key Mitigation Strategies:**

- **Avoidance:**

The most effective approach is to avoid environmental impacts altogether, often achieved through careful planning and design modifications. For example, rerouting a road to avoid a sensitive wetland area.

- **Minimization:**

When impacts cannot be avoided, they should be minimized through measures like using quieter machinery, implementing erosion control measures, or reducing water consumption.

- **Restoration:**

If impacts occur, efforts should be made to restore the affected environment to its previous condition or a reasonable approximation.

- **Compensation:**

When impacts cannot be fully avoided, minimized, or restored, compensation measures may be required. This could involve creating or enhancing habitats elsewhere to offset the loss of a specific area.

- **Remediation:**

This involves addressing existing environmental damage or pollution, such as cleaning up a contaminated site.

- **Pollution Prevention:**

This focuses on preventing pollution at its source, rather than treating it after it has been created.

- **Resource Efficiency:**

This involves using resources more efficiently, such as reducing energy and water consumption, and minimizing waste generation.

- **Sustainable Practices:**

Adopting sustainable practices across operations, including using sustainable materials, implementing cleaner production technologies, and promoting sustainable supply chains.

- **Monitoring and Evaluation:**

Regular monitoring and evaluation of environmental performance are crucial to assess the effectiveness of mitigation strategies and identify areas for improvement.

- **Stakeholder Engagement:**

Involving stakeholders, including local communities, in the planning and implementation of mitigation measures can enhance their effectiveness and promote acceptance.

- **Policy and Regulation:**

Government policies and regulations play a crucial role in driving environmental performance and ensuring that mitigation measures are implemented effectively.

- **Technological Innovation:**

Developing and implementing new technologies can significantly improve environmental performance, such as renewable energy technologies or carbon capture and storage.

By implementing these strategies, organizations and individuals can contribute to a more sustainable future by minimizing their environmental footprint and promoting the health of ecosystems.

*ii) Employee welfare.*

Bumula sub county hospital borrows its welfare policy from the county ACT, that states as follows-

The Bungoma County Employment Act PDF is not a specific standalone document. Instead, it refers to the application of the broader Employment Act, 2007 (No. 11 of 2007), as it relates to employment within Bungoma County. Additionally, Bungoma County has its own policies and regulations that govern employment within the county's public service.

Here's a breakdown:

**1. Employment Act, 2007:** This is a national Kenyan law that provides the framework for employment relationships, covering various aspects like contracts, termination, working conditions, and employee rights.

## **2. Bungoma County Specifics:**

- **County Government of Bungoma:**

The county government has its own policies and procedures related to employment, including short-term contractual employment and public service.

- **County Public Service Board:**

This board plays a key role in recruitment, appointment, and overall management of the county's public service workforce.

- **County Assembly:**

The County Assembly has its own policies and procedures for employing staff, particularly for the clerk and other assembly personnel.

- **Policies and Regulations:**

Bungoma County has developed policies like the "Short Term Contractual Policy" and "Casual and Contract Policy Manual" to guide the engagement and management of different employment categories.

## **3. Where to find information:**

- **Bungoma County Assembly website:**

You can find various county acts, policies, and regulations related to employment on the [Bungoma County Assembly website](#).

- **Kenya Law website:**

The [Kenya Law website](#) is a good resource for accessing the Employment Act, 2007 and other relevant Kenyan laws.

- **Bungoma County Government website:**

Information on county policies, including those related to employment, can be found on the Bungoma County Government website.

Therefore, when looking for "Bungoma County Employment Act" information, it's important to consider both the national Employment Act and the specific policies and regulations implemented by Bungoma County.

Bungoma County is actively engaged in employee capacity building initiatives to enhance performance and service delivery within the county government. This involves various training programs, knowledge management sessions, and policy frameworks aimed at improving employee skills, leadership capabilities, and overall organizational effectiveness.

**Key aspects of Bungoma County's employee capacity building efforts:**

- **Knowledge Management:**

The State Department for Devolution has conducted knowledge management capacity building sessions for Bungoma County staff to foster a knowledge-driven culture.

- **Performance Management Training:**

The Bungoma County Assembly has organized training for its staff on performance management, including skills in performance contracting, staff appraisal, and performance evaluation.

- **Leadership Development:**

Bungoma County recognizes the importance of leadership development for succession management and is working on programs to build the capacity of individuals in leadership roles.

- **Human Resource Development Policy:**

The County has a policy in place that provides guidelines for systematic identification and mitigation of performance gaps, promotes public-private partnerships in training, and ensures continuous learning for public servants.

- **Public Participation:**

Bungoma County emphasizes public participation in development processes and has a policy to empower citizens, public institutions, and other stakeholders through coordinated capacity building.

- **Monitoring and Evaluation:**

The capacity building initiatives include frameworks for monitoring, evaluation, and reporting on human resource development programs.

- **Specific Programs:**

The County is implementing programs like the Bungoma County Integrated Development Plan (CIDP) and the Bungoma County Annual Development Plan (ADP) which involve capacity building components for effective implementation.

- **Collaboration:**

Bungoma County collaborates with organizations like the Kenya Institute for Public Policy Research and Analysis (KIPPRA) to build capacity across various sectors.

These efforts demonstrate Bungoma County's commitment to investing in its human capital to achieve its development goals and improve service delivery to its citizens.

**AI Overview**

Bungoma County is actively engaged in building the capacity of its employees in Occupational Safety and Health Administration (OSHA). This includes training on evidence-based policymaking, development planning, and effective results

measurement. The county is also focused on creating a safe working environment for all staff and ensuring all employees have basic knowledge of work environment management.

**Key aspects of OSHA capacity building in Bungoma County:**

• **Policy and Planning:**

The county is working on strengthening the capacity of its officers in evidence-based policymaking and development planning. This includes developing and improving financial reporting templates and training staff on technical aspects.

• **Safe Working Environment:**

The County Assembly of Bungoma recognizes its responsibility to provide a safe working environment for its employees. This includes addressing both prevention and treatment aspects of occupational health and safety. Bumula Sub County Hospital has the infection prevention committee that handle the risks involved with infection.

Employees are also provided with protective gear as the work to shield them against harmful material, and also trained on the safe working techniques.

• **Knowledge and Skills:**

Bungoma County is committed to ensuring all employees have basic knowledge of work environment management and can reduce risks associated with their work.

• **Implementation and Management:**

The county is working on developing an inventory of tools and resources for implementing and managing OSH and is also focusing on recording and notification of occupational accidents and diseases.

• **Capacity Building Initiatives:**

Bungoma County is actively engaged in capacity building activities, including training and development of officers, and engagement with the public.

Additional points to consider:

• **Environmental and Social Safeguards:**

Bungoma County has an Environmental and Social Safeguards Policy that emphasizes the importance of managing environmental and social performance for all county-supported projects.

• **Public Participation:**

The county is also involved in public participation and engagement to ensure transparency and accountability in its operations.

- **Short-term Contractual Policy:**

Bungoma County has a policy for the recruitment of short-term contractual employees, including provisions for capacity building of these officers.

ii) *Market place practices - The Bumula procurement process is borrowed from the County.*

Bungoma County's procurement process, like other Kenyan counties, is guided by the Public Procurement and Asset Disposal Act, 2015, and the National Public Procurement and Asset Disposal Policy. The process emphasizes transparency, accountability, and value for money. Key aspects include procurement planning, supplier selection, contract management, and the use of e-procurement systems.

Bumula sub county hospital subscribes to the public procurement Act, 2015 and the National Public Procurement and Asset Disposal Policy.

**Key Practices:**

- **Procurement Planning:**

Bungoma County undertakes procurement planning as a crucial step, which involves identifying needs, setting budgets, and determining the appropriate procurement methods.

- **Supplier Selection:**

The county employs various methods for supplier selection, including open tendering, restricted tendering, and direct procurement, depending on the nature and value of the procurement.

Bumula Sub County Hospital uses the list provided by the County.

- **E-Procurement:**

The county has embraced e-procurement, utilizing systems like IFMIS (Integrated Financial Management Information System) to streamline the procurement process, enhance efficiency, and improve transparency.

- **Contract Management:**

Effective contract management is a vital component, ensuring that goods and services are delivered as agreed, and that payments are made according to contract terms.

- **Training and Capacity Building:**

Bungoma County invests in training its procurement staff to enhance their skills and knowledge in areas like procurement planning, contract management, and the use of e-procurement systems.

- **Local Procurement:**

The county also encourages local procurement, supporting local businesses and SMEs by providing opportunities to participate in the procurement process.

- The County Government of Bungoma has specified the use of electronic procurement for the procurement of X-ray materials in the Department of Health and Sanitation. These examples demonstrate the county's commitment to utilizing various procurement methods, including open tendering, e-procurement, and local procurement, while adhering to the legal and policy frameworks.

***Responsible competition practice.***

Bumula Sub County hospital adopts the county plan.

In Bungoma County, the procurement process aims to foster competition while adhering to legal frameworks. The county utilizes methods like open competitive tendering, as outlined in the Standard Tender Documents, to ensure fairness and transparency. Furthermore, the Competition Act of Kenya influences how joint ventures are handled, requiring them to seek exemptions if their operations might lessen competition.

Here's a more detailed breakdown:

1. Open Competitive Tendering:

- Bungoma County typically employs open competitive tendering as the primary method for procurement.
- This involves advertising tenders publicly and allowing all eligible firms to submit bids.
- Standardized tender documents are used to ensure consistency and clarity in the process.
- Information that could give any firm an unfair advantage is made available to all bidders.

2. Competition Act and Joint Ventures:

- The Competition Act of Kenya aims to prevent anti-competitive practices in the provision of services.
- Joint ventures, which may lessen competition, are prohibited unless they obtain an exemption from the Competition Authority.
- This exemption is not a prerequisite for submitting a tender, but it is a condition for contract award and signature.
- Tenderers in joint ventures are given the opportunity to seek the necessary exemption after being awarded the contract.

3. Ensuring Fair Competition:

- The county government strives to create a level playing field for all bidders.

- This includes providing equal access to information, transparent evaluation processes, and adherence to the Competition Act.
- By promoting fair competition, Bungoma County aims to achieve value for money, efficiency, and effectiveness in its procurement processes.

4. Other Relevant Factors:

- Procurement planning, staff training, monitoring, and inventory control are also crucial for efficient procurement, according to a study on supply chain management in Bungoma County.
- E-procurement, including e-tendering and other online platforms, is also being adopted to enhance organizational performance.
- Public participation is incorporated into the procurement process, ensuring that the views of stakeholders are considered.

***Responsible Supply chain and supplier relations***

In Bungoma County, the procurement process is governed by the principles of competition and aims to ensure value for money, transparency, and fairness in the acquisition of goods and services. The process involves several key stages, from planning and sourcing to contract management, with supplier relationship management playing a crucial role in ensuring successful outcomes. Effective procurement planning, staff training, monitoring, and inventory control are essential for a well-functioning procurement system.

**Key Aspects of Bungoma County's Procurement Process:**

• **Competition:**

The procurement process is designed to promote competition among suppliers, ensuring that the county receives the best possible value for its investments.

• **Transparency:**

Openness and clarity in the procurement process are emphasized, with information readily available to stakeholders.

• **Supplier Relationship Management:**

Building and maintaining strong relationships with suppliers is a critical aspect of the procurement process, fostering collaboration and ensuring a reliable supply chain.

• **Procurement Planning:**

Thorough planning is essential for identifying needs, setting budgets, and establishing timelines for procurement activities.

- **Supplier Evaluation:**

Evaluating potential suppliers based on their financial capabilities and other relevant criteria is crucial for ensuring the selection of capable and reliable vendors.

- **Monitoring and Evaluation:**

Regular monitoring of the procurement process helps ensure compliance with regulations and identify areas for improvement.

**Specific Studies on Bungoma County Procurement:**

- A study on the influence of supply chain management practices on procurement performance in Bungoma County found that procurement planning, staff training, monitoring, and inventory control significantly impact procurement performance.
- Another study highlighted the importance of supplier evaluation in enhancing procurement performance, suggesting that thorough assessments of suppliers before awarding tenders are essential.
- A related study emphasized the significance of supply chain collaboration and recommended that county governments establish frameworks to ensure maximum supplier collaboration in the supply chain.

In conclusion, Bungoma County's procurement process is designed to be competitive, transparent, and focused on building strong supplier relationships. By emphasizing effective planning, staff training, monitoring, and supplier evaluation, the county aims to achieve optimal procurement outcomes and ensure value for money in its acquisition of goods and services.

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

Bungoma County can enhance citizen engagement in procurement by establishing clear communication channels, conducting public participation forums, and ensuring transparency in the procurement process. This includes making information readily available, actively involving citizens in decision-making, and promoting accountability and ethical practices.

Here's a more detailed breakdown:

**1. Transparency and Information Dissemination:**

- **Public Access to Information:**

The County Government should make procurement information readily accessible to the public through various channels, including its website, public notices, and community forums.

- **Clear Communication:**

Utilize clear and concise language in all procurement documents and communications, avoiding technical jargon that may be difficult for the average citizen to understand.

- **Regular Reporting:**

Publish regular reports on procurement activities, including details on contracts awarded, expenditures, and project progress, making these reports easily accessible to the public.

## **2. Public Participation:**

- **Public Forums:**

Organize regular public participation forums at the ward and sub-county levels to gather citizen input on procurement needs and priorities.

- **Stakeholder Engagement:**

Actively engage with relevant stakeholders, including civil society organizations, community groups, and the private sector, to ensure diverse perspectives are considered.

- **Feedback Mechanisms:**

Establish mechanisms for citizens to provide feedback on procurement processes and outcomes, ensuring that feedback is taken into account.

## **3. Accountability and Ethical Practices:**

- **Code of Conduct:**

Implement and enforce a strong code of conduct for all procurement officials, ensuring ethical behavior and preventing corruption.

- **Monitoring and Evaluation:**

Establish a robust monitoring and evaluation system to track procurement performance and identify areas for improvement.

- **Whistleblower Protection:**

Create a safe and confidential system for reporting corruption or unethical practices, protecting those who come forward.

## **4. Capacity Building:**

- **Civic Education:**

Conduct civic education programs to raise awareness among citizens about their rights and responsibilities in procurement processes.

- **Training for Officials:**

Provide training to procurement officials on ethical procurement practices, transparency, and public participation.

- **Community Empowerment:**

Empower citizens to participate effectively in procurement processes by providing them with the necessary information and tools.

By implementing these measures, Bungoma County can foster a more transparent, accountable, and participatory procurement system that benefits all citizens.

***Product stewardship or Awareness Creation.***

Bumula Sub County Hospital has borrowed the product stewardship or awareness Creation from the County.

Bungoma County is actively involved in product stewardship through various policies and initiatives aimed at sustainable resource management and environmental protection. The county has developed policies like the Environmental Management and Sustainability Policy, and the Agriculture and Soil Management Policy, which guide sustainable practices in agriculture, natural resource management, and climate change adaptation. These policies emphasize stakeholder engagement, public participation, and the integration of environmental considerations into all county development projects and programs.

Here's a more detailed look:

**1. Environmental Management and Sustainability:**

Bumula has adopted the environmental management and sustainability from the one captured at the County:

- Bungoma County has a dedicated Environmental Management and Sustainability Policy that prioritizes the protection and preservation of the county's natural beauty, biodiversity, and agricultural heritage.
- This policy promotes a holistic approach to environmental management, balancing economic growth with ecological responsibility.
- It includes strategies for reducing the county's environmental footprint, conserving natural resources, and promoting sustainable practices.
- The policy also emphasizes collective effort, collaboration with stakeholders, and continuous monitoring and evaluation.

**2. Agriculture and Soil Management:**

- The Bungoma County Agriculture and Soil Management Policy aims to promote sustainable land management practices, protect soils, and conserve biodiversity.

- Key objectives include promoting integrated soil fertility management systems, supporting afforestation and reforestation programs, and enhancing climate change mitigation and adaptation measures.
- This policy also emphasizes stakeholder engagement, public participation, and the equitable distribution of resources and benefits.

**3. Climate Change Action:**

- Bungoma County has a Climate Change Policy and a Climate Change Action Plan (2023-2027) that address the county's climate change challenges and promote resilience.
- These initiatives aim to mainstream climate change considerations into all county development projects and programs, and to establish financial mechanisms for implementing climate change actions.

**4. Natural Resources Management:**

- Bungoma County's Natural Resources Policy focuses on the sustainable management of forests, water resources, and other natural resources.
- It addresses issues such as unsustainable extraction of forest products, illegal trade in wood and wood products, and the need for improved wood-based technologies.
- The policy also emphasizes the importance of water resource management, including developing, preserving, and conserving natural water resources, and improving water and sanitation services.

**5. Other Relevant Initiatives:**

- Bungoma County is also involved in waste management workshops, promoting responsible waste disposal practices.
- The county has initiatives to integrate nutrition education into school curricula and establish school gardens to promote food and nutrition security.
- The County has developed a Food Safety Policy that complements existing legal instruments to ensure safe and sustainable food production.

In essence, Bungoma County is actively working towards product stewardship by implementing policies and initiatives that promote sustainable resource management, environmental protection, and climate change resilience. These efforts involve collaboration with various stakeholders, including government agencies, community members, and the private sector.

***Corporate Social Responsibility / Community Engagements.***

Bumula sub county hospital adopts the one from the County:

Bungoma County demonstrates Corporate Social Responsibility (CSR) through initiatives focused on community development and support for vulnerable groups. Examples include the County Assembly's donation to Kanduyi Children's Home and the establishment of the Women and Disability Empowerment Funds. These efforts aim to improve the lives of residents and promote inclusive development within the county.

Examples of CSR in Bungoma County:

- **Donations to Kanduyi Children's Home:**

The Bungoma County Assembly recently visited Kanduyi Children's Home, donating food, essentials, and other necessities. This act of CSR highlights the County Assembly's commitment to supporting vulnerable children and addressing their needs.

- **Women and Disability Empowerment Funds:**

These funds, managed under the County's Department of Gender and Culture, provide financial assistance and capacity building to women and people with disabilities, according to Bungoma County Assembly. The revolving nature of the funds ensures continuous support for these marginalized groups.

- **Inclusive Development:**

The County's mission, "To harness all potentials of the county through inclusive participation and collective responsibility to generate wealth for sustainable socio-economic development", reflects a commitment to CSR principles by promoting participation and shared benefits.

Key Aspects of CSR in Bungoma:

- **Community Engagement:**

CSR initiatives often involve direct engagement with the community, such as the visit to Kanduyi Children's Home.

- **Targeting Vulnerable Groups:**

The focus on women and people with disabilities through the empowerment funds demonstrates a commitment to inclusivity. Bumula sub county hospital also has similar outreaches for the vulnerable groups and therefore eradicating jiggers.

- **Sustainable Development:**

The County's mission and the revolving nature of the empowerment funds emphasize long-term sustainability.

- **Resource Mobilization:**

CSR activities can involve mobilizing resources, such as donations or the management of funds, to support community development.

Bumula Sub County hospital has also supported the neighboring girls' school with clean water at a small cost.

## **10. 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 are (continue to be) ....

### **Results**

The results of the entity for the year ended June 30 2025 are set out on pages 1 to 57.

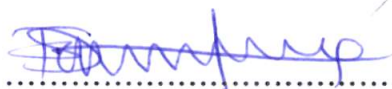
### **Board of Management**

The members of the Board who served during the year are shown on page iii. During the year, xxx director(s) retired / resigned, and xxx director(s) was appointed with effect from xxxx date.

### **Auditors**

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

By Order of the Board



Name DR- SHIVAKETI

**Secretary to the Board**

## 11. Statement of Board of Management's Responsibilities

Section 164 of the Public Finance Management Act, 2012 (*entities should quote the applicable legislation under which they are regulated*) 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 *Bumula sub county hospital* 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 *Bumula sub county hospitals* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (*– entities should quote applicable legislation as indicated under*). The Board members are of the opinion that the *entity's* financial statements give a true and fair view of the state of *bumula sub county hospital* transactions during the financial year ended June 30, 2025, and of the *Bumula sub county hospital* financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the *hospital*, which have been relied upon in the preparation of the *entity's* financial statements as well as the adequacy of the systems of internal financial control.


In preparing the financial statements, the Directors have assessed the Fund's ability to continue as a going concern (*disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements*) OR

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 28<sup>th</sup> Aug 2025 and signed on its behalf by:

  
Name: SYPHARINE W. NDAKWA  
Chairperson  
Board of Management

  
Name: DR. SHIVAKSHI DAVID  
Accounting Officer

# REPUBLIC OF KENYA

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



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

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

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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 Bumula Sub County Hospital - County Government of Bungoma set out on pages 1 to 38, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial

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

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 Bumula Sub County Hospital - County Government of Bungoma 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 Health Act, 2017, the Bungoma County Health Services Act, 2019, and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Accuracy of the Statement of Financial Performance**

The statement of financial performance indicates medical/clinical costs of Kshs.6,048,000, general expenses of Kshs.6,249,105, and repairs and maintenance of Kshs.3,292,074. However, the supporting ledgers indicates amounts of Kshs.7,302,106, Kshs.7,232,510, and Kshs.3,098,124, resulting in unexplained and unreconciled variances of Kshs.1,254,106, Kshs.983,405 and Kshs.193,950 respectively.

In the circumstances, the accuracy and completeness of the respective amounts reflected in the statement of financial performance could be confirmed.

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

The statement of financial position reflects a Nil balance for property, plant and equipment. However, review of hospital records and physical inspection revealed that the hospital is located on a parcel of land with buildings, and equipped with assorted furniture and fittings, and various specialized medical equipment. However, these assets were not valued and not included in the financial statements. Further, the land did not have a title-deed and the hospital did not maintain a fixed assets register.

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

#### **3. Misstatement of Opening Balances**

Review of the comparative amounts in the financial statements as compared to the audited financial statements for the previous financial year 2023/2024 revealed that repairs and maintenance amount of Kshs.932,430 differs with Kshs.821,590 reflected in previous year audited financial statements, resulting to an unexplained variance of

Kshs.110,840. Further, the total expenses of Kshs.23,273,057 differs with audited amount of Kshs.23,162,217 resulting to an unexplained variance of Kshs.110,840.

Similarly, the statement of financial position and Note 27 to the financial statements indicate a cash and cash equivalents comparative balance of Kshs.703,075 in respect to a different bank account and not as stated in the audited financial statements. Further, the removal of the former bank account from the financial statements and hospital's books was not explained.

In the circumstances, the accuracy and completeness of the respective opening balances could not be confirmed.

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

### **Emphasis of Matter**

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

Review of the statement of comparison of budget and actual amounts revealed that the final revenue budget and actual revenue amounted to Kshs.21,225,957 and Kshs.19,153,719 respectively, resulting in an under-funding of Kshs.2,072,238 or 10% of the budget. Similarly, recurrent expenditure totaled Kshs.18,447,740 against a budget of Kshs.21,225,958, resulting to an under-utilization of Kshs.2,778,218 or 13% of the budget.

However, no explanations for these variances were disclosed in the financial statements.

Further, an approved budget and minutes approving the budget were not provided for audit review.

The under-funding and under-absorption of the approved budget is an indication that some activities and projects in the annual plan were not implemented, which may have affected service delivery.

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

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

## **Other Matter**

### **Unresolved Prior Year Matters**

In the previous year's audit, several issues were raised under Report on the Financial Statements, Report on Lawfulness, and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance as stated in **Appendix I**. However, Annex 1 to the financial statements in respect of progress on follow-up of Auditor's recommendations does not contain all issues raised by the Auditor-General in the previous year's audit. Further, the Management did not explain the reasons for failing to implement auditor's recommendations and to include all the issues raised by the Auditor-General.

### **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, 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. Non-Compliance with International Public Sector Accounting Standards Board Financial Reporting Template**

Review of the annual report and financial statements for the hospital for year ended 30 June, 2025 revealed anomalies as detailed below:

- i. Report of the Board of Management does not indicate the principal activity of the hospital, and contain incorrect pages numbers for the results of the hospital and Board of Management profile.
- ii. Note 4b to the financial statements in respect to budget information does not state the date of approval of original budget, name of the hospital and the financial year.
- iii. The reference note numbers in the financial statements had been mismatched to the actual Notes to the financial statements.

This was contrary to Section 194(d) of the Public Finance Management Act, 2012 which gives the Public Sector Accounting Standards Board mandate to prescribe formats for financial statements and reporting by all state organs and public entities.

In the circumstances, Management was in breach of law.

### **2. Long Outstanding Trade and Other Payables**

The statement of financial position and Note 30 to the financial statements reflects trade and other payables balance of Kshs.6,357,845. However, the payables had remained unsettled for more than a year, and the Management did not provide justification for the delay in settlement of these liabilities. This was contrary to Section 45(3)(a) of the Public Procurement and Asset Disposal Act, 2015 which stipulates that all procurement processes shall be within the approved budget of the procuring entity and shall be planned through an annual procurement plan.

In the circumstances, Management was in breach of law.

### **3. Outstanding Receivables from Social Health Authority (SHA)**

The statement of financial position reflects receivables from exchange transactions amounting to Kshs.7,903,462 relating to debts owed to the hospital by Social Health Authority (SHA) for the year under review, and as disclosed in Note 28 to the financial statements. Delay in recovery of receivables was contrary to Regulation 63(1) of Public Finance Management (County Governments) Regulations, 2015 which states that an accounting officer and a receiver of revenue are personally, responsible for ensuring that, adequate safeguards exist and are applied for the prompt collection and proper accounting for, all county government revenue and other public moneys relating to their county departments or agencies.

In the circumstances, Management was in breach of law.

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

Review of hospital records, staffing levels, and physical verification of medical equipment revealed significant shortfalls against the Kenya Quality Model for Health Policy Guidelines for a Level 4 facility. The medical staffing shortfalls were noted as follows:

Item	Level 4 Standard	Actual in Hospital	Variance	Shortfall (%)
Medical officers	16	3	13	81%
Anesthesiologists	2	0	2	100%
General Surgeon	2	0	2	100%
Gynecologists	2	0	2	100%
Pediatricians	2	0	2	100%
Radiologists	2	0	2	100%
Registered Community Health Nurses	75	24	51	68%
<b>Total</b>	<b>101</b>	<b>27</b>	<b>74</b>	<b>73%</b>

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

Services	Level 4 Hospital Standard	Actuals in the Hospital	Variance	Shortfall (%)
Resuscitaire in Labour Ward	2	2	0	0%
New Born Unit incubators	5	3	2	40%
Functional ICU Beds	6	0	6	100%
High Dependency Units (HDU) Beds	6	0	6	100%
Renal Units with at Least 5 Dialysis Machines	5	0	5	100%
Functional Operating Theaters Maternity and General	2	1	1	50%
<b>Total</b>	<b>26</b>	<b>6</b>	<b>20</b>	<b>77</b>

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

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

## **5. Non-Compliance with Law on Occupation Safety and Health (OSH)**

Review of OSH compliance at the hospital revealed that mandatory fire safety audits and annual occupational safety, and health audits by approved OSH advisors as required by Occupational Safety and Health Act, 2007 was not conducted. Further, the hospital was not registered as a workplace under the Directorate of Occupational Safety and Health Services.

In the circumstances, Management was in breach of law.

## **6. Non-Compliance with Facilities Improvement Financing Act, 2023**

Review of the bank account documents revealed that although the hospital had opened a special purpose a Facility Improvement Financing bank account on 31 July, 2024, monies in respect to the facility improvement fund were not paid into this account. Further, the bank account was not disclosed in the financial statements. This was contrary to Section 5(2) of the Facilities Improvement Financing Act, 2023 which provides that there shall be opened a facility improvement financing account for each public health facility into which shall be paid all monies received by or on behalf of the respective public health facility.

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

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

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Weaknesses in Revenue Collection System**

Review of the hospital system revealed significant weaknesses in the internal control environment governing revenue management. The hospital operated a partially automated billing system lacking adequate safeguards for effective billing and revenue

control since patients' data from registration, appointments, and consultation was inconsistent, while the pharmacy section operated manually, creating gaps in data integrity.

Further, the system developer retained super user rights, and the hospital's ICT officer had limited access and was not trained on using the system. Additionally, the hospital management had not been granted administrative rights, increasing the risk of data manipulation, leakage of patient information, and unauthorized corrections to posted transactions.

In the circumstances, the effectiveness in revenue management could not be confirmed.

## **2. Weaknesses in Inventory Management**

The statement of financial position and Note 29 to the financial statements indicates inventories balance of Kshs.1,467,453. However, the hospital did not maintain bin cards for the stores items. As a result, the closing stock balances from the previous financial year were not accounted for.

Additionally, the annual stock-taking was not conducted contrary Regulation 104(1) of the Public Finance Management (County Governments) Regulations, 2015, which requires that stock-taking be performed by officers independent of those responsible for custody or record-keeping.

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

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

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

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

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

16 December, 2025

## Appendix I

### Unresolved Prior Year Matters

Reference No. of the Auditor-General's Report	Title of Audit Issue
	<b>Report on the Financial Statements</b>
1	Misstatements in the financial statements
2	Unsupported medical/clinical costs
3	Unsupported employee costs
4	Unsupported cash and cash equivalents
5	Unsupported receivables from exchange transactions balance
6	Unconfirmed inventory balance
	<b>Report on Lawfulness, Effectiveness In Use of Public Resources</b>
1	Late submission of financial statements
2	Non-Compliance with Kenya quality model for health policy guidelines
3	Failure to maintain a fixed assets register
	<b>Report of Effectiveness of Internal Controls, Risk Management and Governance</b>
1	Failure to establish an audit committee and operational internal audit unit
2	Information and communication technology internal control weaknesses

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

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

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from the County Government	6	-	-
In-kind contributions from the County Government	7	3,500,040.00	7,000,080.00
Grants from donors and development partners	8	-	-
Transfers from other Government entities	9	-	-
Public contributions and donations	10	-	-
		<b>3,500,040.00</b>	<b>7,000,080.00</b>
<b>Revenue from exchange transactions</b>			
Rendering of services- Medical Service Income	11	19,159,834.00	16,508,845.00
Revenue from rent of facilities	12	-	-
Finance /Interest Income	13	-	-
Miscellaneous Income	14	-	-
<b>Revenue from exchange transactions</b>		<b>19,159,834.00</b>	<b>16,508,845.00</b>
<b>Total revenue</b>		<b>22,659,874.00</b>	<b>23,508,925.00</b>
<b>Expenses</b>			
Medical/Clinical costs	15	6,048,009.00	7,080,031.00
Employee costs	16	3,500,040.00	7,000,080.00
Board of Management Expenses	17	865,000.00	2,072,100.00
Depreciation and amortization expense	18	-	-
Repairs and maintenance	19	3,292,074.00	932,430.00
Grants and subsidies	20	-	-
General expenses	21	6,249,105.00	6,188,416.00
Finance costs	22	-	-
<b>Total expenses</b>		<b>19,954,228.00</b>	<b>23,273,057.00</b>
<b>Other gains/(losses)</b>			
Gain/Loss on disposal of non-Current assets	23	-	-
Unrealized gain on fair value of investments	24	-	-
Medical services contracts Gains/Losses	25	-	-
Impairment loss	26	-	-
Gain on foreign exchange transactions		-	-
<b>Total other gains/(losses)</b>		<b>-</b>	<b>-</b>
<b>Net Surplus / (Deficit) for the year</b>		<b>2,705,646.00</b>	<b>235,868.00</b>

*(The notes set out on pages 1 to 57 form an integral part of the Annual Financial Statements.)*

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

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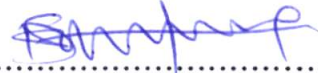
The Hospital's financial statements were approved by the Board on 28<sup>th</sup> Aug 2025 and signed on its behalf by:



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



.....  
**Head of Finance**  
**ICPAK No:**



.....  
**Medical Superintendent**


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


Description	Note	2024-2025	2023-2024
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	27	1,409,057.00	703,075.00
Prepayments		-	-
Receivables from exchange transactions	28	7,903,462.00	7,897,350.00
Receivables from non-exchange transactions		-	-
Inventories	29	1,467,453.00	-
<b>Total Current Assets</b>		<b>10,779,972.00</b>	<b>8,600,425.00</b>
<b>Non-current assets</b>			
Property, plant, and equipment		-	-
Intangible assets		-	-
Investment property		-	-
Biological Assets		-	-
<b>Total Non-current Assets</b>		<b>-</b>	<b>-</b>
<b>Total assets (A)</b>		<b>10,779,972.00</b>	<b>8,600,425.00</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	30	6,357,845.00	6,883,944.00
Refundable deposits from Patients/Prepayments		-	-
Provisions		-	-
Finance lease obligation		-	-
Current portion of deferred income		-	-
Current portion of borrowings		-	-
<b>Total Current Liabilities</b>		<b>6,357,845.00</b>	<b>6,883,944.00</b>
<b>Non-current liabilities</b>			
Provisions		-	-
Non-Current Finance lease obligation		-	-
Non-Current portion of deferred income		-	-
Non - Current portion of borrowings		-	-
Service concession Arrangements		-	-
<b>Total non-current liabilities</b>		<b>-</b>	<b>-</b>
<b>Total Liabilities (B)</b>		<b>6,357,845.00</b>	<b>6,883,944.00</b>
<b>Net assets (A-B)</b>		<b>4,422,127.00</b>	<b>1,716,481.00</b>
<b>Represented by:</b>			
Revaluation reserve		-	-
Accumulated surplus/Deficit		4,422,127.00	-

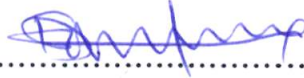
*Bumula Sub County Hospital (Bungoma County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Capital Fund		-	1,716,481.00
Net Assets		<u>4,422,127.00</u>	<u>1,716,481.00</u>

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

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

  
 .....  
**Head of Finance**  
**ICPAK No:**

  
 .....  
**Medical Superintendent**

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

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
<b>As at July 1, 2023 (previous year)</b>	-	<b>1,186,329.00</b>	-	<b>1,186,329.00</b>
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	235,868.00	-	<b>235,868.00</b>
Adjustments from prior year		294,284.00		<b>294,284.00</b>
Capital/Development grants	-	-	-	-
<b>As at June 30, 2024 (previous year)</b>	-	<b>1,716,481.00</b>	-	<b>1,716,481.00</b>
<b>At July 1, 2024 (current year)</b>		<b>1,716,481.00</b>	-	<b>1,716,481.00</b>
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	2,705,646.00	-	<b>2,705,646.00</b>
Capital/Development grants		-	-	-
<b>At June 30, 2025 (current year)</b>	-	<b>4,422,127.00</b>	-	<b>4,422,127.00</b>

*Note:*

- 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.*
- 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.)*

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

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from the County Government		-	-
Grants from donors and development partners			
Transfers from other Government entities		-	-
Public contributions and donations		-	-
Rendering of services- Medical Service Income	11	19,153,719.00	16,508,845.00
Revenue from rent of facilities		-	-
Finance / interest income		-	-
Miscellaneous receipts( <i>specify</i> )		-	-
<b>Total Receipts</b>		<b>19,153,719.00</b>	<b>16,508,845.00</b>
<b>Payments</b>			
Medical/Clinical costs	15	7,302,105.50	7,080,031.00
Employee costs			
Board of Management Expenses	17	865,000.00	2,072,100.00
Repairs and maintenance	19	3,098,123.50	932,430.00
Grants and subsidies		-	-
General expenses	21	7,182,510.00	6,188,416.00
Finance costs		-	-
Refunds paid out		-	-
<b>Total Payments</b>		<b>18,447,739.00</b>	<b>16,272,977.00</b>
<b>Net cash flows from operating activities</b>	32	<b>705,980.00</b>	<b>235,868.00</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment		-	-
Purchase of intangible assets		-	-
Proceeds from the sale of PPE		-	-
Acquisition of investments		-	-
<b>Net cash flows used in investing activities</b>		<b>-</b>	<b>-</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Capital grants received		-	-
<b>Net cash flows used in financing activities</b>		<b>-</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>705,980.00</b>	<b>235,868.00</b>
Cash and cash equivalents as at 1 July	27	703,077.00	1,186,329.00
<b>Cash and cash equivalents as at 30 June</b>	27	<b>1,409,057.00</b>	<b>1,422,197.00</b>

**17. 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	
<b>Receipts</b>						
Rendering of services- Medical Service Income	21,225,957.00	0	21,225,957.00	19,153,719.00	2,072,238.00	90.23724584
Revenue from rent of facilities	-	0	-			
Finance / interest income	-	0	-		-	
Miscellaneous receipts (specify)	-	0	-		-	
<b>Total receipts</b>	<b>21,225,957.00</b>	<b>-</b>	<b>21,225,957.00</b>	<b>19,153,719.00</b>	<b>2,072,238.00</b>	<b>90.23724584</b>
<b>Payments</b>						
Medical/Clinical costs	15,269,860.08	(5,400,000.00)	9,869,860.08	7,302,106.00	2,567,754.08	73.98388569
Employee costs		0			-	-
Remuneration of directors	490,000.00	400,000.00	890,000.00	865,000.00	25,000.00	97.19101124
Repairs and maintenance	2,895,785.06	350,000.00	3,245,785.06	3,098,124.00	147,661.06	95.45068289
Grants and subsidies	-	0	-		-	-
General expenses	2,570,312.65	4,650,000.00	7,220,312.65	7,182,510.00	37,802.65	99.4764403
Finance costs	-				-	-
Refunds	-				-	-
<b>Total Operational Expenditure paid</b>	<b>21,225,957.78</b>	<b>0</b>	<b>21,225,957.78</b>	<b>18,447,740.00</b>	<b>2,778,217.78</b>	<b>86.91122535</b>
<b>Capital Expenditure paid</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>%</b>
<b>Surplus</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>A</b>	<b>-</b>	<b>%</b>

*(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.)*

**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)

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

### **1. General Information**

Bumula Sub County Hospital is established by and derives its authority and accountability from Act. The entity is wholly owned by the Bungoma County Government and is domiciled in Bungoma County in Kenya. The entity's principal activity is provide holistic health care services.

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

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

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

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

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

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

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

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

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

**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 xxx 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.

**m. Social Benefits**

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

**n. Contingent liabilities**

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

**o. Contingent assets**

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

**p. Nature and purpose of reserves**

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

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

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

*Notes to the Financial Statements (Continued)*

**r. Employee benefits**

**Retirement benefit plans**

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

**s. Foreign currency transactions**

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

**t. Borrowing costs**

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

*Notes to the Financial Statements (Continued)*

**u. Related parties**

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

**v. Service concession arrangements**

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

**w. Cash and cash equivalents**

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

**x. Comparative figures**

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

**y. Subsequent events**

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

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

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

**Estimates and assumptions.**

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

**Useful lives and residual values**

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

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

**Provisions**

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

**Notes to Financial Statements Continued**

**7. In Kind Contributions from The County Government**

Description	2024/2025	2023/2024
	KShs	KShs
Salaries and wages	3,500,040.00	7,000,080.00
Medical supplies-Drawings Rights (KEMSA)		
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)		
Utility bills		
<b>Total grants in kind</b>	<b>3,500,040.00</b>	<b>7,000,080.00</b>

*(These include payments made directly by the County Governments for staff salaries and medical drugs. These should be recorded both as income and expense for completeness of financial statements)*

**9. Transfers From Other Government Entities**

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

**10. Public Contributions and Donations**

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

*(Provide brief explanation for this revenue)*

10 (a) Reconciliations of amortised grants

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

11. Rendering of Services-Medical Service Income

Description	2024/2025	2023/2024
	Kshs	Kshs
Pharmaceuticals	1,751,145.00	882,015.00
Non-Pharmaceuticals	228,305.00	343,790.00
Laboratory	1,930,150.00	1,170,045.00
Radiology	474,800.00	335,870.00
Orthopedic and Trauma Technology		
Theatre	122,500.00	23,000.00
Accident and Emergency Service	71,000.00	140,100.00
Anesthesia Service	72,090.00	
Ear Nose and Throat service		
Nutrition service	61,390.00	
Cancer centre service	748,520.00	989,350.00
Dental services	7,400.00	
Reproductive health	738,340.00	613,260.00
OPD	401,690.00	673,330.00
NHIF/ SHA	11,781,332.00	11,133,035.00
Ambulance services	771,172.00	205,050.00
Other medical services income ( <i>specify</i> )		
<b>Total revenue from the rendering of services</b>	<b>19,159,834.00</b>	<b>16,508,845.00</b>

(Other medical services fee relates to other charges not listed above and should be specified)

Notes to the Financial Statements (Continued)

15. Medical/ Clinical Costs

Description	2024/2025	2023/2024
	Kshs	Kshs
Dental costs/ materials		
Laboratory chemicals and reagents	522,775.00	522,660.00
Public health activities	189,000.00	
Food and Ration	2,172,682.00	2,698,468.00
Uniform, clothing, and linen	245,400.00	
Dressing and Non-Pharmaceuticals	1,173,837.00	1,086,500.00
Pharmaceutical supplies	1,227,975.00	1,923,522.00
Health information stationery	219,300.00	495,200.00
Reproductive health materials		
Sanitary and cleansing Materials	263,780.00	343,681.00
Purchase of Medical gases	33,260.00	10,000.00
X-Ray/Radiology supplies		
<b>Total medical/ clinical costs</b>	<b>6,048,009.00</b>	<b>7,080,031.00</b>

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

16. Employee Costs

Description	2024/2025	2023/2024
	Kshs	Kshs
Salaries, wages, and allowances	3,500,040.00	7,000,080.00
<b>Employee costs</b>	<b>3,500,040.00</b>	<b>7,000,080.00</b>

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

17. Board of Management Expenses

Description	2024/2025	2023/2024
	Kshs	Kshs
Chairman's Honoraria		
Sitting allowance	865,000.00	2,072,100.00
<b>Total</b>	<b>865,000.00</b>	<b>2,072,100.00</b>

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

**19. Repairs And Maintenance**

Description	2024/2025	2023/2024
	Kshs	Kshs
Property- Buildings	1,354,194.00	493,850.00
Medical equipment	1,008,700.00	228,700.00
household other medical equipments	110,380.00	
Furniture and fittings		
Computers and accessories	267,000.00	99,040.00
Motor vehicle expenses	551,800.00	110,840.00
Maintenance of civil works		
<b>Total repairs and maintenance</b>	<b>3,292,074.00</b>	<b>932,430.00</b>

**19. Grants And Subsidies**

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

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

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

**20. General Expenses**

Description	2024/2025	2023/2024
	Kshs	Kshs
Advertising and publicity expenses		
Catering expenses	572,045.00	25,000.00
Waste management expenses		
Insecticides and rodenticides		89,000.00
Audit fees		
Bank charges	49,180.00	45,897.00
Conferences and delegations		
Consultancy fees		
Contracted services		
Electricity expenses	1,040,000.00	1,466,465.00
Insurance		
Research and development expenses		
Travel and accommodation allowance	683,400.00	2,216,280.00
Daily subsistence	2,745,440.00	
Computer Accessories		240,500.00
General Office Stationery	51,900.00	250,260.00
Fuel and Lubricants	572,000.00	1,537,800.00
Other Fuel	110,000.00	104,600.00
Rent expenses		
Water and sewerage costs	295,140.00	
Skills development levies	57,000.00	135,500.00
Telephone and mobile phone services	73,000.00	77,114.00
Internet expenses		
Staff training and development		
Subscriptions to professional bodies		
Subscriptions to newspapers periodical, magazines, and gazette notices		
Library books/Materials		
Parking charges		
<b>Total General Expenses</b>	<b>6,249,105.00</b>	<b>6,188,416.00</b>

Notes to the Financial Statements (Continued)

27. Cash And Cash Equivalents

Description	2024/2025	2023/2024
	Kshs	Kshs
Current accounts	1,409,057.00	703,075.00
On - call deposits	-	-
Fixed deposits accounts	-	-
Cash in hand		
Others(specify)- Mobile money	-	-
<b>Total cash and cash equivalents</b>	<b>1,409,057.00</b>	<b>703,075.00</b>

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

Description	Financial institution	Account number	2024/2025	2023/2024
			Kshs	Kshs
<b>a) Current account</b>				
	National Bank of Kenya	7700159262	1,409,057.00	703075
	Equity Bank, etc			
	<b>Sub- total</b>		<b>1,409,057.00</b>	<b>703075</b>
<b>b) On - call deposits</b>				
	Kenya Commercial bank			
	Equity Bank – etc			
	<b>Sub- total</b>		-	0
<b>c) Fixed deposits account</b>				
	Bank Name		-	0
	<b>Sub- total</b>		-	0
<b>d) Others(specify)</b>				
	cash in hand			
	Mobile money- Mpesa, Airtel money			
	<b>Sub- total</b>		-	0
	<b>Grand total</b>		<b>1,409,057.00</b>	<b>703075</b>

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

**28. Receivables From Exchange Transactions**

Description	2024/2025		2023/2024	
	KShs		KShs	
Medical services receivables	7,903,462.00		7,897,350.00	
Rent receivables				
Other exchange debtors				
Less: impairment allowance				
<b>Total receivables</b>	<b>7,903,462.00</b>		<b>7,897,350.00</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.)*

**28 (a) Analysis of Receivables From Exchange Transactions**

Description	2024/2025		2023/2024	
	Kshs		Kshs	
	2024/2025	% of the total	2023/2024	% of the total
Less than 1 year	7,903,462.00	100%		%
Between 1- 2 years		%		%
Between 2-3 years		%		%
Over 3 years		%		%
<b>Total (a+b)</b>	<b>7,903,462.00</b>	<b>%</b>	<b>7897350</b>	<b>%</b>

Notes to the Financial Statements (Continued)

29. Inventories

Description	2024/2025	2023/2024
	KShs	KShs
Pharmaceutical supplies	971,238.00	
Non Pharmaceutical supplies	244,630.00	
Food supplies	106,430.00	
Linen and clothing supplies		
Cleaning materials supplies	18,250.00	
General supplies	126,905.00	
Less: provision for impairment of stocks		
<b>Total</b>	<b>1,467,453.00</b>	-

Notes to the Financial Statements (Continued)

30. Trade and other Payables

Description	2024/2025		2023/2024	
	KShs		KShs	
Trade payables	6357845		6883944	
Employee dues				
Third-party payments (e.g. unremitted payroll deductions)				
Audit fee				
Doctors' fee				
<b>Total trade and other payables</b>	<b>6357845</b>		<b>6883944</b>	
<b>Ageing analysis:</b>	<b>2024/2025</b>	<b>% of the Total</b>	<b>2023/2024</b>	<b>% of the total</b>
Under one year	2,720,680.00	42.8%		%
1-2 years	3,637,165.00	57.2 %		%
2-3 years		%		%
Over 3 years		%		%
<b>Total</b>	<b>6,357,845-</b>	<b>%</b>	<b>0</b>	<b>%</b>

31. Refundable Deposits from Customers/Patients

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

Notes to the Financial Statements (Continued)

32. Cash Generated from Operations

Description	2024/2025	2023/2024
	KShs	KShs
Surplus for the year before tax	2,705,646.00	235,868.00
<b>Adjusted for:</b>		
Depreciation	-	-
Non-cash grants received	-	-
Impairment	-	-
Gains and losses on disposal of assets	-	-
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
<b>Working Capital adjustments</b>	-	-
Increase in inventory	(1,467,453.00)	-
Increase in receivables	(6,112.00)	-
Increase in deferred income	-	-
Increase in payables	(526,099.00)	-
Increase in payments received in advance	-	-
<b>Net cash flow from operating activities</b>	<b>705,982.00</b>	<b>235,868.00</b>

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

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

**33. 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	7,897,350			
Receivables from – non-exchange transactions				
Bank balances	703,075			
<b>Total</b>	-	-	-	-
At 30 June 2025 (current year)				
Receivables from exchange transactions	7,903,462			
Receivables from –non-exchange transactions				
Bank balances	1,409,057			
<b>Total</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.

**(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

***Bumula Sub County Hospital (Bungoma County Government)***  
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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:

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.

**Events after the Reporting Period**

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

**Ultimate and Holding Entity**

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

**Currency**

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

**APPENDICES**

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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Misstatement in financial statement	The inaccuracies have been corrected	Partially resolved	6 months
	Unsupported cash and cash equivalent.	Cash and cash equivalent has been supported	resolved	
2	Non-Compliance with Kenya Quality Model for Health Policy Guidelines	Management is working progressively to ensure that the hospital is sufficiently staffed and equipped.	Not resolved	2026/2027
3	Information and Communication Technology Internal Control Weaknesses	the hospital applies the National Government ICT Policy and ICT Standards issued by ICT Authority, as the county is in progress to develop it own ICT policy and standards.	Partially resolved	2026/2027

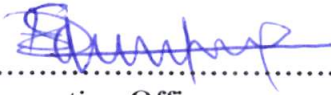
**Guidance Notes:**

- (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 implementation of each issue.

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(iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.



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**Accounting Officer**

**Appendix II: Reporting of Climate Relevant Expenditures**

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



**National Bank**

National Bank of Kenya Limited  
Head Office, National Bank Building  
Harambee Avenue.  
P O Box 72866 - 00200, Nairobi, Kenya  
Tel +254 (0) 20 - 2828000  
Cell +254 (0) 711 - 038000  
Email [mca@nationalbank.co.ke](mailto:mca@nationalbank.co.ke)  
Website [www.nationalbank.co.ke](http://www.nationalbank.co.ke)

KCA30.

Date: 04<sup>nd</sup> July 2025

**NATIONAL BANK OF KENYA LIMITED-BUNGOMA BRANCH**

Certificate of Balance

Certified that the balance at the **Current Account No.7700159262**

**Bumula Health Centre Dev com** at the close of business on **30<sup>th</sup> June 2025** was Kenya shillings **One million four hundred and nine thousand fifty seven and thirty cents only.**

KSHS.1,409,057=30CR

Examined by:

~~NATIONAL BANK OF KENYA LTD~~  
~~BUNGOMA BRANCH~~

*[Signature]*  
Branch Operations Manager  
Operations Manager

For: NATIONAL BANK OF KENYA LTD.  
BUNGOMA BRANCH

*[Signature]*  
..... Manager

Manager

Date 1<sup>st</sup> June 2025

Report of the Board of Survey on the Cash and Bank Balances of

Sub-county Hospital  
business on 1<sup>st</sup> June 2025  
The Board, consisting of—(Names and official titles)

Bumula  
as at the close of

Joseph Muringu  
Nesta Wambutuwa  
Antony Odongo

Chairman  
Secretary

assembled at the office of Sub-county Hospital  
at 12.27 pm (time) on the 1<sup>st</sup> June 2025

and the following cash was produced:—

Notes	Sh.	0
Silver	Sh.	0
Copper	Sh.	0
Cheques (as per details on reverse)	Sh.	0
		0
		0

It was observed that cheques amounting to Sh. 0 cts. had been on hand for more than 14 days prior to the date of the survey.

The cash consists of East African currency and does not contain any demonetized coin or notes.

The Cash Book reflected the following balances as at the close of business on the 30<sup>th</sup> June, 2025

Cash on hand	Sh.	0
Bank Balance	Sh.	1,409,057.30
		1,409,057.30

The Bank Certificate of Balance showed a sum of Sh. One million four hundred and nine thousand and fifty seven and thirty (Sh. 1,409,057 cts. 30) amounting to the credit of the account on 30<sup>th</sup> June 2025

The difference between this figure and the Bank Balance as shown by the Cash Book is accounted for in the Bank Reconciliation Statement (F.O. 30) attached.

*[Signature]*

Chairman.

Date 1/7/2025

*[Signature]*  
Secretary

