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REPORT

OF

THE AUDITOR-GENERAL

ON

KHUNYANGU SUB COUNTY HOSPITAL

FOR THE YEAR ENDED  
30 JUNE, 2025

COUNTY GOVERNMENT OF BUSIA

PAPERS LAID	
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COMMITTEE	—
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## **KHUNYANGU SUB COUNTY HOSPITAL (Busia County Government)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2025**

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**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**

*Provide a list of all acronyms and glossary of terms used in the preparation of this report e.g.*

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**

Khunyangu Sub county Hospital is a level 4 hospital established under gazette notice number 786 and is domiciled in Busia County under the Health and Sanitation Department. The hospital is governed by a Board of Management.

**(b) Principal Activities**

The principal activity/mission/ mandate of the *hospital* is

**Vision**

To be an institution of excellence in provision of quality equitable and affordable healthcare services.

**Mission**

Provision of high quality curative and rehabilitative services to the community.

**Core Objectives**

1. Patient Care: Reducing patient wait times, improving patient satisfaction scores, or achieving high patient safety scores.
2. Service Delivery: Enhancing service delivery, promoting and expanding services, or improving resource mobilization.
3. Financial Performance: Improving financial performance to ensure sustainability.
4. Quality Improvement: Enhancing clinical governance, research, and innovation.
5. Operational Efficiency: Optimizing customer experience, improving performance culture, and enhancing human resource capacity.
6. Community Engagement: Improving partnering, enhancing risk management, and improving infrastructure and equipment.

**(c) Key Management**

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

- County department of health
- Subcounty Health Management Team
- Board of Management
- Accounting Officer/ Medical Superintendent
- Hospital Management Team

**(d) Fiduciary Management**

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

No.	Designation	Name
1.	Medical Superintendent	Dr Mike Harley Odhiambo
2.	Head of finance	Ms Catherine Marita
3.	Head of supply chain	Ms Mercy Owaya

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No.	Designation	Name
4.	Hospital Administrator	Ms Nancy Yego
5.	Head of Nursing	Mr. Isaac Khaunya
6	Head of Laboratory	Mr. Daniel Maloba
7	Head of Clinical	Ms Clesensia Ogutu
8	Head of Public Health	Ms Betty Sawenja
9	Head of Pharmacy	Dr Nelson Imalu
10	Head of Social work	Ms Jentrix Anyango
11	Head of Nutrition	Ms Judline Mbalwe
12	Head of Medical Records	Ms Jessca Mukangai
13	Biomedical Department	Mr. Wycliffe Parapara
14	Orthopaedic Department	Ms Usla Githu
14	Physiotherapy Department	Ms Immaculate Auma
15	Occupational Department	Ms Judith Nanjala
16	Head of Reporting	Ms Ruth Ipuwa

*(Include all positions regarded as top management in your organisation).*

**(e) Fiduciary Oversight Arrangements**

The facility has the following committees and bodies that help in the normal daily operations

- Hospital Board Committee
- Hospital Management Committee
- Subcounty Health Management Team
- County Health Management Team

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**(f) Entity Headquarters**

P.O. Box 84 - 50404  
BUMALA  
KENYA

**(g) Entity Contacts**

Telephone: (+254) 782604570  
E-mail: khunyanguhospital@gmail.com  
Website: www.go.ke

**(h) Entity Bankers**

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



**(i) Independent Auditors**

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




**(j) Principal Legal Adviser**

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

**3. The Board of Management**







Ref	Directors	Details
1.		<p>Dr Juma Gerald is a Senior lecturer and prolific researcher with wide publication in the area of Biochemistry. He is currently the chairman of the Department of Biochemistry, of the university of Nairobi. Dr Juma is an alumnae of JKUAT and holds a PhD, MSc and BSc degrees in Biochemistry from the same institution. Besides his academic work, Dr Juma is extensively involved in community programmes. He is currently serving as the board chairperson for Khunyangu Level 4 Subcounty Hospital in Butula, Busia county</p>
2.	 <p data-bbox="312 1648 528 1688">Dr Mike Odhiambo</p>	<p>Currently serves as the medical superintendent of Khunyangu Subcounty Hospital. Also serves as the secretary to the Hospital Board.</p>

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3.	 Michael Oketch Musa	Board Member St, Peters Seminary Mukumu A Level
4	Henry Musungu 	Board Member Diploma in community development from university of Nairobi
5.	 Frida Nekesa	She is the Subcounty Administrator for Butula. Also serves as a board member to the Hospitals Board. Bachelor Business Administration with IT

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**4. Key Management Team**

Ref	Management		Details
1.	Dr. Mike Harley Odhiambo		Medical Superintendent of Khunyangu Subcounty Hospital
2.	Nancy Yego		Khunyangu Hospital Administrator and also an ex officio Board member
3.	Isaac Khaunya		Diploma in Nursing (KRN P/M) Nurse Incharge
4.	Catherine Marita		Bachelor of commerce (finance Option) Head of Finance
5.	Mercy Owaya		Diploma in Supplies Management Head of procurement
6.	Ruth Ipuwa		Bachelors of Commerce in Accounting Head of Reporting Units

*(Note: The Med sup and the Entity Secretary will feature both under the 'Board' and 'Management'.)*

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

Khunyangu Level 4 Subcounty Hospital in Busia county is committed to deliver Quality Health Care services in line to the vision of the county administration. To achieve this, our entire team is focused on making the facility a center of excellence in service delivery. It's our endeared covenant with the people of Butula and Busia county as a whole, that we shall provide affordable, accessible and available quality health care at all times within the framework of patient centered care and customer focused philosophy. We care more and believe that our people deserve quality, timely and excellent health care that we strive to deliver.

**As a board, during the financial year under review the board of management approved implementation of the following; -**

- Purchase of drugs and non-pharmaceuticals.
- Purchase of sanitary and cleaning materials.
- Purchase of patient's food.
- Minor repair works amongst other recurrent items

### **Successes Consolidated; -**

- Regular availability of drugs/non-pharms has facilitated access to quality and affordable care.
- There has been access to quality inpatient care.
- Improved services due to more staffs on contract.
- Regular payment of electricity bills has facilitated eradication of cases of power cuts by KPLC.
- Improved quality of medical care has attracted more people hence leading to improved revenue.
- Staff motivation has partly been addressed hence improved services.

### **Challenges; -**

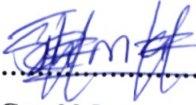
- Inadequate departmental support since the hospital has to work with the meagre resources.
- Board members are yet to get appointment letters.
- Inadequate finances as facility's financing mostly rely on revenue collected.
- Delay in disbursements from SHA hampers facility's operations.

### **Way Forward**

- More departmental support as **FIF** isn't a substitute to exchequer support.
- Boards should be empowered to fully discharge their mandate.
- There is need for SHA to pay claims on time

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**Dr Gerald Juma**

**Chairman to the Board**

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

### **1.1 Introduction**

This report outlines the current status, achievements, ongoing developments, and challenges facing Khunyangu Sub County Hospital. The facility has continued to grow in all aspects, owing largely to the unwavering support from the Executive, strategic partnerships, and strong cohesion among hospital departments and staff. This growth has led to an increase in patient workload, both from within our immediate catchment area and beyond. The trust the community has shown in our institution is commendable and has been instrumental in pushing our service boundaries.

### **1.2 Maternal and Neonatal Services**

One of the most significant developments in the recent past has been in the area of maternal and neonatal health. We are anticipating the timely completion, full equipping, and staffing of a 30-bed New Maternity wing. This specialized unit is designed to offer a comprehensive package of maternal services under one roof. Once operational, it will be a major milestone in the hospital's history and is expected to significantly decongest existing maternity wards, improve outcomes for mothers and newborns, and provide a dignified and efficient care environment.

This facility will house Labour, delivery, postnatal, and neonatal services in one integrated setup, reducing the need for referrals and ensuring that mothers and infants receive timely and quality care. The importance of this unit cannot be overstated, as maternal and infant health remains a priority both at the national and county level.

### **1.3 Infrastructure and Development**

#### **1.3.1 Infrastructure Needs and Development Gaps**

Despite the progress made, the hospital continues to grapple with serious infrastructural deficits. A key need is the construction of a modern outpatient block and expansion of the laboratory area which would help in streamlining services, reducing congestion in existing buildings, and improving patient flow. Additionally, the hospital lacks a perimeter wall. This will go a long way in ensuring that the security of both staff and patients at the facility is maintained. It will also significantly reduce the cases of patients absconding from the facility. The hospital kitchen, which is currently overstretched and under-equipped, requires urgent renovation and expansion to cater to the growing inpatient population.

Khunyangu Subcounty Hospital lacks a mortuary. This is a major setback in our goal to provide comprehensive services to the community. The lack of this facility forces clients to seek mortuary services in private funeral

homes located far from the hospital, which not only delays processes during bereavement but also results in loss of potential revenue for the facility.

### **1.3.2 Theatre and Surgical Services**

The hospital currently has a theatre block that is currently undergoing renovation and finishing. We are hopeful that once the process is fully completed, we can now be able to reduce the burden of having to refer clients for surgical procedures to other facilities. This will also be a major income generating stream for the facility.

## **1.4 Operations**

### **1.4.1 Operational Challenges**

While the hospital has made considerable progress, we continue to face several challenges that hinder optimal service delivery. These include:

1. Acute shortage of staff.

All departments are understaffed, leading to burnout and compromised service delivery. Recruitment of more clinical and support staff is urgently needed.

2. Lack of a perimeter wall.

This poses a security risk and affects control of access into the facility, especially during nighttime.

3. Poor reimbursements from the Social Health Authority (SHA).

Delays or failure in receiving funds on time has severely affected our ability to procure essentials and deliver uninterrupted services.

4. Inadequate financial resources.

The hospital's budgetary allocations remain insufficient to meet the growing demand for services.

5. High poverty levels among the local population.

This leads to increased cases of waivers and exemptions, which significantly reduce hospital-generated revenue.

6. High inflation rates.

The rising cost of commodities affects service pricing. There is a critical need to revise user charges to cushion the facility and ensure sustainability.

7. Lack of a hospital management information system (HMIS).

Manual record-keeping remains a bottleneck. It affects data accuracy, timeliness in reporting, and overall planning and decision-making.

### **Financial Performance and Staff Commitment**

Despite the constraints outlined above, financial performance in the last period was commendable. Revenue collection systems were streamlined, and internal controls strengthened, resulting in improved banking and accountability processes. This achievement is largely attributed to the dedication and commitment of the staff, who have demonstrated exceptional teamwork and self-motivation. Staff morale has remained high, and this has translated into improved quality of care and patient satisfaction.

Our internal systems have undergone positive transformation, and continuous training and monitoring have fostered a culture of excellence in service delivery. Staff at all levels continue to show resilience, adaptability, and innovation despite resource constraints.

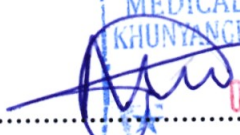
### **1.5 Conclusion and Way Forward**

The hospital's growth trajectory is promising, but sustained support and intervention are needed to unlock its full potential. Immediate attention should be given to infrastructural development, especially the perimeter wall.

Staffing gaps should be addressed through fresh recruitments, and financial systems improved by fast-tracking reimbursements and considering upward revision of service charges.

We remain optimistic that with continued support from all stakeholders—government, partners, and the community—we can overcome existing challenges and steer Khunyangu Sub County Hospital toward becoming a model health facility within the region.

We appreciate all those who have walked with us in this journey and commit to working harder for even greater achievements.

  
**MEDICAL SUPERINTENDENT**  
**KHUNYANGU SUB-COUNTY HOSPITAL**  
**08 DEC 2025** ★  
**Name: Dr Mike Odhiambo**  
**P. O. BOX 84 - 30004, BUMALA**  
**Secretary to the Board**  
**khunyangu@yahoo.com**

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

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

Pillar /theme/issue 1: Provision of curative and rehabilitative health services.

Pillar/theme/issue 2: Provision preventive and promotive health services.

Pillar/theme/issue 3: Provision of general administration, planning, management support and coordination.

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

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Pillar/ theme/ issue 1:	To provide effective and efficient curative and rehabilitative services to all health delivery units	Quality of healthcare provided	-Primary care treatment services -primary care diagnostic services -Rehabilitative services etc	-Online reporting actualised -Patients records fast tracked. -Referral services improved
Pillar /theme/issue. 2	Provision preventive and promotive health services	Quality of healthcare provided	-primary prevention through vaccinations -secondary preventions screening of cancer and high blood pressure -prompt medical	Disease eradication and control through vaccinations. -Improved maternal and child health.

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			<b>intervention and health education.</b>	
Pillar/theme/issue 3	Provision of general administration, planning, management support and coordination	<b>Ensure quality of healthcare provided</b>	<b>-Customer care and patient services through the registration of Social Health Insurance Fund, scheduling patient's appointments admissions and discharges.</b> <b>-Documentation and information management.</b> <b>-Financial and human resources support</b>	<b>-Enhanced patient satisfaction and outcomes</b> <b>- Improved Financial stability</b>

## **8. Corporate Governance Statement**

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

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

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

6. Independent Board Members, including representatives of women, youth, and PWDs

3 Ex-Officio Member

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

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

The Board is responsible for:

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

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

**iii. Induction, Training, and Development**

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

**iv. Board and Members' Performance**

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

**v. Board Meetings and Attendance**

In the 2024/2025 financial year, the Board convened four ordinary meetings and a few special sessions. Most members attended the meetings. All meetings were minuted, and decisions followed structured procedures in compliance with the Board Charter and Standing Orders.

**vi. Succession Planning**

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

**vii. Conflict of Interest Policy**

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

**viii. Board Remuneration**

Board remuneration is governed by the Salaries and Remuneration Commission (SRC) guidelines and comprises sitting allowances. No honoraria or other benefits were paid during the year.

**ix. Ethics and Conduct**

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

**x. Governance Audit**

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

**xi. Communication Policy**

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

**xii. Terms of Reference of Committees**

The hospital has established the following governance committees:

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

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

### **xiii. Related Party Transactions Policy**

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

## **9. Management Discussion and Analysis**

### ***Khunyangu Sub County Hospital operational and financial performance***

During the reporting period, Khunyangu Sub County Hospital continued to execute its mandate of providing accessible, affordable, and quality healthcare services in alignment with the Ministry of Health's strategic objectives and the broader goals of Kenya's Universal Health Coverage (UHC) program. The hospital remained a critical health service delivery point for the residents of Butula Sub County and its environs. The hospital registered steady progress in the delivery of both preventive and curative services, with a notable increase in outpatient and inpatient attendance compared to the previous period. Maternal and child health indicators showed improvement, with increase in the number of hospital deliveries compared to the previous year indicating growing community trust in institutional care. There was also a reduction in the number of cases being referred due to the increase in the services offered and the quality of care being given.

Key performance indicators for the period include:

- Outpatient attendance: Increased by 32% compared to the previous period for the new visits.
- Skilled deliveries: Increased by 32.9% following targeted community outreach and referral strengthening.
- Specialised clinic attendance: Increased by 3% compared to the previous year. This was due to targeted community outreach and also proper follow up of patients post discharge
- HIV testing and counselling: Services reached over 4000 individuals, with linkages to care maintained.
- Number of Referrals: Declined by 13% compared to the previous year

However, despite the overall increase in patient care seeking behaviour, we noticed a 1% increase in mortality rate whereby 2024/2025 mortality rate was 2.3% and 2023/2024 mortality rate was 1.3%

From a financial standpoint, the hospital operated within a mixed financing environment, relying on two main sources: exchequer funding from county governments which were utilizing directly from the head office mainly between July 2024 to October 2024 and revenue generated from the facility through Facility Improvement Financing from November 2024. The financial statements for the financial year of FY 2024/2025 reflect a positive trend of the financial performance by Khunyangu Sub County Hospital, demonstrating prudent resource management and improved revenue collection mechanisms.

To support service delivery and operational needs especially from November 2024, the facility has been utilizing monies generated and through the FIF, spending part of the monies for procurement of essential medical commodities, fuel, food, maintenance of infrastructure and staff welfare. The above figures demonstrate the facility's capacity to generate and utilize financial resources effectively in alignment with approved work plans.

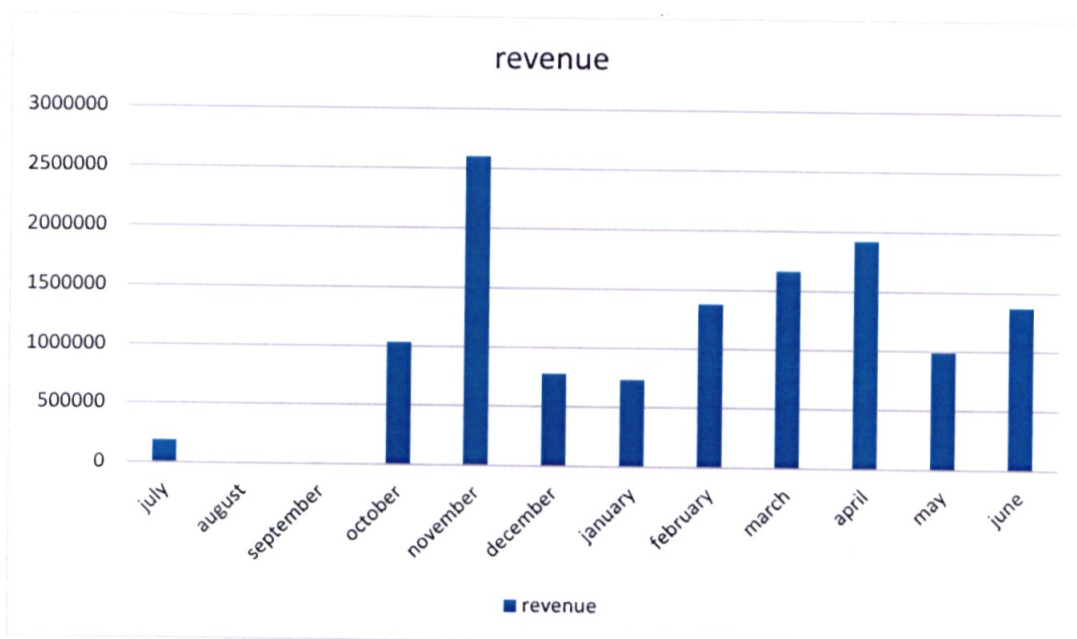
The cash flow position remains stable, with timely utilization of funds for priority areas such as procurement of medical supplies and infrastructure maintenance. The positive variance in revenue indicates effective implementation of billing processes, better claim follow-ups with SHA, and increased community confidence in

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the facility's services. Based on this trend, past financial performance may be indicative of continued stability and growth, provided that the SHA disbursements remain consistent and user fee collections are optimized through quality service delivery and community outreach.

**Financial performance that includes: -**

**During the year under review there was improved revenue collection as follows**



**Growth and Strategy**

**Industry Trends and Strategic Focus**

The hospital continues to adapt to evolving healthcare delivery models, including the decentralization of primary healthcare, integration of digital health solutions, and the rising demand for specialized services. Strategic emphasis has been placed on:

- Strengthening primary healthcare and community strategy
- Enhancing infrastructure through phased expansion of maternity ward and construction of new theatre
- Digitizing patient records and billing systems for efficiency

**Financial Flexibility**

Financial flexibility remains moderate. Since government support forms the backbone of the hospital's budget, the institution is exploring increased utilization of SHA reimbursement mechanisms, especially under the UHC framework, to reduce reliance on out-of-pocket payments.

## **Challenges and Opportunities**

### **Challenges:**

- Shortage of health personnel and high staff turnover.
- Equipment maintenance and infrastructural limitations.
- Security personnel non-payment for almost 3 years

### **Opportunities:**

- Strengthening public-private partnerships for infrastructural development.
- Leveraging SHA UHC schemes to improve service access and cash flow.
- Expansion of community health strategy to reduce facility congestion.
- Training and retention initiatives for healthcare workers.

## **Section B**

### **Entity's compliance with statutory requirements**

During the reporting period, Khunyangu Subcounty Hospital adhered to most statutory and regulatory requirements as stipulated under the Public Finance Management (PFM) Act, Public Health Act, Employment Act, Public Procurement and Asset Disposal Act (PPADA), and guidelines issued by the Ministry of Health and Busia County Government.

### **Compliance Highlights**

- The hospital submitted timely financial reports to the County Department of Health and County Treasury in compliance with the PFM Act. All annual reports were duly prepared and submitted.
- Procurement activities were undertaken in accordance with the PPADA, with oversight provided by the Sub County Health Management Team (SCHMT). Standard procurement and disposal committees were operational and followed the prescribed thresholds and documentation protocols.
- Human resource practices complied with the Employment Act and County Public Service Board guidelines. Staff were appointed, promoted, and remunerated in line with approved schemes of service.
- Regular inspections were conducted to ensure the safety and health of staff and patients, in line with the Occupational Safety and Health Act.
- The hospital maintained valid licenses for medical practice, laboratory operations, and pharmaceutical services from relevant regulatory bodies including the Kenya Medical Practitioners and Dentists Council (KMPDC), Kenya Pharmacy and Poisons Board, and Kenya Medical Laboratory Technicians and Technologists Board (KMLTTB).

### **Non-compliance and contingent liabilities**

There were no major instances of statutory non-compliance recorded during the period under review. However, the hospital did face the following issue that may pose potential risks. The facility is still in the process of formally acquiring its title deed for the hospital land. The process is at advance stage awaiting consent letter from the CECM lands to finally complete the process.

## **Section C**

### **Key projects and investment decisions the entity is planning/implementing.**

During the reporting period, Khunyangu Sub County Hospital identified and began implementing several key projects and investment initiatives aimed at strengthening service delivery, enhancing patient experience, and supporting the broader objectives of Universal Health Coverage (UHC) in line with Kenya's national and county-level health sector policies.

### **Key projects and their viability**

During the reporting period, Khunyangu Sub County Hospital continued to implement key infrastructure development projects aimed at strengthening the facility's capacity to deliver quality health services in alignment with the National Government's Universal Health Coverage (UHC) agenda, the Kenya Health Sector Strategic and Investment Plan, and Busia County Integrated Development Plan (CIDP).

#### **1. Construction of the New Maternity Ward**

The project is still underway with majority of the works done. Contractor still on site continuing with the project to ensure its done as quickly as possible. This project will be a major milestone towards enhancing proper service delivery, reducing patient referrals to distant facilities, and improving on patient congestion within the maternity ward.

Project Status: Ongoing around 60% completed

- **Financing:** Funded by County Government of Busia FY 2013/2014 stalled and refinanced by County Government in the FY 2024/2025 at Kshs 3,810,915
- **Viability:** Highly viable as it will support the increase in number of pregnant mothers being seen at the maternity ward. It will also aide in proper neonatal care for the neonates.
- **Sustainability:** The project is sustainable, with plans underway to generate revenue from maternal services while ensuring affordability under SHA.



## **2. Construction of Theatre**

The construction of the theatre is ongoing. This project is critical for provision of theatre services to our clients this include caesarean section, debridement of wounds etc

- Project Status: 50% complete
- Financing: Funded by the National Government FY 2011/2012 at Kshs 7,148,260 stalled and refinanced by the County Government of Busia FY 2024/2025 at Kshs 9,130,270.
- Viability: High; will address persistent challenges related to referral of cases to Busia for theatre services.
- Sustainability: Long-term sustainability is assured through income generated from theatre services offered



## **3. Installation of washing machine.**

- Viability: High viability due to frequent wear and tear of hospital linens and patient clothing. Also helps in efficiency and thus releases the human capital to other areas.
- Status: The machine was installed waiting for commissioning and training to be done.



### **Project Financing**

- Funded by County Government of Busia FY 2023/2024 at Kshs 4,000,000.

### **4.Oxygen Manifold**

Status: Phase one construction of oxygen manifold structure is complete.

Funded by AMREF FY 2024/2025

### **Statement on Sustainability**

The sustainability of these investments is grounded in the hospital's ability to generate consistent revenue through SHA reimbursements and user fees, combined with sound fiscal practices.

All projects have been designed with long-term sustainability in mind. Operational sustainability will be achieved through:

- Integration of recurrent costs (e.g., maintenance) into the hospital's annual budget.
- Capacity building of staff to manage new technologies and expanded services.
- Continued engagement with development partners and government to ensure timely disbursement of funds.
- Enhancing SHA enrolment and claim processing to boost internal revenue generation.

## **Section D**

### **Major risks facing the entity.**

Khunyangu Sub County Hospital operates within a dynamic healthcare environment that presents multiple risks across operational, financial, and strategic domains. The hospital has adopted a basic risk management framework, guided by county and national health sector policies, to identify, assess, and mitigate key risks that could impact the delivery of its mandate. Below are the major risks facing the hospital

#### **1. Operational Risks**

- Persistent staff shortages across all departments affect service delivery and contribute to staff burnout.
- Frequent breakdowns of essential medical equipment due to aging infrastructure and delayed maintenance lead to service interruptions and increased patient referrals.
- Security challenge due to lack of a fence and also lack of payments of the security personnel for almost 3 years

#### **Mitigation Measures:**

- County government of Busia through the County Public Service Board to recruit staff
- Scheduled preventive maintenance plans and minor repairs financed through internally generated funds.

## **2. Financial and Liquidity Risks**

- Irregular and delayed release of budgeted funds from both county and national governments affects operational continuity.
- Limited diversification of income sources exposes the hospital to financial stress in case of delayed or reduced exchequer support.

### **Mitigation Measures:**

- Enhanced billing and claims recovery from SHA and other insurance providers.
- Exploring additional donor partnerships and expanding outpatient services to improve cost recovery.

## **3. Market Risks**

- Growing competition from nearby private clinics and mission hospitals may lead to a shift in patient preferences, particularly where turnaround time and diagnostic services are faster.
- Negative community feedback related to delays, medicine shortages, or staff attitudes could impact patient turnout.

### **Mitigation Measures:**

- Customer care training for frontline staff.
- Community health education and regular engagement forums to strengthen public trust.
- Ensure constant availability of medical supplies within the facility

## **4. Capital and Infrastructure Risks**

- Many of the hospital's buildings and utility systems are aging and not fit for expanding service needs.
- Space constraints hinder expansion of essential departments such as laboratory, and emergency services.

### **Mitigation Measures:**

- Inclusion of infrastructure upgrade projects in the County Integrated Development Plan (CIDP).

## **5. Credit Risk**

- The hospital occasionally experiences delays in processing claims submitted to SHA, affecting cash flow and operations.
- Some patients are unable to clear medical bills, especially for non-insured services, leading to accumulation of unpaid balances.

### **Mitigation Measures:**

- Regular follow-up and claims reconciliation with SHA offices.
- Counselling and early financial assessment of patients to manage expectations and promote enrolment in health insurance schemes.

## **Compliance and Regulatory Risks**

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

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- Risk of non-compliance due to evolving national health regulations and digital health reporting requirements.
- With digitization, there is an increasing risk of data breaches and poor handling of patient information.

**Mitigation Measures:**

- Regular updates and trainings on new health policies and standards.
- Rollout of health information systems with built-in security protocols and staff sensitization on data privacy.

**Section E**

**Material arrears in statutory/financial obligations**

During the reporting period, Khunyangu Sub County Hospital did not incur any material arrears in statutory or financial obligations that would significantly affect its operations or expose it to legal or financial penalties.

**Section F**

Khunyangu Sub County Hospital upholds a strong commitment to financial integrity, transparency, and good governance in line with public sector financial management regulations and the ethical standards set by the Ministry of Health and Busia County Government.

**Financial Probity**

- The hospital adheres to the Public Finance Management (PFM) Act, 2012, and follows the financial reporting guidelines issued by the County Treasury and the Office of the Auditor General.
- All expenditure is aligned to approved budgets, and quarterly financial performance reports are submitted to the County Department of Health.
- Internally generated revenue (IGR), including SHA reimbursements and patient user fees, is received and banked through approved channels, with proper records maintained.
- The hospital is regularly audited by internal auditors from the County Health Department.

**Governance Structure**

- The facility is managed by a competent Health Management Team (HMT), headed by the Medical Superintendent and guided by the Sub County Health Management Team (SCHMT). Oversight is also provided by the County Health Management Team (CHMT).
- Functional committees such as the Health Facility Management Committee (HFMC), inspection committee, infection prevention committee, waiver committee are active and meet regularly to ensure compliance and performance tracking.
- The hospital maintains open channels of communication with the community through Health Facility Committee meetings and community health volunteers, ensuring transparency and accountability in service delivery.

***Khunyangu Sub County Hospital (Busia County Government)***  
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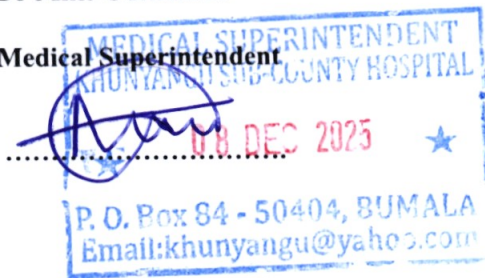
**Serious Governance Issues**

During the reporting period, there were no reported cases of financial misappropriation, fraud, or gross mismanagement. However, the facility experienced the following.

- Although not a case of malpractice, the hospital's paper-based records present challenges in audit trail tracking, especially for procurement and stores management. Digitization is being pursued to address this.
- A need for enhanced training in public procurement, financial reporting, and governance for some staff has been noted.

**Dr Mike Odhiambo**

**Medical Superintendent**



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

### *i) Sustainability strategy and profile*

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

Key Achievements:

- Waste Management: Implemented a waste segregation system (biodegradable, non-biodegradable, and hazardous waste) with designated disposal bins.

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

- Low community awareness on recycling → There is need to conduct training sessions for staff and patients.

### *ii) Environmental performance*

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

#### **Waste Management**

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

#### **Climate Action Initiatives**

- Tree planting: Trees planted across hospital grounds to offset carbon emissions.

### *iii) Employee welfare*

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

**Hiring Policies and Inclusion**

The hospital has implemented structured recruitment procedures that ensure transparency and fairness. These procedures are aligned with county government guidelines and affirmative action provisions.

**Stakeholder Engagement and Policy Review**

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

**Career Development and Staff Motivation**

Despite the limited resources, the hospital has continued to invest in professional growth of staff. A few staff members were supported to attend trainings.

**Workplace Safety and OSHA Compliance**

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

***Market place practices-***

Khunyangu Sub County Hospital operates in a highly regulated public health environment, where transparency, accountability, and equity are foundational to service delivery and resource management.

The hospital has institutionalized a variety of marketplace practices to promote ethical governance, fair competition, responsible procurement, and citizen-focused engagement.

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

The hospital promotes responsible competition through strict adherence to public procurement laws and policies, including the Public Procurement and Asset Disposal Act. All procurement activities in Fy 2024/2025 were conducted in line with Framework agreement as guided by the County Treasury. The procurement officer, ensures all processes meet compliance and integrity thresholds.

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

Khunyangu Sub County Hospital fosters responsible supplier relationships by maintaining ethical procurement practices and honoring contractual obligations within budget constraints.

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

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

***Product stewardship or Awareness Creation***

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

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

- Complaint and redress mechanisms: A suggestion box and front-desk feedback systems allow patients to report grievances, which are reviewed by the Hospital Management Team (HMT) for resolution.
- iv) Citizen awareness: Community outreach teams educate citizens on rights to health, insurance options (SHA), immunization schedules, and access to specialized care such as maternity and pediatrics services.
- v) **Corporate Social Responsibility / Community Engagements**

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

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

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

#### **Impact**

Improved Access and Enhanced Awareness hence leads to Community Trust: Strengthened partnerships with local organizations, fostering long-term collaboration

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

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

**Principal activities**

The principal activities of the entity are to provide patient care, which encompasses diagnosis, treatment and rehabilitation. These activities are supported by various operational and administrative functions that ensure the smooth and efficient running of the hospital.

**Results**

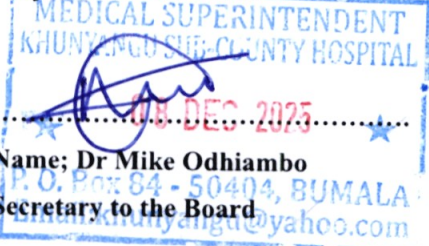
The results of the entity for the year ended June 30 2025 are set out on pages 1 to 9

**Board of Management**

The members of the Board who served during the year are shown on page vii. During the year, 1 director died and another resigned.

**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 Mike Odhiambo  
Secretary to the Board

**12. Statement of Board of Management's Responsibilities**

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

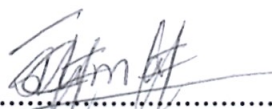
The Board of Management is responsible for the preparation and presentation of the *hospital* financial statements, which give a true and fair view of the state of affairs of the *hospital* for and as at the end of the financial year (period) ended on June 30, 2025. This responsibility includes: (i) 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 *hospital*; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

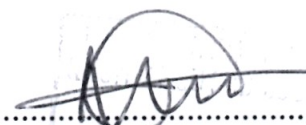
The Board of Management accepts responsibility for the *hospital* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the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

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

**Approval of the financial statements**

The Hospital's financial statements were approved by the Board on \_\_\_\_\_ and signed on its behalf by:

  
.....  
Name: **Dr Gerald Juma**  
Chairperson  
Board of Management

  
.....  
Name: **Dr Mike Odhiambo**  
Accounting Officer

# REPUBLIC OF KENYA

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

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

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### PREAMBLE

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

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

An Unmodified Opinion is issued when the Auditor-General concludes that 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 aim to address the Auditor-General's statutory roles and responsibilities 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

#### **Opinion**

I have audited the accompanying financial statements of Khunyangu Sub County Hospital-County Government of Busia set out on pages 1 to 52, 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 Khunyangu Sub County Hospital for the year ended 30 June, 2025 - County Government of Busia*

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, the financial statements present fairly, in all material respects, the financial position of Khunyangu Sub County Hospital - County Government of Busia as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Health Act, 2017, the Busia County Health Services Act, 2016, and the Public Finance Management Act, 2012.

### **Basis for Opinion**

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

### **Emphasis of Matter**

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

The statement of comparison of budget and actual amounts reflects final revenue budget of Kshs.12,584,223 which was 100% achieved with an equal actual amount on comparable basis. Similarly, the Hospital had an expenditure budget of Kshs.11,206,031 against actual on comparable basis of Kshs.9,005,017, resulting in an under-expenditure of Kshs.2,201,014 or 20% of the budget.

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

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

### **Other Information**

Management is responsible for the Other Information set out on page iii to xxxiii which comprise of Key Entity Information and Management, Board of Management, Key Management Team, Chairman's Statement, Report of the Medical Superintendent,

Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting statement, Report of 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 Kenya Quality Model for Health Policy Guidelines on Staffing and Equipment

Review of the Hospital staffing levels, services and equipment revealed that the Facility had twenty-five (25) medical professionals compared to the recommended one hundred and forty-seven (147) resulting to a shortage of one hundred and twenty-two (122) professionals as follows:

Personnel	Level 4 standard	Actual Numbers	Deficit
Medical Officers	16	1	15
Anesthesiologists/ Anastatic-diploma	2	0	2
General Surgeons	2	0	2
Gynecologists	2	0	2
Pediatrics	2	0	2
Radiologists/radiographer-no degree	2	2	0

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

Personnel	Level 4 standard	Actual Numbers	Deficit
Kenya Registered Community Health Nurses	75	16	59
BScN Nurses	40	4	36
Kenya Enrolled Nurses	6	2	4
<b>Total</b>	<b>147</b>	<b>25</b>	<b>122</b>

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

Service	Level 4 Standard	Actual Numbers	Deficit
Beds	150	36	114
Resuscitative/defibrillator	2	0	2
New born unit Incubators	5	3	2
New born unit cots	5	0	5
Functional ICU Beds	6	0	6
High Dependency Unit (HDU) beds	6	0	6
Renal unit	5	0	5
Maternity and General Theatre	2	0	2
Morgue	1	0	1
Autopsy	1	0	1
Ambulance	1	1	0
<b>Total</b>	<b>184</b>	<b>40</b>	<b>144</b>

Further, the Hospital had a capacity of thirty-six (36) beds as compared to the required minimum of one hundred and fifty (150) resulting to a shortage of one hundred and fourteen (114) beds. In addition, it did not offer radiology services and renal/dialysis services contrary to the requirements of Kenya Quality Model Health Checklist for Level 4 hospitals.

In the circumstances, the ability of the Hospital to offer services designated for its respective level could not be confirmed.

## 2. Failure to Gazette a Board Member

During the year under review, the Sub-County Medical Officer of Health was considered as a Board Member but the Officer was not formally appointed to the Board through a gazette notice. This was contrary to the Mwongozo Code of Governance, Parameter 1.1 (11) which states that the Corporation Secretary will ensure that a record of the appointment letter, gazette notice and written acceptance by Board Member are kept in the personal file of the Board member.

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

### **3. Lack of Personal Files for Board of Management Members**

During the year under review, the Hospital had eight (8) Board of Management Members. However, personal files for the Members containing appointment letters, acceptance of appointments, and academic qualifications of members were not maintained at the Hospital. Further, the Board did not have a member with a financial expertise.

This was contrary to Mwongozo Code of Governance, Parameter 1.1(11) which states that the Corporation Secretary will ensure that a record of the appointment letter, gazette notice and written acceptance by the Board Member are kept in the personal file of the Board member, and Parameter 1.1(6) which states that at least one member should be a financial expert meaning that he or she has the necessary qualifications and expertise in financial management or accounting and is a bona-fide member of a professional body regulating the accountancy profession and in compliance with the requirements thereof.

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

### **4. Failure to Open Facility Improvement Financing Bank Account**

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

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

The audit was conducted in accordance with ISSAI 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.

## **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. Failure to Conduct Board of Management Evaluation**

During the year under review, the Hospital's Board of Management did not conduct an annual evaluation to appraise its performance. This was contrary the Mwongozo Code,

which requires Board to conduct an annual evaluation to appraise its performance in accordance with the Board evaluation tool.

In the circumstances, the effectiveness of the Hospital's governance could not be confirmed.

## **2. Failure to Establish Internal Audit Unit and Audit Committee**

Review of the Hospital's organogram revealed lack of an Internal Audit Function and an Audit Committee. This was contrary to Regulation 167(1) of the Public Finance Management (County Governments) Regulations, 2015 which requires County Government entities to establish Audit Committees in accordance with prescribed regulations to monitor the entities' governance process, accountability process and control systems, offer objective advice on issues concerning internal control, regulatory requirements and governance.

In the circumstances, the effectiveness of internal controls and risk 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 its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the hospital or 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 is responsible for overseeing the Hospital's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

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

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

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

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

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

  
FCPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

**Nairobi**

**16 December, 2025**

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

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

Description	Note	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	-	-
Grants from donors and development partners	8	-	-
Transfers from other Government entities	9	-	-
Public contributions and donations	10	-	-
		-	-
<b>Revenue from exchange transactions</b>			
Rendering of services- Medical Service Income	11	15,250,336	-
Revenue from rent of facilities	12	-	-
Finance /Interest Income	13	-	-
Miscellaneous Income	14	-	-
<b>Revenue from exchange transactions</b>		<b>15,250,336</b>	-
<b>Total revenue</b>		<b>15,250,336</b>	-
<b>Expenses</b>			
Medical/Clinical costs	15	2,570,344	-
Employee costs	16	-	-
Board of Management Expenses	17	110,500	-
Depreciation and amortization expense	18	43,875	-
Repairs and maintenance	19	865,000	-
Grants and subsidies	20	3,145,922	-
General expenses	21	3,024,077	-
Finance costs	22	-	-
<b>Total expenses</b>		<b>9,759,718</b>	-
<b>Other gains/(losses)</b>			
Gain/Loss on disposal of non-Current assets	23	-	-

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

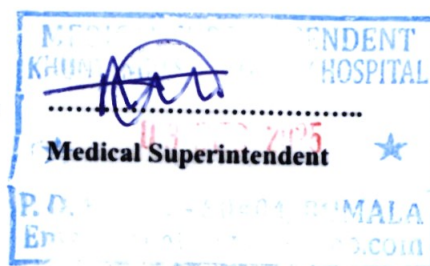
Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Unrealized gain on fair value of investments	24	-	-
Medical services contracts Gains/Losses	25	-	-
Impairment loss	26	(-)	-
Gain on foreign exchange transactions		-	-
<b>Total other gains/(losses)</b>		<b>(91,102)</b>	-
<b>Net Surplus / (Deficit) for the year</b>		<b>5,399,516</b>	-

*(The notes set out on pages 27 to 52 form an integral part of the Annual Financial Statements.)*

The Hospital's financial statements were approved by the Board on \_\_\_\_\_ and signed on its behalf by:

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

.....  
**Head of Finance**  
**ICPAK No: 33853**



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

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

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	27	3,347,329	-
Prepayments	28		
Receivables from exchange transactions	29	2,575,011	-
Receivables from non-exchange transactions	30		-
Inventories	31	1,490,188	-
<b>Total Current Assets</b>		<b>7,412,528</b>	<b>-</b>
<b>Non-current assets</b>			
Property, plant, and equipment	32	309,125	-
Intangible assets	33	-	-
Investment property	34	-	-
Biological Assets	35		
<b>Total Non-current Assets</b>		<b>309,125</b>	<b>-</b>
<b>Total assets (A)</b>		<b>7,721,653</b>	<b>-</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	36	2,319,662	-
Refundable deposits from Patients/Prepayments	37	-	-
Provisions	38	-	-
Finance lease obligation	39	-	-
Current portion of deferred income	40	-	-
Current portion of borrowings	41	-	-
<b>Total Current Liabilities</b>		<b>2,319,662</b>	<b>-</b>
<b>Non-current liabilities</b>			
Provisions	38	-	-
Non-Current Finance lease obligation	39	-	-
Non-Current portion of deferred income	40	-	-
Non - Current portion of borrowings	41	-	-
Service concession Arrangements	42	-	-

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

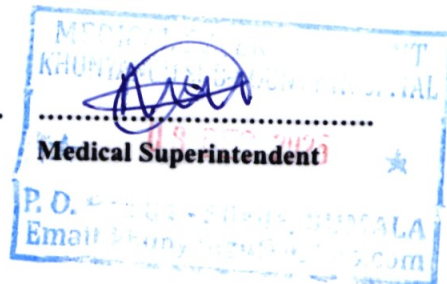
Description	Note	2024/2025	2023/2024
		Kshs	Kshs
<b>Total non-current liabilities</b>		-	-
<b>Total Liabilities (B)</b>		<b>2,319,662</b>	-
<b>Net assets (A-B)</b>		<b>5,401,991</b>	-
<b>Represented by:</b>			
Revaluation reserve		-	-
Accumulated surplus/Deficit		5,399,516	-
Capital Fund		2,475	-
<b>Net Assets</b>		<b>5,401,991</b>	-

*(The notes on pages 1 to 4 form an integral part of the Annual Financial Statements.)*

The Hospital's financial statements were approved by the Board on \_\_\_\_\_ and signed on its behalf by:

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

.....  
**Head of Finance**  
**ICPAK No: 33853**



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

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

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
<b>As at July 1, 2023 (previous year)</b>	-	-	-	-
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	-	-	-
Capital/Development grants	-	-	-	-
<b>As at June 30, 2024 (previous year)</b>	-	-	-	-
<b>At July 1, 2024 (current year)</b>	-			-
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	5,399 516	2,475	5,401,991
Capital/Development grants	-	-	-	-
<b>At June 30, 2025 (current year)</b>	-	<b>5,399,516</b>	<b>2,475</b>	<b>5,401,991</b>

*(Note:*

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

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

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

Description	Note	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		12,584,223	-
Revenue from rent of facilities		-	-
Finance / interest income		-	-
Miscellaneous receipts( <i>specify</i> )		-	-
<b>Total Receipts</b>		<b>12,584,223</b>	<b>-</b>
<b>Payments</b>			
Medical/Clinical costs		2,399,041	-
Employee costs		-	-
Board of Management Expenses		110,500	-
Repairs and maintenance		722,000	-
Grants and subsidies		3,145,922	-
General expenses		2,627,554	-
Finance costs		-	-
Refunds paid out		-	-
<b>Total Payments</b>		<b>9,005,017</b>	<b>-</b>
<b>Net cash flows from operating activities</b>	43	<b>3,579,206</b>	<b>-</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment		(234,352)	(-)
Purchase of intangible assets		(-)	(-)
Proceeds from the sale of PPE		-	-
Acquisition of investments		(-)	(-)
<b>Net cash flows used in investing activities</b>		<b>(234,352)</b>	<b>(-)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		-	-
Repayment of borrowings		(-)	(-)
Capital grants received		-	-

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

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<b>Net cash flows used in financing activities</b>		(-)	(-)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>3,344,854</b>	(-)
Cash and cash equivalents as at 1 July	27	2,475	-
<b>Cash and cash equivalents as at 30 June</b>	27	<b>3,347,329</b>	-

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

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

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	A	B	c=(a+b)	D	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget carryovers from the previous year	-	-	-	-	-	%
<b>Receipts</b>						
Transfers from the County Government	-	-	-	-	-	%
Grants from donors and development partners	-	-	-	-	-	%
Transfers from other Government entities	-	-	-	-	-	%
Public contributions and donations	-	-	-	-	-	%
Rendering of services- Medical Service Income	15,250,336	(2,666,113)	12,584,223	12,584,223	0	100%
Revenue from rent of facilities	-	-	-	-	-	%
Finance / interest income	-	-	-	-	-	%
Miscellaneous receipts ( <i>specify</i> )	-	-	-	-	-	%
<b>Total receipts</b>	<b>15,250,336</b>	<b>(2,666,113)</b>	<b>12,584,223</b>	<b>12,584,223</b>	<b>12,584,223</b>	<b>%</b>
<b>Payments</b>						
Medical/Clinical costs	3,990,532	-	3,990,532	2,399,041	1,591,491	60%
Employee costs	-	-	-	-	-	%
Remuneration of directors	110,500	-	110,500	110,500	0	100%
Repairs and maintenance	865,000	-	865,000	722,000	143,000	83%
Grants and subsidies	3,145,922	-	3,145,922	3,145,922	0	100%
General expenses	3,094,077	-	3,094,077	2,627,554	466,523	85%
Finance costs	-	-	-	-	-	%
Refunds	-	-	-	-	-	%
<b>Total Operational Expenditure paid</b>	<b>11,206,031</b>	<b>-</b>	<b>11,206,031</b>	<b>9,005,017</b>	<b>2,201,014</b>	
<b>Capital Expenditure paid</b>	<b>353,000</b>	<b>-</b>	<b>353,000</b>	<b>234,352</b>	<b>118,648</b>	<b>66%</b>
<b>Surplus</b>	<b>3,691,305</b>	<b>-</b>	<b>1,025,192</b>	<b>3,344,854</b>	<b>2,319,662</b>	<b>33%</b>

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

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*(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. Differences between actual and budgeted amounts (any over/ 90% under) IPSAS 24.14 is due delay in disbursement and approval of funds.*

:

**Budget Reconciliation**

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	3,344,854
1	Cash and cash equivalents as at 1 July 2024	2,475
	Closing Cash and Cash Equivalent as per the statement of Cash flows	3,347,329

**19. Notes to the Financial Statements**

**1. General Information**

Khunyangu Sub County Hospital is established by and derives its authority and accountability from Health Act. The entity is wholly owned by the Busia County Government and is domiciled in Busia County in Kenya. The entity's principal activity is providing quality health care services to the community.

**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. There are no areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements. 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 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 cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><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 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</p>

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Standard	Effective date and impact:
	land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.
IPSAS 46 Measurement	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47- Revenue	<p><b>Applicable 1<sup>st</sup> January 2026</b></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
IPSAS 48- Transfer Expenses	<p><b>Applicable 1<sup>st</sup> January 2026</b></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
IPSAS 49- Retirement Benefit Plans	<p><b>Applicable 1<sup>st</sup> January 2026</b></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector</p>

Standard	Effective date and impact:
	employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.
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 adopt any new or amended standards in the financial year.

**4. Summary of Significant Accounting Policies**

**a. Revenue recognition**

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

**Transfers from other Government entities**

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

**ii) Revenue from exchange transactions**

**Rendering of services**

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

**Sale of goods**

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

**Interest income**

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

**Rental income**

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

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

**b. Budget information**

The original budget for FY 2024/2025 was approved by Board on **12<sup>th</sup> December 2024**. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, Khunyangu Sub County Hospital recorded additional appropriations of **7,442,427** on the FY 2024/2025 budget following the Board's approval. Khunyangu Sub County Hospital budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

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

**c. Taxes**

**Sales tax/ Value Added Tax**

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

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

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

**d. Investment property**

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

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

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

Khunyangu Sub County Hospital classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

**k. Inventories**

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

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

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

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

**l. Provisions**

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

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

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

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

**m. Social Benefits**

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The 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**

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

**o. Contingent assets**

Khunyangu Sub County Hospital does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the 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**

Khunyangu Sub County Hospital does not create and maintains reserves in terms of specific requirements.

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

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

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

**r. Employee benefits**

**Retirement benefit plans**

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

**s. Foreign currency transactions**

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

**t. Borrowing costs**

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

**u. Related parties**

Khunyangu Sub County Hospital 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 *hospital*, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO/principal and senior managers.

v. **Service concession arrangements**

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

w. **Cash and cash equivalents**

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

x. **Comparative figures**

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

y. **Subsequent events**

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

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

The preparation of Khunyangu Sub County Hospital 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. Khunyangu Sub County Hospital based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the hospital. Such changes are reflected in the assumptions when they occur. (IPSAS 1.140)

### **Useful lives and residual values**

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

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

### **Provisions**

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

**Notes to Financial Statements Continued**

**6. Transfers from the County Government**

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

**6 b Transfers from The County Government**

Name of the Entity sending the grant	Amount recognized to of financial performance* KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	Comparative Period
			KShs	KShs	KShs
Busia County Government	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

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

**Notes to Financial Statements Continued**

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

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

*(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)*

**8. Grants From Donors and Development Partners**

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

*(Provide brief explanation for this revenue)*

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

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

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

**Notes to Financial Statements Continued**

**9. Transfers from Other Government Entities**

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

**10. Public Contributions and Donations**

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

*(Provide brief explanation for this revenue)*

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

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

**Khunyangu Sub County Hospital (Busia County Government)**  
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**Notes to Financial Statements Continued**

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

Description	2024/2025	2023/2024
	Kshs	Kshs
Pharmaceuticals	1,145,804	-
Non-Pharmaceuticals	1,882,483	-
Laboratory	1,000,819	-
Radiology	229,165	-
Orthopedic and Trauma Technology	66,170	-
Theatre	-	-
Accident and Emergency Service	-	-
Anesthesia Service	-	-
Ear Nose and Throat service	-	-
Nutrition service	361,976	-
Cancer centre service	-	-
Dental services	-	-
Reproductive health	-	-
Paediatrics services	-	-
Farewell home services	-	-
Ambulance services	50,880	-
Other medical services income (specify)	10,421,937	-
Waivers and Exemptions	91,102	-
<b>Total revenue from the rendering of services</b>	<b>15,250,336</b>	<b>-</b>

*(Other medical services fee relates to other charges not listed above are outpatient services, medical exam, family planning, physiotherapy, occupational therapy, eye, NHIF/SHA reimbursement, outstanding claims)*

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

**12. Revenue from Rent of Facilities**

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

*(Provide brief explanation for this revenue)*

**13. Finance /Interest Income**

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

*(Provide brief explanation for this revenue)*

**14. Miscellaneous Income**

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

*(NB: All income should be classified as far as possible in the relevant classes and miscellaneous income should be used to recognise income not elsewhere classified).*

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

**15. Medical/ Clinical Costs**

Description	2024/2025	2023/2024
	Kshs	Kshs
Dental costs/ materials	-	-
Laboratory chemicals and reagents	392,000	-
Public health activities	13,000	-
Food and Ration	1,386,000	-
Uniform, clothing, and linen	10,000	-
Dressing and Non-Pharmaceuticals	834,000	-
Pharmaceutical supplies	1,030,502	-
Health information stationery	80,000	-
Reproductive health materials	-	-
Sanitary and cleansing Materials	187,000	-
Purchase of Medical gases	18,000	-
X-Ray/Radiology supplies	40,030	-
Other medical related clinical costs ( <i>specify</i> )	0	-
<b>Total medical/ clinical costs</b>	<b>3,990,532</b>	<b>-</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	-	-
Contributions to pension schemes	-	-
Service gratuity	-	-
Performance and other bonuses	-	-
Staff medical expenses and Insurance cover	-	-
Group personal accident insurance and WIBA	-	-
Social contribution	-	-
Other employee costs ( <i>specify</i> )	-	-
<b>Employee costs</b>	<b>-</b>	<b>-</b>

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

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

**17. Board of Management Expenses**

Description	2024/2025	2023/2024
	Kshs	Kshs
Chairman's Honoraria	-	-
Sitting allowance	110,500	-
Mileage	-	-
Insurance expenses	-	-
Induction and training	-	-
Travel and accommodation allowance	-	-
Airtime allowances	-	-
<b>Total</b>	<b>110,500</b>	

**18. Depreciation and Amortization Expense**

Description	2024/2025	2023/2024
	Kshs	Kshs
Property, plant and equipment	43,875	-
<b>Total depreciation and amortization</b>	<b>43,875</b>	<b>-</b>

**19. Repairs And Maintenance**

Description	2024/2025	2023/2024
	Kshs	Kshs
Property- Buildings	720,000	-
Motor vehicle expenses	145,000	-
<b>Total repairs and maintenance</b>	<b>865,000</b>	<b>-</b>

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

**20. Grants and Subsidies**

Description	2024/2025	2023/2024
	Kshs	Kshs
Malaria Support Supervision, IRS Mentorship on Uncomplicated Malaria, Maternal Care, School Health And HIV DQA	938,282	
Nutrition Outreach And Sensitization	499,173	
Rmncah Activities	400,000	
Blood And Tissue Campaign	412,000	
Other Grants And Subsidies(Primary Healthcare Activities)	896,467	
<b>Total grants and subsidies</b>	<b>3,145,922</b>	

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

**21. General Expenses**

Description	2024/2025	2023/2024
	Kshs	Kshs
Advertising and publicity expenses	-	-
Catering expenses	247,473	-
Bank charges	43,737	-
Conferences and delegations	843,621	-
Electricity expenses	260,000	-
Fuel and Lubricants	945,000	-
Printing and stationery	522,656	-
Telephone and mobile phone services	65,590	-
Internet expenses	50,000	-
Others Titling of public land and casual wages	116,000	-
<b>Total General Expenses</b>	<b>3,094,077</b>	<b>-</b>

**22. Finance Costs**

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

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

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

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

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

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

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

Description	2024/2025	2023/2024
	Kshs	Kshs
Waivers and Exemptions	91,102	-
<b>Total Gain/Loss</b>	<b>91,102</b>	-

**26. Impairment Loss**

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

**27. Cash and Cash Equivalents**

Description	2024/2025	2023/2024
	KShs	KShs
Current accounts	2,319,662	-
Fixed deposits accounts	1,027,667	-

**Khunyangu Sub County Hospital (Busia County Government)**  
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Cash in hand	-	-
Others( <i>specify</i> )- Mobile money	-	-
<b>Total cash and cash equivalents</b>	<b>3,347,329</b>	-

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

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

Description		2024/2025	2023/2024
Financial institution	Account number	KShs	KShs
<b>a) Current account</b>			
Kenya Commercial bank	1264499337	2,319,662	-
<b>Sub- total</b>		<b>2,319,662</b>	-
<b>b) Fixed deposits account</b>			
National bank	7700010544	1,027,667	-
<b>Sub- total</b>		<b>1,027,667</b>	-
<b>Grand total</b>		<b>3,347,329</b>	

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

**28. Prepayments**

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

**29. Receivables from Exchange Transactions**

Description	2024/2025	2023/2024
	KShs	KShs
Medical services receivables	2,575,011	-
Rent receivables	-	-
Other exchange debtors	-	-
Less: impairment allowance	(-)	(-)
<b>Total receivables</b>	<b>2,575,011</b>	<b>-</b>

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

**Khunyangu Sub County Hospital (Busia County Government)**  
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**Analysis of Receivables from Exchange Transactions**

Description	2024/2025		2023/2024	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	2,575,011	%	-	%
<b>Total (a+b)</b>	<b>2,575,011</b>	<b>%</b>	<b>-</b>	<b>%</b>

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

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

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

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

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

**31. Inventories**

Description	2024/2025	2023/2024
	Kshs	Kshs
Pharmaceutical supplies	650,188	-
Maintenance supplies	0	-
Food supplies	700,000	-
Linen and clothing supplies	0	-
Cleaning materials supplies	70,000	-
General supplies	70,000	-
Less: provision for impairment of stocks	(-)	(-)

**Khunyangu Sub County Hospital (Busia County Government)**  
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<b>Total</b>	<b>1,490,188</b>	<b>-</b>
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**Detailed disclosure on inventories**

	<b>Insert Current FY</b>	<b>Insert Comparative FY</b>
Opening balance	0	-
Additional Inventory in the year	1,490,188	-
Inventory expensed in the year	-	-
Write-downs in the year	-	-
Others specify	-	-
Closing balance	1,490,188	-

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*Notes to the Financial Statements (Continued)*

**32. Property, Plant and Equipment**

Description	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Total
	Ksh	Ksh	Ksh	Ksh
<b>Cost</b>				
At 1 July 2024(current year)	<b>75,500</b>	<b>100,000</b>	<b>177,500</b>	<b>353,000</b>
Additions	-	-	-	-
Disposals	(-)	(-)	(-)	(-)
Transfers/adjustments	-	-	-	-
Revaluation Adjustments	-	-	-	-
<b>At 30<sup>th</sup> Jun 2025</b>	<b>75,500</b>	<b>100,000</b>	<b>177,500</b>	<b>353,000</b>
<b>Depreciation and impairment</b>				
At 1 July 2024 (current year)	-	-	-	-
Depreciation for the year	9,437	30,000	4,437	<b>43,875</b>
<b>At 30 June 2025</b>	<b>9,437</b>	<b>30,000</b>	<b>4,437</b>	<b>43,875</b>
<b>Net book values</b>				
At 30 <sup>th</sup> June 2024 (previous)	-	-	-	-
At 30 <sup>th</sup> June 2025 (current)	66,062	70,000	173,062	309,125

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

**33. Intangible Assets-Software**

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

**34. Investment Property**

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

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

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

**35. Biological Assets**

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

**36. Trade and other Payables**

Description	2024/2025		2023/2024	
	KShs		KShs	
Trade payables	2,319,662		-	
<b>Total trade and other payables</b>	<b>2,319,662</b>		<b>-</b>	
<b>Ageing analysis:</b>	<b>Current FY</b>	<b>% of the Total</b>	<b>Comparative FY</b>	<b>% of the total</b>
Under one year	2,319,662	%	-	%
<b>Total</b>	<b>2,319,662</b>	<b>%</b>	<b>-</b>	<b>%</b>

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

Description	2024/2025		2023/2024	
	KShs		KShs	
Medical fees paid in advance	-		-	
Credit facility deposit	-		-	
Rent deposits	-		-	
Others ( <i>specify</i> )	-		-	
<b>Total deposits</b>				
<b>Ageing analysis:</b>	<b>Current FY</b>	<b>% of the Total</b>	<b>Comparative FY</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>-</b>	<b>%</b>

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**38. Provisions**

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

**39. Finance Lease Obligation**

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

**40. Deferred Income**

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

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

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

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

**41. Borrowings**

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

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

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

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

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

**42. Service Concession Arrangements**

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

**43. Cash Generated from Operations**

Description	2024/2025	2023/2024
	Kshs	Kshs
Surplus for the year before tax	5,399,516	-
<b>Adjusted for:</b>		
Depreciation	43,875	-
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	(1,490,188)	-
Increase in receivables	(2,575,011)	
Increase in deferred income	-	-
Increase in payables	2,201,014	-
Increase in payments received in advance	-	-
<b>Net cash flow from operating activities</b>	<b>3,579,206</b>	<b>-</b>

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

*Note: Total payables Kshs 2,319,662*

*Therefore, balance of Kshs 118,648 was for investing activities*

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

**44. Financial Risk Management**

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

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

**(i) Credit risk**

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2024(previous year)</b>				
Receivables from exchange transactions	-	-	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 30 June 2025 (current year)</b>				
Receivables from exchange transactions	2,575,011	-	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	3,347,329	-	-	-
<b>Total</b>	<b>5,922,340</b>	-	-	-

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

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**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. Khunyangu Sub County Hospital has significant concentration of credit risk on amounts due from 91,102. The board of management sets the hospital's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

**(ii) Liquidity risk management**

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

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

Description	Between 1- 3 month	Total
	Kshs	Kshs
<b>At 30 June 2024</b>		
Trade payables	-	-
<b>Total</b>	-	-
<b>At 30 June 2025</b>		
Trade payables	2,319,662	2,319,662
<b>Total</b>	<b>2,319,662</b>	<b>2,319,662</b>

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

**(iii) Market risk**

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

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

**a) Foreign currency risk**

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

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

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

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

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

**Foreign currency sensitivity analysis**

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

Description	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
<b>2024(previous year)</b>			
Euro	10%	-	-
USD	10%	-	-
<b>2025 (current year)</b>			
Euro	10%	-	-
USD	10%	-	-

**b) Interest rate risk**

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

**Management of interest rate risk**

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

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

**Sensitivity analysis**

Khunyangu Sub County Hospital analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. However the year under review Khunyangu Sub County Hospital did not conduct a sensitivity analysis.

**iv) Capital Risk Management**

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

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

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

**45. Related Party Balances**

**Nature of related party relationships**

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

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

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

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

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

**46. Segment Information**

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

**47. Contingent Liabilities**

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

*(Give details)*

**48. Capital Commitments**

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

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

**49. Events after the Reporting Period**

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

***Khunyangu Sub County Hospital (Busia County Government)***  
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**50. Ultimate and Holding Entity**

Khunyangu Subcounty is a Semi- Autonomous Government Agency under the Department of Health. Its ultimate parent is the County Government of Busia.

**51. Currency**

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


**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)

**Guidance Notes:**

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

  
 Accounting Officer 19 DEC 2023 ★  
 P. O. Box 84 - 50404, BUMALA  
 Email: khunyangu@yahoo.com

**Khunyangu Sub County Hospital (Busia County Government)**  
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**Appendix II: Projects Implemented by Khunyangu Sub County Hospital**

**Projects**

Projects implemented by the Hospital Funded by development partners

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

**Status of Projects completion**

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

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

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

Name of Transferring entity.....

Name of Beneficiary entity.....

Confirmation of amounts received by Khunyangu Sub county Hospital as at 30 <sup>th</sup> June (Current FY)					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
Total					

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

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

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



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**Appendix IV Reporting of Climate Relevant Expenditures**

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

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**Appendix V: Disaster Expenditure Reporting Template**

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