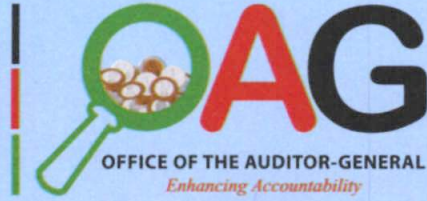


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REPORT

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CHEPTAIS SUB COUNTY HOSPITAL

FOR THE YEAR ENDED
30 JUNE, 2025

COUNTY GOVERNMENT OF BUNGOMA

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**CHEPTAIS SUB COUNTY HOSPITAL
(BUNGOMA COUNTY GOVERNMENT)
ANNUAL REPORT AND FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30TH JUNE 2025

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

Cheptais Sub County Hospital
Annual Report and Financial Statements For The Year Ended 30th June 2025

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1. Acronyms & Glossary of Terms

| | |
|----------------------|---|
| CSR | Corporate Social Responsibility |
| OSHA | Occupational Health & Safety Act |
| PFMA | Public Financial Management Act |
| MED SUP | Medical Superintendent |
| Fiduciary Management | Key management personnel who have financial responsibility in the entity. |
| SHA | social health authority |
| SHI | social health insurance |

2. Key Entity Information and Management

(a) Background information

Cheptais sub county Hospital is a level (4) hospital established under gazette notice number 408 of , 2020 and is domiciled in Bungoma County, Cheptais sub-County, under the Health Department, the hospital seats on a six-acre piece of land. The hospital is governed by a Board of Management and at the facility level the Hospital Management team comprising of the departmental heads

The Hospital offers Curative, Preventive/ Promotive and Diagnostic Health Care services as follows.

- OPD/Consultation services
- Laboratory services
- In-patient services
- Maternity services
- Voluntary counselling and Testing
- Comprehensive care for HIV /AIDS patients (*USAID* supported)
- Maternal and child Health services.
- Blood transfusion.
- Treatment of communicable and non-communicable diseases
- It offers prevention of diseases and Health promotion services
- Referral services–One Land Cruiser Ambulance 39CG 001A in place

Mental health services.

The hospital has an average collection of Khs. 16,000,000 per quarter. Its sources are.

- User fees
- NHIF OPD reimbursements and Inpatient Hospital claims.
- Maternity reimbursement
- Funds for Partners and exchequer not accessed by the Hospital

(b) Principal Activities

Vision: To be responsive and provider of quality universal health care services

Mission: To provide high quality equitable, accessible, affordable, acceptable, curative, preventive, and rehabilitative health care services through research and technology.

Core Objectives.

- Provision of health services
- Ensure patient satisfaction.
- Technical Health assistance to local communities.

Core Values:

- Professionalism
- Integrity
- Team spirit
- Commitment
- Efficiency

(c) Key Management

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

- County department of health.
- Board of Management
- Hospital Management Team.
- Medical Superintendent

(d) Fiduciary Management

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

| No. | Designation | Name |
|-----|------------------------|-----------------|
| 1. | Medical Superintendent | Janet Mosii |
| 2. | Head of finance | Susan Misiko |
| 3. | Head of supply chain | Ronald Juma |
| 4. | Head of Administration | Andrew Kusienya |
| 5. | Head of human resource | Gibson Kamoet |

(e) Fiduciary Oversight Arrangements

1. COUNTY ASSEMBLY OF BUNGOMA

The responsibilities of the county assembly of Bungoma were as follows

- To perform the roles set out under article 185 of the constitution
- To approve the budget and expenditure of the county government in accordance with article 207 of the constitution, and the legislation contemplated in article 220(2) of the constitution, guided by article 201 and 203 of the constitution
- To approve county development planning and
- To perform any other role as may be set out under the constitution or legislation

2. AUDIT COMMITTEE

The functions and responsibilities of the audit committee were as follows

- To obtain assurance from management that all financial and non-financial internal controls and risk management functions are operating effectively and reliably.
- To ensure that the facility management effectively monitors compliance with legislative and regulatory requirements and promotes culture committed to lawful and ethical conduct
- To provide oversight of the implementation of accepted audit recommendations
- To provide effective liaison and facilitate communication between management and the board and external audit

3. Executive Expenditure Committee -

- The committee budgets for the facility before presenting to the hospital management team, for fine tuning/
- the hospital board approves all the expenditure

4. Infection Prevention Committee –

The committee that ensures that standard operating procedures are followed to avoid preventable hospital infections

5. Quality Improvement Committee – A committee that ensures better performance and Patient outcomes include safe, effective, patient-centered, timely, efficient and Equitable patient care

- 6. Advisory Committee** – To discuss concerns which are, staff disciplinary actions, transfers promotions
- 7. Waiver Committee** – To discuss authenticity of any cases that requested to be waved
- 8. Inspection Committee** – An ad- hoc,committee, to confirm that supplies which were ordered are the ones delivered, and confirm the expiry dates of perishable products

Key Entity Information and Management (continued)

9. **Medicine and Therapeutic Committee** – A committee that oversees policies and procedures related to medicines and other health products; review cases and make recommendations.
10. **Emergency Response Committee** - A committee that is always on standby, in case of mass casualty incident, prepare emergency trays on a weekly basis and reviews hospital emergency plans on regular basis

(f) **Entity Headquarters**
P.O. Box 79 - 50520
CHEPTAIS
CHEPTAIS, KENYA

(g) **Entity Contacts**
Telephone: +254723213130
E-mail: cheptaissch@gmail.com

(h) **Entity Bankers**
Cooperative Bank
Chwele Branch

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




(i) **Principal Legal Adviser**
The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

(j) **County Attorney**
The county attorney
P.O Box 437, Bungoma, Kenya





3. The Board of Management

| Ref | Directors | Details |
|-----|--|---|
| 1. |  <p>DR. SIYOI MOIN Board chair</p> | <p>Holds a master’s degree in business administration from Moi University in B Pharm from UON,</p> |
| 2. |  <p>JANET CHEBET Medical superintendent Secretary of the board</p> | <p>Holds a bachelor’s degree in health systems management, from Kenya Methodist university, and diploma in clinical medicine and surgery from Kenya medical training college. With working experience of 23 years</p> |
| 3. |  <p>BISHOP CHARLES NAIBEI Member of audit committee</p> | <p>Holds a Bachelor degree in bible and theology</p> |


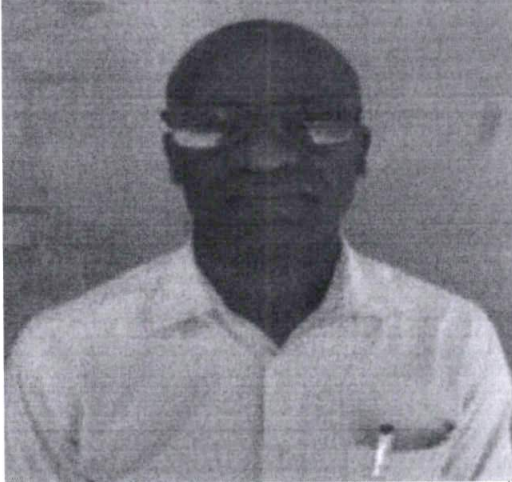
**Cheptais Sub-County Hospital
Annual Report and Financial Statements For The Year Ended 30th June 2025**

| | | |
|----|--|---|
| 4. |  <p>MS. EUNICE JEPCHUMBA, Chair of finance committee</p> | <p>Holds a bachelor's degree in information studies and diploma in business technical education programme</p> <p>Successfully course certificate completed the woman leadership for peace and security course conducted at the humanitarian peace support school.</p> |
| 5. |  <p>MS. PENINNAH KWESI Member of Finance Sub-committee</p> | <p>Holds a bachelor's degree in education arts and diploma in management -human resource option</p> |
| 6. |  <p>MR. ANDREW SIMIYU KUSIENYA Hospital Administrator and Board Member</p> | <p>Degree in Social Science.</p> <p>Certificate in leadership management and governance for health systems strengthening course.</p> <p>A co-opted member of the board and finance and general-purpose subcommittee.</p> |



Cheptais Sub-County Hospital
Annual Report and Financial Statements For The Year Ended 30th June 2025

| | | |
|------------|--|---|
| <p>7.</p> |  <p>MR. RAYMOND MUGE Represents person with special needs Member of Finance Sub-Committee</p> | <p>Businessman Holds certificate of Kenya certificate secondary school</p> |
| <p>8.</p> |  <p>MR. ELPHAS CHEREN Member of Audit Sub- Committee</p> | <p>Holds a bachelor's degree in business management</p> |
| <p>9.</p> |  <p>MS. JUDITH CHEPWABI NGAINA Chair -Quality Sub-Committee</p> | <p>Holds a bachelor's degree in education (Special needs education) and diploma in education management.</p> |
| <p>10.</p> |  <p>Mr. RICHARD WANYONYI Head of health records and information system officer</p> | <p>Holds higher diploma in health records and information officer. 34 years working experience. Currently coordinating health records and information services in the county.</p> |



4. Key Management Team

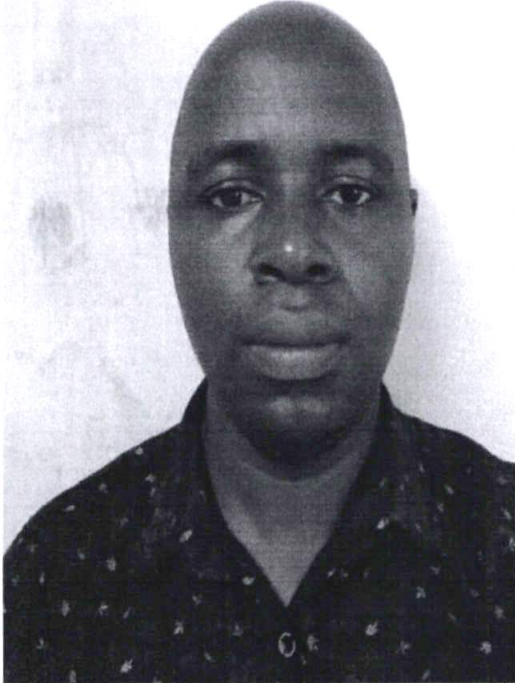
| | Management | Details |
|----|--|---|
| 1. |  <p>Dr. JANET CHEBET Medical Superintendent (Bachelor’s degree in health systems management, Diploma in clinical medicine)</p> | <ul style="list-style-type: none"> • Overall CEO of the facility • Provision of visionary and transformation leadership in the management of the hospital. • oversees the implementation of Boards resolutions. • Ensures prudent management of resources. • Formulation of long-term strategies and business plans participating in various committees in the Institution and overseeing all clinical services. • Accounting Officer hence a Mandatory signatory to facility account. • Secretary to the board and a secretary to finance and general purpose subcommittee. |
| 2. |  <p>Mr. ANDREW SIMIYU KUSIENYA Hospital Administrator Degree in Social Science. Certificate in leadership management</p> | <p>In-charge of Hospital Administration</p> <p>Responsibility</p> <ul style="list-style-type: none"> • Coordination of services within the hospital while liaising with fellow team members. • Estate management in liaison with the public health officer(s). • Supervision of non-medical staff, • Offers secretarial duties to various committees in the establishment and • Ensures security of staff, patients and hospital property. • He is the alternative signatory to facility account. • He is a Secretary to Hospital Management Team (HMT) and facility Executive Expenditure Committee (EEC). |

**Cheptais Sub-County Hospital
Annual Report and Financial Statements For The Year Ended 30th June 2025**

| | | |
|-----------|--|---|
| | <p>and governance for health systems strengthening course.</p> | <p>A co-opted member of the board and finance and general-purpose subcommittee.</p> |
| <p>3.</p> |  <p>Mr. Jacob Naibei Nursing Officer BSN</p> | <p>in-charge of Nursing</p> <p>Responsibilities:</p> <ul style="list-style-type: none"> • Formulation, review and interpretation of Bungoma County Referral Hospital health care policies relating to nursing services. • Ensuring adherence to Nursing Statutory and regulatory requirements. • Facilitating development and review of training programs for nurses in the Hospital. • He is also a member of the Hospital Management Team (HMT) and facility Executive Expenditure Committee (EEC). • He is a co-opted member of the board as well as quality of care subcommittee. |
| <p>4.</p> |  <p>CPA. Susan Misiko</p> | <p>In-charge of Finance</p> <p>Responsibilities:</p> <ul style="list-style-type: none"> • Coordinating preparation of budgets • Providing administrative direction as head of the division and provision of transformation leadership to achieve the vision and mandate of the Hospital. • she is an Alternate signatory to facility account. • she is also a member of the Hospital Management Team (HMT) and facility Executive Expenditure Committee (EEC). • A member of finance and general-purpose subcommittee. |

**Cheptais Sub-County Hospital
Annual Report and Financial Statements For The Year Ended 30th June 2025**

| | | |
|----|--|--|
| | <p>Accountant CPA(K) Holder Bachelor of Commerce (Accounting Option) Diploma in Analytical Chemistry</p> | |
| 5. |  <p>Mr. Hilary Chole Medical Lab Manager Diploma in Laboratory Technology</p> | <p>Lab manager</p> <p>Responsibilities:</p> <ul style="list-style-type: none"> • Coordination of Laboratory services within the facility. • Participating in developing work plans and budgets for the division and setting performance targets. • He is also a member of the Hospital Management Team (HMT) and facility Executive Expenditure Committee (EEC). |
| 6. |  <p>Mr. Dan Kisongo health records and information officer diploma</p> | <p>Records officer facility in charge</p> <p>Responsibilities:</p> <ul style="list-style-type: none"> • Compile, Organize, maintain and protect confidential medical records. • Designing health information systems to comply with medical, legal and ethical standards. • Analyse clinical data for research, processes improvement and reporting. • Participate in developing facility work and strategic plans and setting performance targets. • Participating in various committees in the Institution. • He is also a member of the Hospital Management Team (HMT) • Executive Expenditure Committee (EEC). |

| | | |
|----|---|---|
| | | |
| 7. |  <p>Mackeson Butali Kunokho Pharmacy-Diploma</p> | <p>in charge of pharmacy Coordinating pharmaceutical services, pharmacy staff and students. quantification, ordering and reporting of commodities ,ensuring of proper prescription and use of commodities</p> <p>Responsibilities:</p> <ul style="list-style-type: none"> • Ensure quality provision of effective medication services as per the needs of individual patients and institution as a whole. • Coordinating quality improvement initiatives and clinical governance • Participating in developing work plans and budgets for the division and setting performance targets. • he is also a member of the Hospital Management Team (HMT) and facility Executive Expenditure Committee (EEC). |

Cheptais Sub County Hospital

Annual Report and Financial Statements For The Year Ended 30th June 2025

5. Chairman's Statement

On behalf of the Board of Management of Cheptais Sub County Hospital, I am pleased to present this statement for the financial year 2024/2025

This year has been marked by significant milestones in our continuous journey to expand access to quality healthcare for our community. I am proud to report notable progress in the growth and sustainability of our hospital's operations.

One of our major achievements has been the remarkable increase in hospital revenue through the Social Health Authority (SHA). This has greatly strengthened our financial base, enabling us to improve service delivery, upgrade medical equipment, and expand essential services.

In line with our commitment to broadening the scope of healthcare services available within our sub county, we have successfully established two new departments — Physiotherapy and Dental Services. These additions will address critical gaps in rehabilitative and oral healthcare, ensuring that residents no longer have to travel long distances to access these essential services.

I wish to extend my heartfelt gratitude to our dedicated hospital management team, healthcare staff, partners, and the entire community for their unwavering support and collaboration. Your contributions have been instrumental in achieving these milestones.

As we look ahead, the Board remains committed to strategic growth, prudent resource management, and continued partnerships that will enable us to provide affordable, accessible, and high-quality healthcare to all.

Together, we shall continue to make Cheptais Sub County Hospital a centre of excellence in healthcare within our region.

Sign..... *Fred* Date.....

Dr Siyoi Moin Fred
Chairman of the Board.

CHEPTAIS SUB COUNTY HOSPITAL
SUB COUNTY M.O.H
30 JUN 2025
P. O. Box 79 50201, CHEPTAIS

Cheptais Sub County Hospital

Annual Report and Financial Statements For The Year Ended 30th June 2025

6. Report of The Medical Superintendent

Cheptais Sub-County Hospital is a Level 4 health facility lying in 5-acre piece of land in Cheptais ward, Cheptais Sub- County. It has a catchment population of 17230

The facility was initiated in 1976, as a community dispensary, then elevated as a health Centre in 1982, gazetted as sub county hospital, gazette notice no 408-year 2020 the Government of Kenya

SC Hospital acts as a referral hospital for the neighboring 13 dispensaries and 6 health centers and across border, serving populations of eastern Ugandan

Cheptais sub county hospital has experienced an increase in patients, cumulatively 39,768 in the fy 2024/2025, with a bed capacity of 60 beds which matches the requirement and standards of a sub-county hospital.

Projects done

- Partly Fencing of the facility
- Renovation of the Xray room ready for equipping
- Renovation of dental building
- Renovation of nursing offices
- Renovation of administrative offices
- Drilling and equipping of borehole
- Purchase of dental and physiotherapy equipment
- purchase of various IT equipment's for the officers i.e computers
- Planting of farm output harvesting of Maize and Beans on hospital land

Cheptais sub county hospital gets support from the County Government of Bungoma both human and capital resources. Among the support received are,

- Purchase of medical drugs and non-pharmaceuticals

Purchase of equipment, microscope, and sterilizer

- Payment of contracted workers
- Capacity building of staff through training (anesthetist)
- Support supervision
- The hospital continues to benefit from Implementing partners and other Government health related sector

Jacaranda Health, supports child and maternal health, in training staff and sending sms reminders to clients for prompt attendance of clinics

Services.

DUMISHA Afya, supports HIV comprehensive care, and gender-based violence (Gbv)

IPAS Supporting Maternal health

Impact malaria malaria case management

Amref, supported staff training on health promotive and preventive activity in the community and purchase of equipment's

Other line ministries including Ministry of Education and Ministry of Interior and

Coordination of the National Government, Ministry of Internal Security and not forgetting the patients and community around Cheptais sub county hospital

Sign.....
Janet mosii
Medical Superintendent

Date.....



7. Statement of Performance Against Predetermined Objectives

| Strategic Pillar/Theme/Issues | Objective | Indicators | Activities | Achievements |
|--------------------------------|--|---|---|------------------|
| Health Service delivery | To improve on service delivery to our clients | <ul style="list-style-type: none"> ● Reduced patient waiting time ● Number of patients accessing services after 5 pm ● Number of exit surveys done ● Number of Cme and training's done ● Number of extra rooms created | <ul style="list-style-type: none"> ● Installation of CCTV and additional consultation rooms and exit surveys to our client ● CMEs ON JOB Training ● 24 hour service, lab, out patient and pharmacy | Achieved. |
| Health Workforce | To assess whether the existing human resource matches the workload of the facility | - Number of health workers per 10,000 population | <ul style="list-style-type: none"> ● Motivation and appraisal of the employees ● Training and capacity building Attracting and retaining | Achieved. |

**Cheptais Sub-County Hospital
Annual Report and Financial Statements For The Year Ended 30th June 2025**

| | | | | |
|---------------------------------------|---|--|--|----------------------|
| | | | employees. | |
| Health Products and Technology | To ensure supply and access to essential medication | <ul style="list-style-type: none"> ● List of essential drugs available ● Numbers of days of commodity stock outs | Strict follow up on re- order level of pharmaceuticals and non pharmaceuticals | 90% Achieved. |
| Health Information | To ensure real time documentation and monthly data reviews. | <ul style="list-style-type: none"> ● Number of monthly data reviews done ● Number of data quality assessment done ● % of well documented reports, registers | Support monthly data review | 95% Achieved. |

Cheptais Sub-County Hospital

Annual Report and Financial Statements For The Year Ended 30th June 2025

| | | | | |
|----------------------------------|--|---|---|---|
| <p>Health Financing</p> | <p>To increase revenue through (FIF) facility improvement funds,SHA capitation and re-reimbursement donations, and support from partners through proposal writing. Improve financial management as per public finance management (PFM)</p> | <ul style="list-style-type: none"> ● % of revenue increased ● Number of people enrolled for SHA ● Number of proposals written to partners | <p>Automated financial systems Encourage clients to register with SHA</p> | <p>90% achieved. Automation</p> <ul style="list-style-type: none"> ● 80% achieved and on going. ● On going from the previous year |
| <p>Leadership and Governance</p> | <p>Give an oversight role,through management meeting, feedback, appraisal</p> | <p>Number of dissemination meetings ,on Existence of key health sector documents done.</p> <ul style="list-style-type: none"> ● Number of staff done appraisal performance reviews. ● Number of health management | <p>HMT meeting and BOARD meetings</p> | <p>90% Achieved.</p> |

Cheptais Sub-County Hospital
Annual Report and Financial Statements For The Year Ended 30th June 2025

| | | | | |
|--|--|----------------------------|--|--|
| | | and board meetings done | | |
|--|--|----------------------------|--|--|

8. Corporate Governance Statement

Board meetings were held quarterly(4meetings). A schedule of dates of the meetings was agreed upon by the Board members and set out in the Board work plan. Notices of the location and the timing of meetings were issued 2 weeks prior to the meetings, with a detailed agenda accompanied by relevant supporting documents and recommendations provided to the Board members, prior to a meeting. Board members were to review these materials in advance of the meeting to enhance effectiveness. Except for urgent cases, as determined by the Chairperson,

The Board work plan was adjusted if deemed necessary by the Board.

i. The quorum

For a Board meeting to occur at least 6 members quorum, all members attended meetings, apologies for non-attendance were communicated to the chair

The Chairperson of the board, and Committee Chairpersons invited senior managers, other employees and advisors to attend Board or Committee meetings whenever deemed appropriate.

The Board also set aside time when the financial year ended, to discuss strategic plan, annual budget and procurement plan. Which are policy matters Procedure of Meetings

ii. Chairing of Meetings

Board meetings were chaired by the Chairperson of the Board or in the case of a committee meeting, the Chairperson of that committee. In the absence of the Chairperson, one of the Board members designated by the Board members present at the meeting, chaired the meeting.

iii Constitution of the Meeting

The Board meetings were constituted in accordance with constitutive documents of the organization which included confirmation that there is a quorum for the meeting to proceed and recording of attendance.

iv Protocol of Board Meetings

The Chairperson ensured that the meeting was properly constituted, appropriate time allocated during the meeting, the minutes of the previous meeting were confirmed and matters arising there from handled.

v. Decision-Making

The Board members, with the guidance of the Chairperson, worked towards unanimous adoption of resolutions.

vi. Resolutions and Minutes

Minutes for every Board and committee meeting with resolutions highlighted therein. The minutes were circulated to the Board members as soon as possible after the meeting. Upon confirmation, the minutes should be signed by the Chairperson and added to the records of the organization. Substantial corrections to previous minutes will be recorded in the minutes of the meeting where the corrections are made and adopted by the Board members. Urgent resolutions may be drawn up and signed immediately in the relevant meeting.

vii Conflict of Interest

The CEO kept a record of conflicts of interest declared (declaration form appendix), for accountability purposes, and as a rule of good practice on appointment and on regular intervals or at any time when circumstances change, all members in good faith disclosed to the Board for recording, any other business or interest likely to create a potential conflict of interest.

viii. Board remuneration

Board members are remunerated for their services in accordance with the salaries and remuneration commission (2015), In line with best practice, the remuneration includes sitting allowances, lunch and transport

ix. Board Members Access to Employees

Board members had free access to employees of the Hospital arranged through the CEO, with minimal interruption of services.

x. Interaction with Stakeholders

Only designated representatives of the organization communicate on behalf of the organization with the Government, media, stakeholders and the public.

xi. Board Induction and Continuous Skills Development

The Board members were given effective induction programme to familiarize them with their responsibilities as general principles of corporate governance and Board practices.

xii. Board Performance

The Board evaluation provides an opportunity for Board members to identify strengths, collective skill gaps and individual areas of improvement. The Board will also review the performance of each committee against the agreed Terms of Reference.

The Board will also evaluate the performance of the CEO and Corporation Secretary.

xiii. Board and Management Succession

The Board will put in place a succession plan for both the Board and management and review the same regularly.

xiv. Governance Audit

The Board was briefed by the CEO on the recent external audit done and recommendations made. The purpose of the governance audit is to ensure that the organization conforms to the highest standards of good governance. The governance audit should cover the following parameters among others: The governance audit should, among other areas cover the governance practices of the organization in the following parameters:

- (a) Leadership and strategic management.
- (b) Transparency and Disclosure.
- (c) Compliance with Laws and Regulations.
- (d) Communication with stakeholders.
- (e) Board independence and governance.
- (f) Board systems and procedures.

9. Management Discussion and Analysis

Financial Performance of the Hospital

Cheptais Sub-county Hospital main objective is to provide quality comprehensive quality health care services through provision of patient centered health care services, through routine data review, conducting mortality audits, managing patients complains. Strategies to ensure available resources are sustained. Strengthen the user fee/Cost sharing, using automated system. Encourage the locals to join health Insurance Schemes.

All revenues collected at facility is budgeted and spent within the hospital for facility improvement and service delivery. We aim to ensure the availability of appropriate health products and technologies, expansion of services, upgrading of amenities and to improve the work environment. In the fy ended June 30th, 2025, Cheptais level 4 hospital had an approved budget of kshs 52,062,016 out of which 98% of the budget was successfully implemented which was kshs 51,105,675.9. This was attributed to:

- ❖ expanded SHA coverage and improved claims processing efficiency.
- ❖ incremental county government budget allocation for staffing and operational support.
- ❖ Increased utilization of hospital services due to the introduction of new departments such as physiotherapy and dental units.

Due to the above drivers of growth, the hospital was able to:

- Partly Fencing of the facility
- Renovation of the Xray room ready for equipping
- Renovation of dental building
- Renovation of nursing offices
- Renovation of administrative offices
- Drilling and equipping of borehole
- Purchase of dental and physiotherapy equipment
- purchase of various IT equipment's for the officers i.e computers
- purchase of gas jiko
- Purchase of health products
- Equipping the Hospital with furniture
- Staff training (nurses, pharmacy, ADR)

Cheptais Sub-County Hospital Annual Report and Financial Statements For The Year Ended 30th June 2025

Budgeting.

The hospital implements an approved financial year budget in its operations, the F|Y2024|2025 BUDGET figure was **ksh.52,062,016.00** Which was sourced by the hospital?

The hospital operates on the principle of prudence and as per the public finance management act 2012 and 2015 regulations

The departments who are the users always come up with budget proposals which are adopted at the hospital management team budget meetings done quarterly. The board of management are also required to go through the budget and the minutes of the ratified budget are taken to chief officer, health for an authority for the implementation of the same budget.

All expenditure is done through the hospital operations account, whose signatories are one treasury officer, medical superintended, hospital admin, and account. This is in line with treasury guidelines

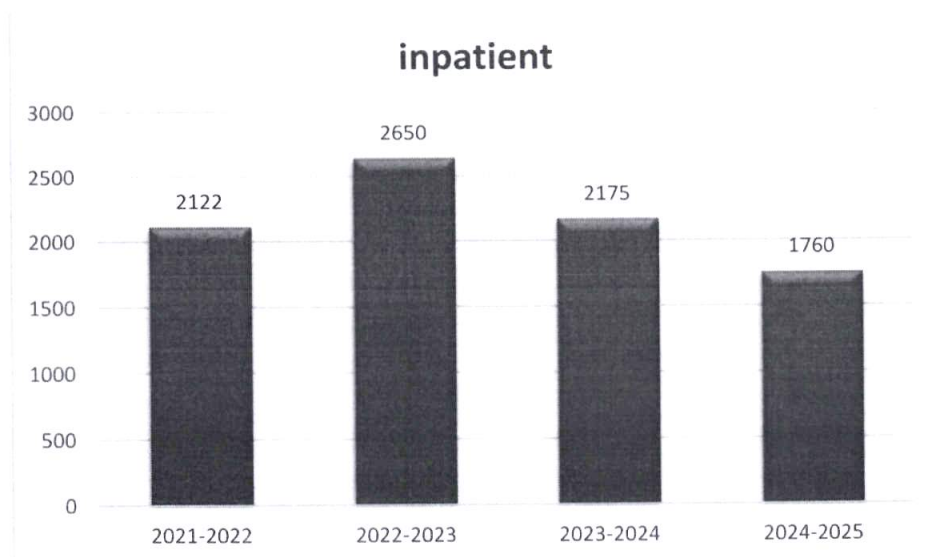
Clinical/operational performance

Cheptais Sub-County Hospital is a Level 4 health facility lying in 6-acre piece of land in Cheptais ward, Cheptais Sub- County. It has a catchment population of 17230 and has a Bed capacity of 60.

Overall patient attendance during the year for both Inpatient and outpatient as follows.

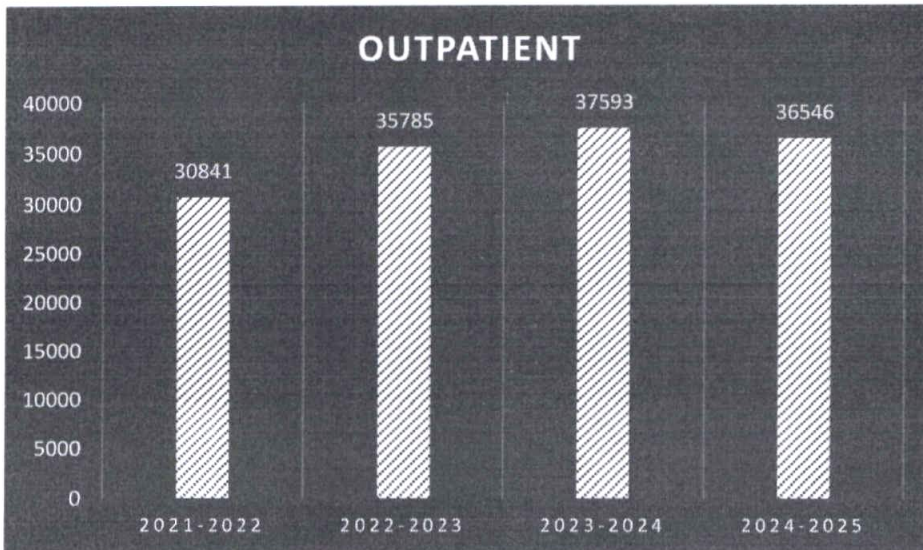
- ✓ Inpatient numbers were 1,760
- ✓ Outpatient were 36,546
- ✓ Specialized clinic attendance 4,631
- ✓ Average length of stay for in -patient.3 days
- ✓ Bed occupancy rate is 30%
- ✓ Mortality Rate 2deaths per 100

The Hospital's patient attendance analysis over the last 3years is as depicted in the graph below.

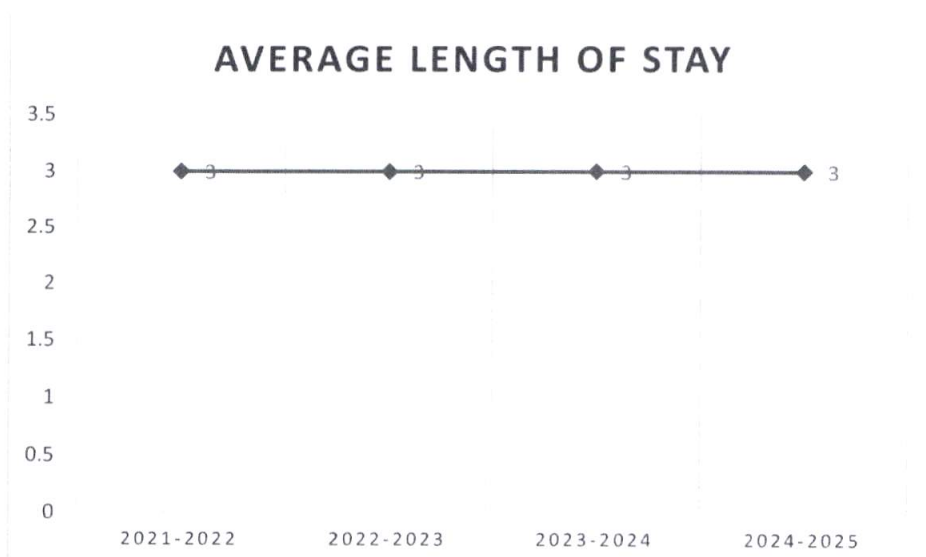


Cheptais Sub-County Hospital
Annual Report and Financial Statements For The Year Ended 30th June 2025

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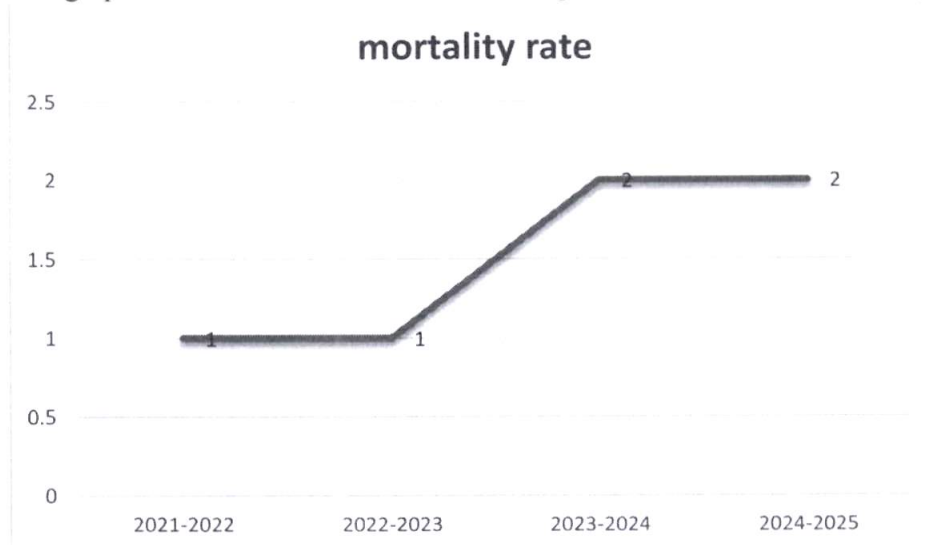
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The above table shows that average length of stay, at least 3 days per patient in Cheptais sub county hospital.



The graph above shows that the number of special clinic increased in the year 2023-2024



The graph shows that the mortality rate in the year 2024-2025 hospital had 2deaths. 100 populations

Revenue sources:

- 1) Facility Improvement Fund,
- 2) SHA, claims from inpatient, outpatient (capitation) UHC,
- 3) Donations-in terms of Pharmaceuticals and Non-Pharmaceuticals Medical (Superintendent),

10. Environmental And Sustainability Reporting

i) Sustainability strategy and profile

Cheptais Sub-County Hospital recognizes the critical role of environmental stewardship in improving community health outcomes. The hospital's sustainability initiatives aim to reduce environmental impact, conserve natural resources, and promote green practices in line with Kenya's National Climate Change Action Plan and the Ministry of Health's Environmental Health Policy.

ii) Environmental performance

a) Tree Planting Programme

The hospital had an objective to Improve air quality, enhance the hospital's aesthetic appeal, and contribute to climate change mitigation under tree planting programme which involved annual tree planting drives involving staff, patients, and local schools and planting indigenous trees around the hospital perimeter and within the compound. to this effect there was increased green cover by 20% over the last two years and reduced dust levels in the hospital environment, improving air quality for patients.

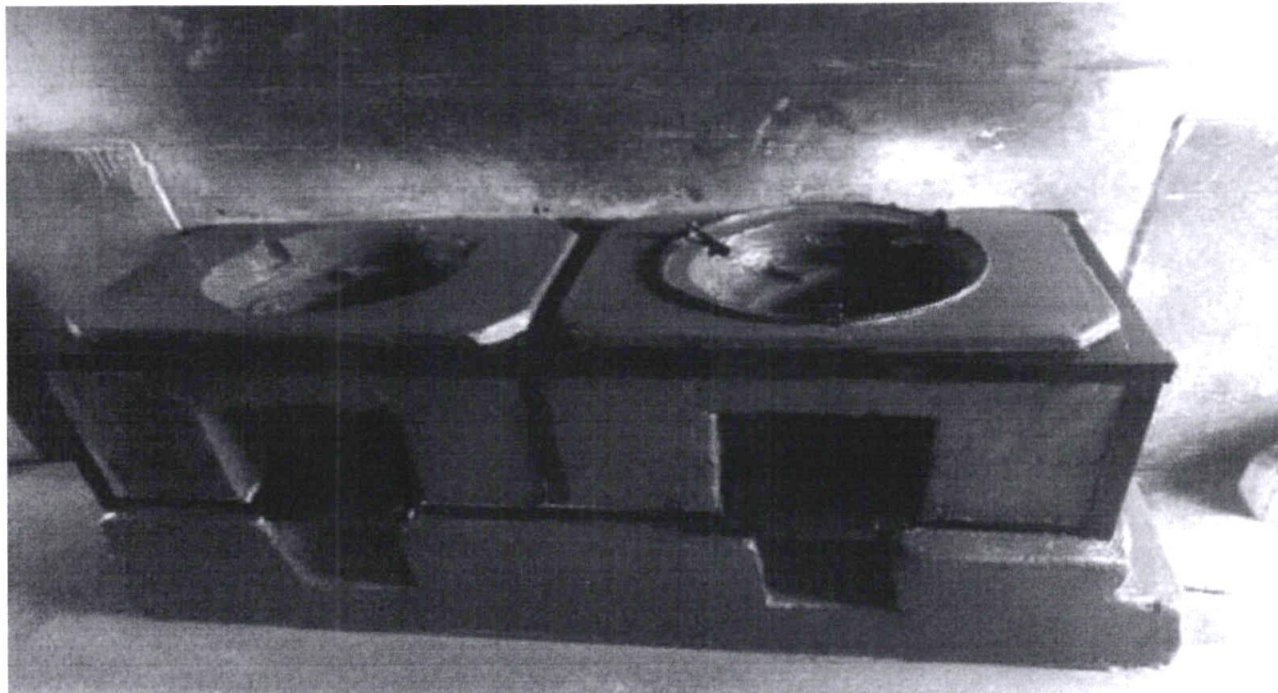
b) Use of Solar Energy for Water Pumping

The use of solar energy has assisted the hospital to reduce dependence on grid electricity and diesel generators while ensuring reliable water supply. This led to installation of solar-powered pumps connected to the hospital borehole and maintenance schedule to ensure optimal performance hence reduced electricity costs for water pumping by 40%, provided reliable clean water supply for wards, maternity, and laboratory services and most of all lowered carbon emissions due to reduced fossil fuel usage.



c) Energy-Saving Jiko (Cookstoves)

For the facility to minimize fuel consumption and reduce smoke emissions in hospital kitchens there was need for introduction of institutional energy-saving jikos in the main hospital kitchen and also training kitchen staff on efficient cooking practices this has lead to reduction in firewood consumption by approximately 50%, lower operational costs and reduced deforestation pressure in surrounding communities and improved kitchen air quality for staff.



D) Waste Segregation and Management:

The facility has embraced use of color-coded bins for medical and general waste and safe disposal of hazardous waste through incineration and designated waste handlers

Thou the facility has tried to engage in environmental sustainability activities, it has also faced challenges like limited funding for large-scale renewable energy projects, occasional vandalism of trees planted and need for more staff training on environmental management.

The future plans for the hospital under environmental sustainability strategy is to:

- 1) Expand solar energy use to power lighting in outpatient and maternity wings.
- 2) Establish a hospital green park for patient relaxation and therapeutic benefit.
- 3) Strengthen partnerships with NGOs and county environment department for sustainability projects.

Through initiatives like tree planting, solar-powered water pumping, and energy-saving cookstoves, Cheptais Sub-County Hospital is actively contributing to environmental conservation and sustainability. Continued investment and community involvement will further enhance these gains, creating a healthier and greener future.

iii)EMPLOYEE WELFARE

The employees are mainly hired and posted by the County Public Service Board. The Hospital Management role is to raise concern on shortages and needs. It engages casual employees through a competitive process and puts into consideration gender ratio. The build in various courses both technical and professional to improve service delivery. Some of the trainings include Kenya School of Government Leadership course, seminars, Continuous Medical Education, and Defense Driving. It also recommends staff for Diplomas and Master programmes. There is an annual staff recognition and Reward System whose main role is to reward excellence in performance. The staff gets presents, certificates and leadership position and gets to share a meal. The facilities observe the policy on safety and compliance with occupational and safety health act of 2007(OSHA).The hospital also observes safety and adherence to HIV policy on post Exposure Prophylaxis, testing and treatment for HIV, it also adheres to the guidelines on occupational health and safety.

iv) MARKET PLACE PRACTICES

a) Hospital Management, as a government entity, involves fair competition and respects its competitors.

b) Responsible Supply Chain and Supplier relation

PROCUREMENT

Most of the hospital suppliers and procurable, the pool of suppliers are required to be pre-qualified by the County Government of Bungoma.

The procurement process undertaken by the hospital conforms to the public procurement and disposal act, 2015 practices.

c) Responsible market ADVERT

- Monitoring and Evaluation Reviews, Meetings are held occasionally as planned.
- Routine and continuous audits (Internal and External)
- Enhance and strengthen supportive supervision.

Staff Motivation

Routine and Data Quality Assessment (RDQA)

Corporate Social Responsibility/Community Engagement Strategies to mobilize resources from new sources.

- Market our health care services to promote health in schools, Churches and other congregates.
- Written 5 Proposals for funding.
- Encourage cooperatives world to have their social responsibility investments towards health

7. Statement of Performance Against Predetermined Objectives

| Strategic Pillar/Theme/Issues | Objective | Indicators | Activities | Achievements |
|--------------------------------|--|---|---|------------------|
| Health Service delivery | To improve on service delivery to our clients | <ul style="list-style-type: none"> ● Reduced patient waiting time ● Number of patients accessing services after 5 pm ● Number of exit surveys done ● Number of Cme and training's done ● Number of extra rooms created | <ul style="list-style-type: none"> ● Installation of CCTV and additional consultation rooms and exit surveys to our client ● CMEsON JOB Training ● 24 hour service,lab, out patient and pharmacy | Achieved. |
| Health Workforce | To assess whether the existing human resource matches the workload of the facility | - Number of health workers per 10,000 population | <ul style="list-style-type: none"> ● Motivation and appraisal of the employees ● Training and capacity building ● Attracting and | Achieved. |

**Cheptais Sub County Hospital
Annual Report and Financial Statements For The Year Ended 30th June 2025**

| | | | | |
|---------------------------------------|---|--|--|----------------------|
| | | | retaining employees. | |
| Health Products and Technology | To ensure supply and access to essential medication | <ul style="list-style-type: none"> ● List of essential drugs available ● Numbers of days of commodity stock outs | Strict follow up on re- order level of pharmaceuticals and non pharmaceuticals | 90% Achieved. |
| Health Information | To ensure real time documentation and monthly data reviews. | <ul style="list-style-type: none"> ● Number of monthly data reviews done ● Number of data quality assessment done ● % of well documented reports, registers | Support monthly data review | 95% Achieved. |

**Cheptais Sub County Hospital
Annual Report and Financial Statements For The Year Ended 30th June 2025**

| | | | | |
|----------------------------------|--|---|---|---|
| <p>Health Financing</p> | <p>To increase revenue through (FIF) facility improvement funds,SHA capitation and re-reimbursement donations, and support from partners through proposal writing. Improve financial management as per public finance management (PFM)</p> | <ul style="list-style-type: none"> ● % of revenue increased ● Number of people enrolled for SHA ● Number of proposals written to partners | <p>Automated financial systems Encourage clients to register with SHA</p> | <p>90% achieved. Automation</p> <ul style="list-style-type: none"> ● 80% achieved and on going. ● On going from the previous year |
| <p>Leadership and Governance</p> | <p>Give an oversight role,through management meeting, feedback, appraisal</p> | <p>Number of dissemination meetings ,on Existence of key health sector documents done.</p> <ul style="list-style-type: none"> ● Number of staff done appraisal performance reviews. ● Number of health management | <p>HMT meeting and BOARD meetings</p> | <p>90% Achieved.</p> |

Cheptais Sub County Hospital
Annual Report and Financial Statements For The Year Ended 30th June 2025

| | | | | |
|--|--|----------------------------|--|--|
| | | and board meetings done | | |
|--|--|----------------------------|--|--|

8. Corporate Governance Statement

Board meetings were held quarterly(4meetings). A schedule of dates of the meetings was agreed upon by the Board members and set out in the Board work plan. Notices of the location and the timing of meetings were issued 2 weeks prior to the meetings, with a detailed agenda accompanied by relevant supporting documents and recommendations provided to the Board members, prior to a meeting. Board members were to review these materials in advance of the meeting to enhance effectiveness. Except for urgent cases, as determined by the Chairperson, The Board work plan was adjusted if deemed necessary by the Board.

i. The quorum

For a Board meeting to occur at least 6 members quorum, all members attended meetings, apologies for non-attendance were communicated to the chair

The Chairperson of the board, and Committee Chairpersons invited senior managers, other employees and advisors to attend Board or Committee meetings whenever deemed appropriate.

The Board also set aside time when the financial year ended, to discuss strategic plan, annual budget and procurement plan. Which are policy matters Procedure of Meetings

ii. Chairing of Meetings

Board meetings were chaired by the Chairperson of the Board or in the case of a committee meeting, the Chairperson of that committee. In the absence of the Chairperson, one of the Board members designated by the Board members present at the meeting, chaired the meeting.

iii Constitution of the Meeting

The Board meetings were constituted in accordance with constitutive documents of the organization which included confirmation that there is a quorum for the meeting to proceed and recording of attendance.

iv Protocol of Board Meetings

The Chairperson ensured that the meeting was properly constituted, appropriate time allocated during the meeting, the minutes of the previous meeting were confirmed and matters arising there from handled.

v. Decision-Making

The Board members, with the guidance of the Chairperson, worked towards unanimous adoption of resolutions.

vi. Resolutions and Minutes

Minutes for every Board and committee meeting with resolutions highlighted therein. The minutes were circulated to the Board members as soon as possible after the meeting. Upon confirmation, the minutes should be signed by the Chairperson and added to the records of the organization. Substantial corrections to previous minutes will be recorded in the minutes of the meeting where the corrections are made and adopted by the Board members. Urgent resolutions may be drawn up and signed immediately in the relevant meeting.

vii Conflict of Interest

The CEO kept a record of conflicts of interest declared (declaration form appendix), for accountability purposes, and as a rule of good practice on appointment and on regular intervals or at any time when circumstances change, all members in good faith disclosed to the Board for recording, any other business or interest likely to create a potential conflict of interest.

viii. Board remuneration

Board members are remunerated for their services in accordance with the salaries and remuneration commission (2015), In line with best practice, the remuneration includes sitting allowances, lunch and transport

ix. Board Members Access to Employees

Board members had free access to employees of the Hospital arranged through the CEO, with minimal interruption of services.

x. Interaction with Stakeholders

Only designated representatives of the organization communicate on behalf of the organization with the Government, media, stakeholders and the public.

xi. Board Induction and Continuous Skills Development

The Board members were given effective induction programme to familiarize them with their responsibilities as general principles of corporate governance and Board practices.

xii. Board Performance

The Board evaluation provides an opportunity for Board members to identify strengths, collective skill gaps and individual areas of improvement. The Board will also review the performance of each committee against the agreed Terms of Reference.

The Board will also evaluate the performance of the CEO and Corporation Secretary.

xiii. Board and Management Succession

The Board will put in place a succession plan for both the Board and management and review the same regularly.

xiv. Governance Audit

The Board was briefed by the CEO on the recent external audit done and recommendations made. The purpose of the governance audit is to ensure that the organization conforms to the highest standards of good governance. The governance audit should cover the following parameters among others: The governance audit should, among other areas cover the governance practices of the organization in the following parameters:

- (a) Leadership and strategic management.
- (b) Transparency and Disclosure.
- (c) Compliance with Laws and Regulations.
- (d) Communication with stakeholders.
- (e) Board independence and governance.
- (f) Board systems and procedures.

9. Management Discussion and Analysis

Financial Performance of the Hospital

Cheptais Sub-county Hospital main objective is to provide quality comprehensive quality health care services through provision of patient centered health care services, through routine data review, conducting mortality audits, managing patients complains. Strategies to ensure available resources are sustained. Strengthen the user fee/Cost sharing, using automated system. Encourage the locals to join health Insurance Schemes.

All revenues collected at facility is budgeted and spent within the hospital for facility improvement and service delivery. We aim to ensure the availability of appropriate health products and technologies, expansion of services, upgrading of amenities and to improve the work environment.

In the fy ended June 30th, 2025, Cheptais level 4 hospital had an approved budget of kshs 52,062,016 out of which 98% of the budget was successfully implemented which was kshs 51,105,675.9. This was attributed to:

- ❖ expanded SHA coverage and improved claims processing efficiency.
- ❖ incremental county government budget allocation for staffing and operational support.
- ❖ Increased utilization of hospital services due to the introduction of new departments such as physiotherapy and dental units.

Due to the above drivers of growth, the hospital was able to:

- Partly Fencing of the facility
- Renovation of the Xray room ready for equipping
- Renovation of dental building
- Renovation of nursing offices
- Renovation of administrative offices
- Drilling and equipping of borehole
- Purchase of dental and physiotherapy equipment
- purchase of various IT equipment's for the officers i.e computers
- purchase of gas jiko
- Purchase of health products
- Equipping the Hospital with furniture
- Staff training (nurses, pharmacy, ADR)

Budgeting.

The hospital implements an approved financial year budget in its operations, the F|Y2024|2025 BUDGET figure was **ksh.52,062,016.00** Which was sourced by the hospital?

The hospital operates on the principle of prudence and as per the public finance management act 2012 and 2015 regulations

The departments who are the users always come up with budget proposals which are adopted at the hospital management team budget meetings done quarterly. The board of management are also required to go through the budget and the minutes of the ratified budget are taken to chief officer, health for an authority for the implementation of the same budget.

All expenditure is done through the hospital operations account, whose signatories are one treasury officer, medical superintended, hospital admin, and account. This is in line with treasury guidelines

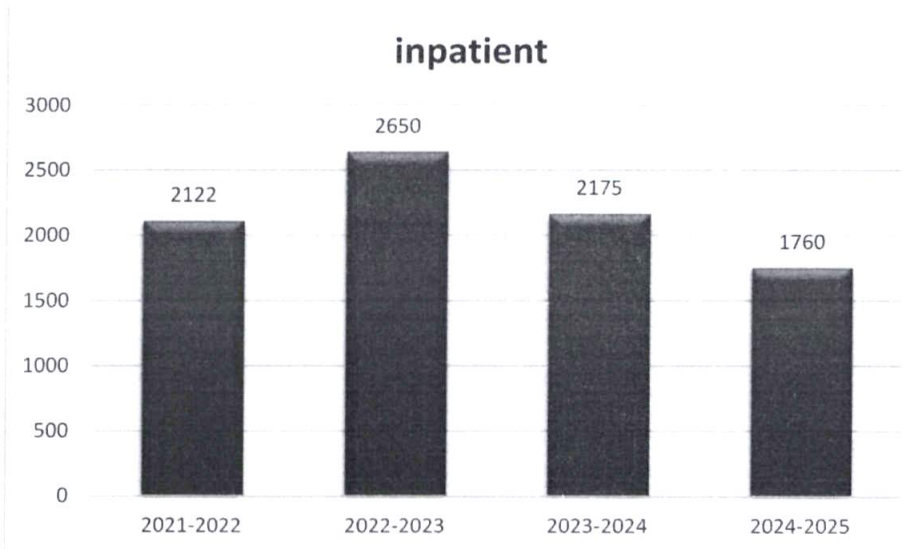
Clinical/operational performance

Cheptais Sub-County Hospital is a Level 4 health facility lying in 6-acre piece of land in Cheptais ward, Cheptais Sub- County. It has a catchment population of 17230 and has a Bed capacity of 60. Overall patient attendance during the year for both Inpatient and outpatient as follows.

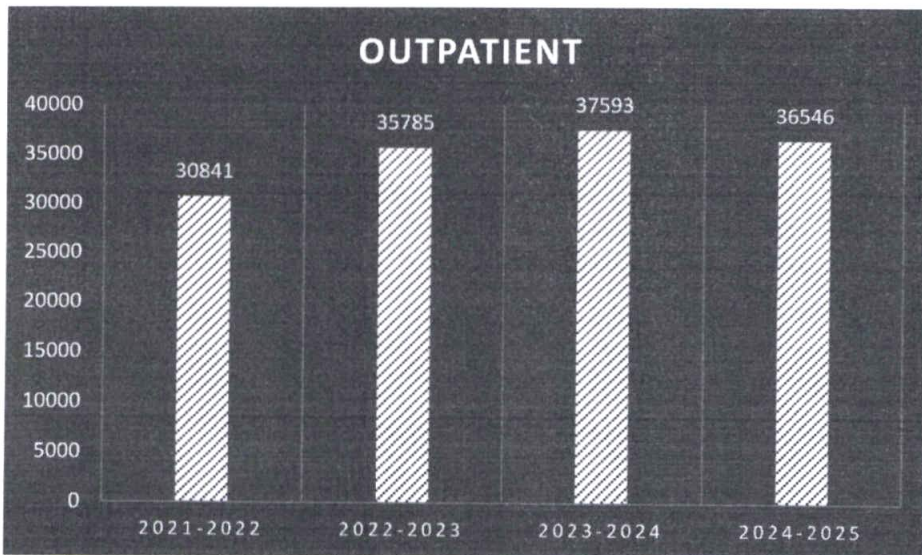
- ✓ Inpatient numbers were 1,760
- ✓ Outpatient were 36,546
- ✓ Specialized clinic attendance 4,631
- ✓ Average length of stay for in -patient.3 days
- ✓ Bed occupancy rate is 30%
- ✓ Mortality Rate 2deaths per 100

The Hospital's patient attendance analysis over the last 3years is as depicted in the graph below.

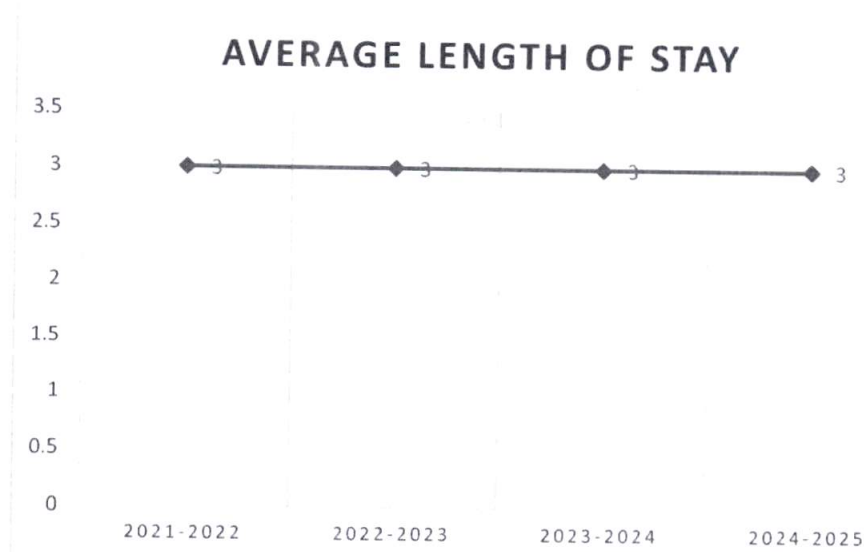
Cheptais Sub County Hospital
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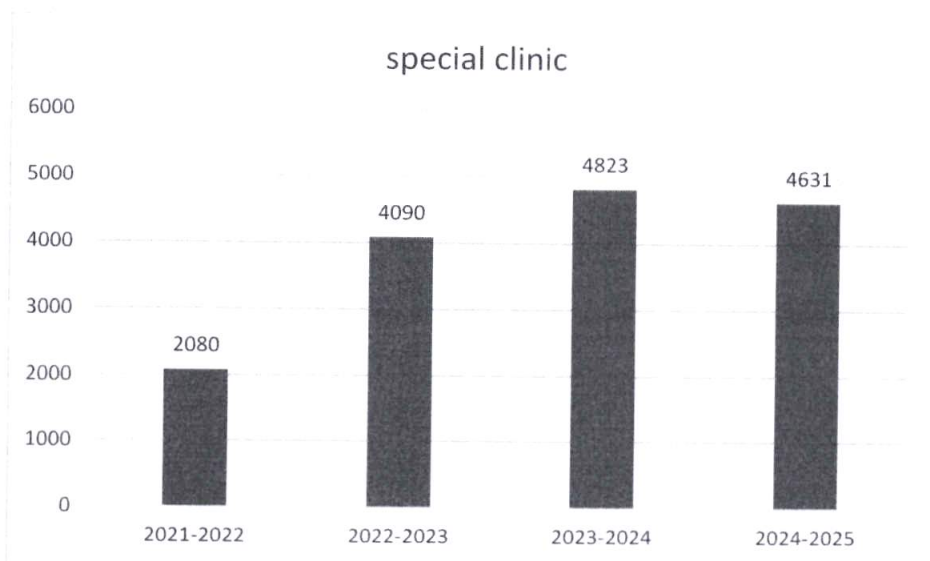
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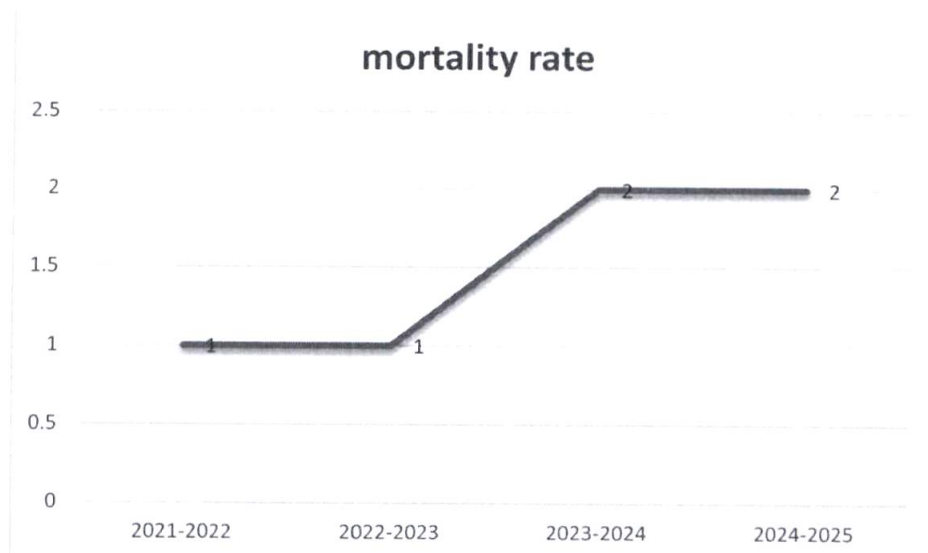
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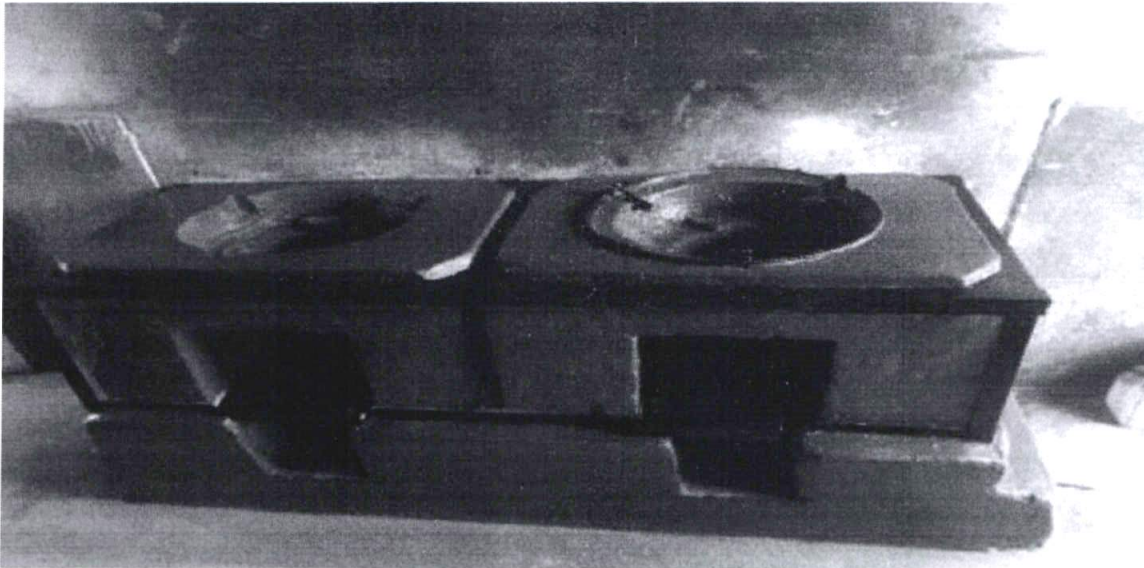
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Cheptais Sub County Hospital
Annual Report and Financial Statements For The Year Ended 30th June 2025

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a) Hospital Management, as a government entity, involves fair competition and respects its competitors.

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- Market our health care services to promote health in schools, Churches and other congregates
- Written 5 Proposals for funding
- Encourage cooperatives world to have their social responsibility investments towards health

11. Report of The Board of Management

The Board members submit their report together with the Audited Financial Statements for the year ended June 30, 2025, which shows the state of the **hospital's** affairs.

Cheptais Sub County Hospital
Annual Report and Financial Statements For The Year Ended 30th June 2025

Cheptais Sub County Hospital board of management, was gazetted of 02 June 2023, notice no 2402 and thereafter inaugurated on 1/07/2023, at Bungoma county, governor's square

Principal activities

The Cheptais Sub county hospital principal activity is to be responsive and provider of quality universal healthcare services and to provide high quality equitable, accessible, affordable, acceptable, curative, preventive and rehabilitative health care services through technology research.

Results

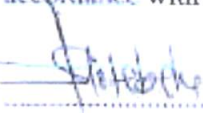
The results of the entity for the year ended June 30, 2025, are set out on pages 1 to 25

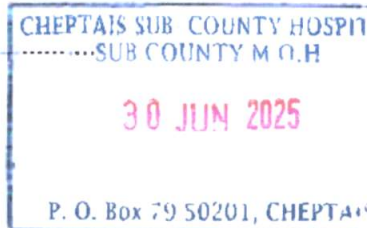
Board of Management

The members of the Board who served during the year are shown on page vi to viii During the year no director(s) retired/ resigned.

Auditors

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


Janet mosii.
Secretary to the Board



**Cheptais Sub County Hospital
Annual Report and Financial Statements For The Year Ended 30th June 2025**

12. Statement of Board of Management's Responsibilities

Section 164 of the Public Finance Management Act, 2012 (financial management and procedure manual for county health spending units requires the Board of Management to prepare financial statements in respect of Cheptais level 4 hospital, which give a true and fair view of the state of affairs at the end of the financial year ended June 30th 2025 and the operating results of Cheptais level 4 hospital for the fy2025/2026. The Board of Management is also required to ensure that Cheptais level 4 hospital keeps proper accounting records which disclose with reasonable accuracy the financial position of the facility


The council members are also responsible for safeguarding the assets of Cheptais level 4 hospital. The Board of Management is responsible for the preparation and presentation of Cheptais level 4 hospital financial statements, which give a true and fair view of the situation of the hospital for and as at the end of the financial year 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 Cheptais level 4 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 Cheptais level 4 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 financial management and procedure manual for county health spending units. The Board members are of the opinion that Cheptais level 4 hospital financial statements give a true and fair view of the state of Cheptais level 4 hospital transactions during the financial year ended June 30, 2025, and of the entity's financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for Cheptais level 4 hospital, which have been relied upon in the preparation of Cheptais level 4 hospital financial statements as well as the adequacy of the systems of internal financial control

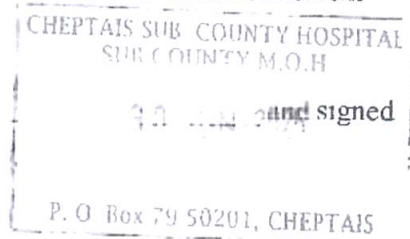
Nothing has come to the attention of the Board of Management to indicate that Cheptais level 4 hospital will not remain a going concern for at least the next twelve months from the date of this statement

Approval of the financial statements

The Hospital's financial statements were approved by the Board on
on its behalf by:


.....
Dr. Siyoi Moin
Chairperson
Board of Management


.....
Janet Mosii
Medical Superintendent



REPUBLIC OF KENYA

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



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

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Cheptais Sub County Hospital - County Government of Bungoma set out on pages 1 to 34, which comprise of

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

the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Cheptais Sub County Hospital – County Government of Bungoma as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012, the Health Act, 2017, the County Governments Act, 2012 and the Bungoma County Health Services Act, 2019.

Basis for Qualified Opinion

Long Outstanding National Hospital Insurance Fund (NHIF) Claims

The statement of financial position reflects receivables from exchange transactions balance of Kshs.13,308,975, and as disclosed in Note 17 to the financial statements. The balance includes unpaid National Hospital Insurance Fund (NHIF) claims amounting to Kshs.7,398,000, which had remained outstanding for more than two (2) years. However, Management did not provide evidence of any measures taken to recover the outstanding amount considering that the NHIF had transitioned to the Social Health Authority (SHA), raising concerns about the recoverability of these receivables under the new framework. In the circumstances, the accuracy, validity and recoverability of receivables from exchange transactions balance of Kshs.13,308,975 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects a final receipts budget and actual on comparable basis of Kshs.52,062,016 and Kshs.51,105,676 respectively resulting to an under-funding of Kshs.956,340 or 2% of the budget. Similarly, the Hospital incurred recurrent expenditure amounting to Kshs.46,491,622 against a

budget of Kshs.52,062,016 resulting to an under-utilization of Kshs.5,570,394 or 11% of the budget.

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

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the effects of the matter described in the Basis for Qualified Opinion section, There were no key audit matters to report in the year under review.

Other Matter

Unresolved Prior Year Matters

In the report for the previous year, several issues were raised under Report on the Financial Statements, Emphasis of Matter and Report on Lawfulness and Effectiveness in the Use of Public Resources as disclosed in **Appendix I**. However, the issues had not been resolved and Management did not provide satisfactory reasons for the delay in resolving the issues.

Other Information

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

In connection with my audit on the Hospital's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this Other Information, 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 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. Deficiencies In Implementation of Universal Health Coverage (UHC)

Review of Hospital records, interviews and verification of services offered, equipment used and medical specialists in the Hospital revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to staff deficits by 73% of the authorized establishment as follows:

| Staff Requirements | Level 4 Standard | Number in Hospital | Variance | Variance in Percentage % |
|------------------------------------|------------------|--------------------|-----------|--------------------------|
| Medical officers | 16 | 1 | 15 | 93% |
| Anesthesiologists | 2 | 0 | 2 | 100% |
| General surgeons | 2 | 0 | 2 | 100% |
| Gynecologists | 2 | 0 | 2 | 100% |
| Pediatricians | 2 | 0 | 2 | 100% |
| Radiologists | 2 | 0 | 2 | 100% |
| Registered Community Health Nurses | 75 | 26 | 49 | 65% |
| Total | 101 | 27 | 74 | 73% |

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

| Service | Level 4 Hospital Standard | Actuals in the Hospital | Variance | Percentage % |
|-----------------------------------|---------------------------|-------------------------|------------|--------------|
| Baby Cots | 5 | 0 | 2 | 100% |
| Functional ICU beds | 6 | 0 | 6 | 100% |
| HDU beds | 6 | 0 | 6 | 100% |
| Renal unit with dialysis machines | 5 | 0 | 5 | 100% |
| Bed Capacity | 150 | 70 | 100 | 67% |

Further, the Health Policy Guidelines for Level 4 hospitals require the presence of an adequately equipped and properly managed mortuary facility. However, Cheptais hospital

lacks a functional mortuary, which is a critical component for handling deceased patients with dignity and in accordance with public health standards.

These deficiencies contravene the First Schedule of Health Act, 2017 and imply that accessing the highest attainable standard of health, which includes the right to health care services, including reproductive health care as required by Article 43(1) of the Constitution of Kenya, 2010 may not be achieved.

In the circumstances, the hospital was not be able to deliver on its mandate.

2. Non-Compliance with Law on Staff Ethnic Diversity

Review of the staff establishment for the hospital revealed that out of the eighty-six (86) employees and ten (10) Board members, forty-nine (49) persons or 51% were from the dominant community. Eight (8) out of ten (10) or 80% Board members and forty-one (41) out of eighty-six (86) or 47% staff were from the dominant community. This was contrary to Section 7(2) of the National Cohesion and Integration Act, 2008, which stipulates that no public establishment should employ more than one-third of its staff from the same ethnic community.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Lack of Risk Management Policy

During the financial year under review, the hospital did not have a risk management policy in place which includes approved processes and guidelines on how to mitigate operational, legal and financial risks. Consequently, the Management did not perform formal risk assessments on all key financial risk areas such as cash, revenue and

expenditure. This was contrary to Regulation 158 of the Public Finance Management (County Governments) Regulations, 2015 which states that the Accounting Officer shall ensure that—(a) the county government entity develops risk management strategies, which include fraud prevention mechanism; and (b) the county government entity develops a system of risk management and internal control that builds robust business operations.

In the circumstances, the Management was not in a position to identify individual risks, significance areas, likelihood of occurrence of identified risks and the appropriate control measures.

2. Lack of Land Ownership Documents

Cheptais Sub County Hospital occupies 6 acres of land. However, the title deed was not provided for audit review to confirm ownership of the land. Lack of land ownership documents exposes the hospital to possible encroachment or allocation for other purposes.

In the circumstances, the ownership status of the land 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 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 continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to cease operations.

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements

comply with the authorities which govern them and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

08 December, 2025

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

Appendix I

Unresolved Prior year Audit Issues

| Reference No. of the Auditor-General's Report | Title of Audit Issue |
|---|--|
| | Report on the Financial Statements |
| 1 | Inaccuracy in expenditure on medical/clinical costs |
| 2 | Inaccuracy in expenditure on employee costs |
| 3 | Inaccuracy in expenditure on repairs and maintenance |
| 4 | Inaccuracy in expenditure on general expenses |
| 5 | Inaccuracy in the statement of cash flows |
| 6 | Variance between comparative and previous years audited balances |
| 7 | Unpaid National Hospital Insurance Fund claims |
| | Emphasis of Matter |
| | Budgetary Control and Performance |
| | Lawfulness and Effectiveness in the Use of Public Resources |
| 1 | Deficiencies in implementation of Universal Health Coverage |
| 2 | Non-Compliance with law on ethnic diversity |
| 3 | Failure to maintain a fixed asset register |

Cheptais Sub-county Hospital
Annual Report and Financial Statements For The Year Ended 30th June 2025

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

| Description | Note | 2024-2025 | 2023-2024 |
|--|------|-------------------|-------------------|
| | | Kshs | Kshs |
| Revenue from non-exchange transactions | | | |
| In-kind contributions from the County Government | 6 | 3,647,000 | 8,069,480 |
| | | 3,647,000 | 8,069,480 |
| Revenue from exchange transactions | | | |
| Rendering of services- Medical Service Income | 7 | 56,608,696 | 24,644,427 |
| Miscellaneous Income | 8 | 281,650 | - |
| Revenue from exchange transactions | | 56,890,346 | 24,644,427 |
| Total revenue | | 60,537,346 | 32,713,907 |
| Expenses | | | |
| Medical/Clinical costs | 9 | 19,855,134 | 10,646,996 |
| Employee costs | 10 | 3,348,000 | 7,476,280 |
| Board of Management Expenses | 11 | 1,187,000 | 1,509,800 |
| Depreciation and amortization expense | 12 | 1,012,968 | 729,418 |
| Repairs and maintenance | 13 | 5,798,646 | 994,783 |
| General expenses | 14 | 11,834,962 | 9,097,044 |
| Finance costs | | - | - |
| Total expenses | | 43,036,710 | 30,454,321 |
| Other gains/(losses) | | | |
| Medical services contracts Gains/Losses | 15 | (38,830) | (71,115) |
| Total other gains/(losses) | | (38,830) | (71,115) |
| Net Surplus / (Deficit) for the year | | 17,461,806 | 2,188,471 |

The notes set out on pages 1 to 25 form an integral part of the Annual Financial Statements.)

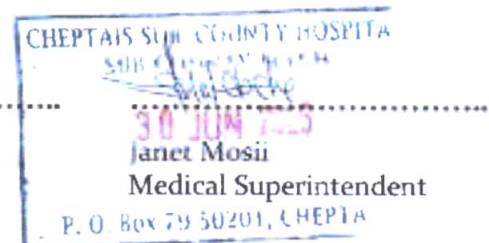
The Hospital's financial statements were approved by the Board on _____ and signed on its behalf by:

[Signature]

DR. Siyoi Moin
 Chairman
 Board of Management

[Signature]

CPA. Susan Misiko
 Head of Finance
 ICPAK NO: 33339




**Cheptais Level 4 Hospital Bungoma County Government
Annual Report and Financial Statements For The Year Ended 30th June 2025**


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

| Description | Note | 2024-2025 Kshs | 2023-2024 Kshs |
|--|------|-------------------|-------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 16 | 28,514 | 165,135 |
| Receivables from exchange transactions | 17 | 13,308,975 | 7,398,000 |
| Inventories | 18 | 3,327,308 | 1,928,909 |
| Total Current Assets | | 16,664,797 | 9,492,044 |
| Non-current assets | | | |
| Property, plant, and equipment | 19 | 12,331,774 | 9,560,272 |
| Total Non-current Assets | | 12,331,774 | 9,560,272 |
| Total assets (A) | | 28,996,571 | 19,052,316 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 20 | 2,298,722 | 9,816,273 |
| Total Current Liabilities | | 2,298,722 | 9,816,273 |
| Total Liabilities (B) | | 2,298,722 | 9,816,273 |
| Net assets (A-B) | | 26,697,849 | 9,236,043 |
| Represented by: | | | |
| Revaluation reserve | | - | - |
| Accumulated surplus/Deficit | | 18,697,849 | 1,236,043 |
| Capital Fund | | 8,000,000 | 8,000,000 |
| Net Assets | | 26,697,849 | 9,236,043 |

The notes set out on pages 1 to 25 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:

.....

 DR. Siyoi Moin
 Chairman
 Board of Management

.....

 CPA. Susan Misiko
 Head of Finance
 ICPAK NO: 33339

CHEPTAIS SUB-COUNTY HOSPITAL,
 SUB-COUNTY M.O.H
 30 JUN 2025

 P. Janet Mosei, CHEPTAIS
 Medical Superintendent

Cheptais Sub-county Hospital
Annual Report and Financial Statements For The Year Ended 30th June 2025

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

| Description | Accumulated surplus/Deficit | Capital | Total |
|-------------------------------------|-----------------------------|--------------|---------------|
| | | Fund | |
| As at July 1, 2023 (previous year) | (952,428.00) | 8,000,000.00 | 7,047,572.00 |
| Revaluation gain | | - | - |
| Surplus/(deficit) for the year | 2,188,471.05 | - | 2,188,471.05 |
| As at June 30, 2024 (previous year) | 1,236,043.05 | 8,000,000.00 | 9,236,043.05 |
| | | | |
| At July 1, 2024 (current year) | 1,236,043.05 | 8,000,000.00 | 9,236,043.05 |
| Surplus/(deficit) for the year | 17,461,806.34 | - | 17,461,806.34 |
| At June 30, 2025 (current year) | 18,697,849.39 | 8,000,000.00 | 26,697,849.39 |

Cheptais Sub-county Hospital
Annual Report and Financial Statements For The Year Ended 30th June 2025

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

| Description | Note | 2024-2025 | 2023-2024 |
|---|------|--------------------|--------------------|
| | | Kshs | Kshs |
| Cash flows from operating activities | | | |
| Receipts | | | |
| Rendering of services- Medical Service Income | | 50,658,891 | 18,254,912 |
| Miscellaneous receipts(<i>specify</i>) | | 281,650 | - |
| Total Receipts | | 50,940,541 | 18,254,912 |
| Payments | | | |
| Medical/Clinical costs | | 26,826,551 | 8,391,731 |
| Board of Management Expenses | | 1,187,000 | 1,509,800 |
| Repairs and maintenance | | 6,243,021 | 1,924,620 |
| General expenses | | 12,235,050 | 7,163,195 |
| Total Payments | | 46,491,622 | 18,989,346 |
| Net cash flows from operating activities | 21 | 4,448,919 | (734,434) |
| Cash flows from investing activities | | | |
| Purchase of property, plant, equipment | | (4,585,540) | (627,400) |
| Net cash flows used in investing activities | | (4,585,540) | (627,400) |
| Net increase/(decrease) in cash and cash equivalents | | (136,621) | (1,361,834) |
| Cash and cash equivalents as at 1 July 2024 | 16 | 165,135 | 1,526,969 |
| Cash and cash equivalents as at 30 June 2025 | 16 | 28,514 | 165,135 |

The cash flow has been presented using the direct method of cash flow.

**Cheptais Level 4 Hospital Bungoma County Government
Annual Report and Financial Statements For The Year Ended 30th June 2025**

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

| Description | Original budget | Adjustments | Final budget | Actual on comparable basis | Performance difference | % of utilisation |
|---|-------------------|-------------------|-------------------|----------------------------|------------------------|------------------|
| | a Kshs | b Kshs | c=(a+b) Kshs | d Kshs | e=(c-d) Kshs | f=d/c% |
| Budget carryovers from the previous year | | 165,135 | 165,135 | 165,135 | (0) | 100% |
| Receipts | | | | | | |
| Rendering of services- Medical Service Income | 30,936,198 | 20,660,683 | 51,596,881 | 50,658,891 | 937,990 | 98% |
| Miscellaneous receipts (specify) | - | 300,000 | 300,000 | 281,650 | 18,350 | 100% |
| Total receipts | 30,936,198 | 21,125,818 | 52,062,016 | 51,105,676 | 956,340 | 98% |
| Payments | | | | | | |
| Medical/Clinical costs | 19,135,541 | 7,700,000 | 26,835,541 | 26,826,551 | 8,990 | 100% |
| Remuneration of directors | 584,000 | 605,000 | 1,189,000 | 1,187,000 | 2,000 | 100% |
| Repairs and maintenance | 1,850,425 | 5,105,052 | 6,955,477 | 6,243,021 | 712,456 | 90% |
| General expenses | 6,211,232 | 6,215,766 | 12,426,998 | 12,235,050 | 191,948 | 98% |
| Total Operational Expenditure paid | 27,781,198 | 19,625,818 | 47,407,016 | 46,491,622 | 915,394 | 98% |
| Capital Expenditure paid | 3,155,000 | 1,500,000 | 4,655,000 | 4,585,540 | 69,460 | 99% |
| Surplus | - | - | - | 28,514 | (28,514) | 0% |

Notes

The difference between actual and budgeted amount of over 90% was occasioned by timely capitation by SHA and improved revenue from rendering services. The expected collection of kshs 30,936,198.00 was surpassed by the 3rd quarter hence necessitated the review of the budget to cater for adjustments of kshs 21,125,818.05 bringing the whole budget to kshs 52,062,016.05 through supplementary budget.

Budget Reconciliation

| Description of Particulars | Amount in Kshs |
|---|----------------|
| Actual Surplus Amounts as per the statement of Budget | 28,513.75 |
| Closing Cash and Cash Equivalent as per the statement of Cash flows | 28,513.75 |

19. Notes to the Financial Statements

1. General Information

Cheptais Level 4 Hospital is established by and derives its authority from gazette notice number 408 of 2020 Act. Cheptais level 4 hospital is wholly owned by the County Government of Bungoma and is domiciled in Bungoma. The Cheptais level 4 hospital principal activity is to be responsive and provider of quality universal healthcare services and to provide high quality equitable, accessible, affordable, acceptable, curative, preventive and rehabilitative health care services through technology research

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 cheptais level 4 hospital accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the cheptais level 4 hospital. The financial statements have been prepared in accordance with the PFM Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

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

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

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

| Standard | Effective date and impact: |
|----------|---|
| IPSAS 43 | <p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> |

| Standard | Effective date and impact: |
|---|--|
| <p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p> | <p><i>Applicable 1st January 2025</i></p> <p>The Standard requires, 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: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> |
| <p>IPSAS 45- Property Plant and Equipment</p> | <p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> |
| <p>IPSAS 46 Measurement</p> | <p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> |
| <p>IPSAS 47- Revenue</p> | <p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> |

Cheptais Sub-county Hospital
Annual Report and Financial Statements For The Year Ended 30th June 2025

| Standard | Effective date and impact: |
|--|---|
| IPSAS 48- Transfer Expenses | <p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> |
| IPSAS 49- Retirement Benefit Plans | <p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> |
| IPSAS 50: Exploration For & Evaluation of Mineral Resources | <p><i>Applicable 1st January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ol style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized. |

iii) Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year.

4. Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Rental income

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

b. Budget information

The original budget for FY 2024/2025 was approved by county assembly on 23rd **May 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, cheptais level 4 hospital recorded additional appropriations of **kshs 21,125,818.00** on the FY 2024/2025 budget following the county assembly approval. The cheptais level 4 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

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amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

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

c. Taxes

Sales tax/ Value Added Tax

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

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

d. Investment property

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

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of 10 years. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

e. Property, plant and equipment

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

f. Leases

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

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

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

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

g. Intangible assets

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

h. Biological Assets

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

i. Research and development costs

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

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

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of

expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

j. Financial instruments

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

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

The 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 to be analysed in future.

Financial liabilities

Classification

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

k. Inventories

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

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

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

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

l. Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

Notes to the Financial Statements (Continued)

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

m. Social Benefits

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

n. Contingent liabilities

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

o. Contingent assets

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

p. Nature and purpose of reserves

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

q. Changes in accounting policies and estimates

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

r. Employee benefits

Retirement benefit plans

The Entity provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further

contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump-sum payments or increased future contributions on a proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

s. Foreign currency transactions

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

t. Borrowing costs

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

u. Related parties

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

v. Service concession arrangements

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

w. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are

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readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

x. Comparative figures

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

y. Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

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

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6. In Kind Contributions from The County Government

| Description | 2024/2025 | 2023/2024 |
|-----------------------------|------------------|------------------|
| | KShs | KShs |
| Salaries and wages | 3,348,000 | 7,476,280 |
| Utility bills | 299,000 | |
| Total grants in kind | 3,647,000 | 7,476,280 |

The amount of salaries and wages includes an amount of kshs 593,200.00 which relates to the previous year's salary claims.

7. Rendering of Services-Medical Service Income

| Description | 2024/2025 | 2023/2024 |
|---|-------------------|-------------------|
| | Kshs | Kshs |
| Pharmaceuticals | 508,231 | 1,042,315 |
| Non-Pharmaceuticals | 78,264 | 109,260 |
| Laboratory | 288,709 | 482,730 |
| In patient | 233,236 | 437,905 |
| Out patient | 278,726 | 85,420 |
| Consultation | | 146,350 |
| Nutrition service | 2,900 | 5,770 |
| Ear Nose and Throat service | 300 | 18,450 |
| Physiotherapy | 39,110 | |
| Medical exams | 2,800 | |
| Oxygen | 800 | |
| Other medical services income -SHA | 55,136,790 | 21,567,152 |
| Attachment fee from students | | 119,590 |
| Medical expenses | | 376,470 |
| Ambulance services | | 181,900 |
| Waivers & Exemptions | 38,830 | 71,115 |
| Total revenue from the rendering of services | 56,608,696 | 24,644,427 |

Most of the medical service income has decreased and SHA increased- due to expanded SHA coverage and improved claims processing efficiency.

8. Miscellaneous Income

| Description | 2024/2025 | 2023/2024 |
|-----------------------------------|----------------|-----------|
| | Kshs | Kshs |
| Attachment fee from students | 39,000 | |
| Medical expenses | 148,800 | |
| Ambulance services | 93,850 | |
| Total Miscellaneous income | 281,650 | - |

9. Medical/ Clinical Costs

| Description | 2024/2025 | 2023/2024 |
|--|-------------------|-------------------|
| | Kshs | Kshs |
| Laboratory chemicals and reagents | 2,782,228 | 806,260 |
| Food and Ration | 4,846,605 | 2,394,000 |
| Uniform, clothing, and linen | 468,800 | 240,000 |
| Dressing and Non-Pharmaceuticals | 7,193,403 | 463,597 |
| Pharmaceutical supplies | 3,509,688 | 2,087,890 |
| Health information stationery | 487,690 | 388,000 |
| Sanitary and cleansing Materials | 507,720 | 220,000 |
| Purchase of Medical gases | 59,000 | 55,780 |
| Other medical related clinical costs (specify) | - | 3,991,469 |
| Total medical/ clinical costs | 19,855,134 | 10,646,996 |

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Higher medical supplies spending due to expanded service scope and increased patient number

10. Employee Costs

| Description | 2024/2025 | 2023/2024 |
|---------------------------------|------------------|------------------|
| | Kshs | Kshs |
| Salaries, wages, and allowances | 3,348,000 | 7,476,280 |
| Employee costs | 3,348,000 | 7,476,280 |

11. Board of Management Expenses

| Description | 2024/2025 | 2023/2024 |
|------------------------------------|------------------|------------------|
| | Kshs | Kshs |
| Sitting allowance | 1,187,000 | |
| Induction and training | - | 500,000 |
| Travel and accommodation allowance | - | 1,009,800 |
| Total | 1,187,000 | 1,509,800 |

12. Depreciation and Amortization Expense

| Description | 2024/2025 | 2023/2024 |
|--|------------------|----------------|
| | Kshs | Kshs |
| Property, plant and equipment | 1,012,968 | 729,418 |
| Total depreciation and amortization | 1,012,968 | 729,418 |

The hospital used straight-line method of depreciation

13. Repairs And Maintenance

| Description | 2024/2025 | 2023/2024 |
|--------------------------------------|------------------|----------------|
| | Kshs | Kshs |
| Property- Buildings | 2,187,619 | 63,243 |
| Medical equipment | 2,023,470 | 322,060 |
| Computers and accessories | 346,565 | 20,000 |
| Motor vehicle expenses | 792,300 | 256,800 |
| plant, machinery & equipment | 448,692 | |
| Maintenance of civil works | - | 332,680 |
| Total repairs and maintenance | 5,798,646 | 994,783 |

14. General Expenses

| Description | 2024/2025 | 2023/2024 |
|-------------------------------------|-------------------|------------------|
| | Kshs | Kshs |
| Catering expenses | 901,400 | 738,560 |
| Insecticides and rodenticides | 785,000 | 118,000 |
| Bank charges | 44,234 | 19,630 |
| Contracted services | 1,174,000 | - |
| Electricity expenses | 1,154,861 | 1,035,300 |
| Fuel and Lubricants | 1,669,938 | 2,389,764 |
| Other fuels | 402,320 | 94,200 |
| Travel and accommodation allowance | 3,378,125 | 954,380 |
| Genera office supplies | 1,924,634 | 1,356,860 |
| Courier and postal services | 37,800 | 20,700 |
| Printing and stationery | - | 30,000 |
| Water and sewerage costs | 110,000 | 134,500 |
| Telephone and mobile phone services | 21,000 | 99,700 |
| Internet expenses | 231,650 | 61,550 |
| other general expenses | - | 1,933,849 |
| computer accessories | - | 110,050 |
| Total General Expenses | 11,834,962 | 9,097,044 |

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15. Medical Services Contracts Gains /Losses

| Description | 2024/2025 | 2023/2024 |
|------------------------|---------------|---------------|
| | Kshs | Kshs |
| Waivers and Exemptions | 38,830 | 71,115 |
| Total Gain/Loss | 38,830 | 71,115 |

16. Cash And Cash Equivalents

| Description | 2024/2025 | 2023/2024 |
|--|---------------|----------------|
| | Kshs | Kshs |
| Current accounts | 28,514 | 165,135 |
| Total cash and cash equivalents | 28,514 | 165,135 |

The amount agrees with the closing and opening balances as included in the statement of cash flows.

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

| Description | | 2024/2025 | 2023/2024 |
|------------------------------|----------------|------------------|-------------------|
| Financial institution | Account number | Kshs | Kshs |
| a) Current account | | | |
| COOP BANK | O1141409096000 | 28,513.75 | 165,135.05 |
| Sub- total | | 28,513.75 | 165,135.05 |
| b) On - call deposits | | | |
| Grand total | | 28,513.75 | 165,135.05 |

17. Receivables From Exchange Transactions

| Description | 2024/2025 | 2023/2024 |
|------------------------------|-------------------|------------------|
| | KShs | KShs |
| Medical services receivables | 13,308,975 | 7,398,000 |
| Total receivables | 13,308,975 | 7,398,000 |

Analysis of Receivables From Exchange Transactions

| Description | 2024/2025 | | 2023/2024 | |
|--------------------|-------------------|----------------|------------------|----------------|
| | Kshs | | Kshs | |
| | 2024/2025 | % of the total | 2023/2024 | % of the total |
| Less than 1 year | 5,910,975 | 44% | 7,398,000 | 100% |
| Between 1- 2 years | 7,398,000 | 56% | | |
| Total (a+b) | 13,308,975 | 100% | 7,398,000 | 100% |

18. Inventories

| Description | 2024/2025 | 2023/2024 |
|-----------------------------|------------------|------------------|
| | KShs | KShs |
| Pharmaceutical supplies | 1,734,793 | 547,361 |
| Non-Pharmaceutical supplies | 706,650 | 926,373 |
| Laboratory supplies | 380,400 | 115,040 |
| Food supplies | 88,550 | 147,430 |
| Medical records | 416,915 | 192,705 |
| Total | 3,327,308 | 1,928,909 |

Detailed disclosure on inventories

| | 2024/2025 | 2023/2024 |
|----------------------------------|------------------|-----------|
| | KShs | KShs |
| Opening balance | 1,928,909 | |
| Additional Inventory in the year | 18,819,614 | |
| Inventory expensed in the year | 17,421,215 | |
| Closing balance | 3,327,308 | - |

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Notes to the Financial Statements (Continued)

19. Property, Plant and Equipment

| Description | Buildings and Civil works | | Furniture, fittings, and office equipment | | ICT Equipment | | Plant and medical equipment | | Capital work in Progress | | Total | |
|---|---------------------------|------------------|---|----------------|---------------|------------------|-----------------------------|------------------|--------------------------|-------------|-------|-------------------|
| | Ksh | Ksh | Ksh | Ksh | Ksh | Ksh | Ksh | Ksh | Ksh | Ksh | Ksh | Ksh |
| Cost | | 0.02 | | 12,50 | | 30,00 | | 0.10 | | | | |
| At 1 July 2023 (previous year) | | | | 150,000 | | 925,220 | | | | | | 1,075,220 |
| Additions | | | | 283,100 | | 820,850 | | 384,320 | | 8,022,516 | | 9,510,786 |
| At 30 th Jun 2024 | | - | | 433,100 | | 1,746,070 | | 384,320 | | 8,022,516 | | 10,586,006 |
| At 1 July 2024 (current year) | | - | | 433,100 | | 1,746,070 | | 384,320 | | 8,022,516 | | 10,586,006 |
| Additions | | - | | 65,000 | | 488,690 | | 3,230,780 | | | | 3,784,470 |
| Transfer/adjustments | | 8,022,516 | | | | | | | | (8,022,516) | | - |
| At 30 th Jun 2025 | | 8,022,516 | | 498,100 | | 2,234,760 | | 3,615,100 | | | | 14,370,476 |
| Depreciation and impairment | | | | | | | | | | | | |
| At 1 July 2023 (previous year) | | - | | 18,750 | | 277,566 | | | | | | 296,316 |
| Depreciation for the year | | | | 51,794 | | 440,551 | | 36,510 | | 200,563 | | 729,418 |
| At 30 June 2024 | | - | | 70,544 | | 718,117 | | 36,510 | | 200,563 | | 1,025,734 |
| At July 2024 (current year) | | | | 70,544 | | 718,117 | | 36,510 | | | | 1,025,734 |
| Depreciation | | 200,563 | | 61,570 | | 454,993 | | 339,966 | | | | 1,012,968 |
| At 30 th June 2025 | | 357,002 | | 132,114 | | 1,173,110 | | 376,476 | | | | 2,038,702 |
| Net book values | | | | | | | | | | | | |
| At 30 th Jun 2024 (previous) | | - | | 362,556 | | 1,027,953 | | 347,810 | | 7,821,953 | | 9,560,272 |
| At 30 th Jun 2025 (current) | | 7,665,514 | | 365,987 | | 1,061,650 | | 3,238,624 | | | | 12,331,774 |

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20. Trade and other Payables

| Description | 2024/2025 | | 2023/2024 | |
|---------------------------------------|---------------------|-----------------------|---------------------|-----------------------|
| | KShs | | KShs | |
| Trade payables | 2,298,722 | | 9,816,273 | |
| Total trade and other payables | 2,298,722 | | 9,816,273 | |
| Ageing analysis: | 2024/2025 | % of the Total | 2023/2024 | % of the total |
| Under one year | 2,298,722 | 100% | 9,070,144 | 92% |
| 1-2 years | - | | 619,300 | 6% |
| 2-3 years | - | | 126,829 | 1% |
| Total | 2,298,722.00 | 100% | 9,816,273.00 | 100% |

21. Cash Generated from Operations

| Description | 2024/2025 | 2023/2024 |
|--|------------------|------------------|
| | KShs | KShs |
| Surplus for the year before tax | 17,461,806 | 2,188,471 |
| Adjusted for: | | |
| Depreciation | 1,012,968 | 729,418 |
| Working Capital adjustments | | |
| Increase in inventory | (1,398,399) | (1,928,909) |
| Increase in receivables | (5,910,975) | (6,318,400) |
| Increase in payables | (7,517,551) | 4,594,986 |
| Increase in payables relating r assets | 801,070 | - |
| Net cash flow from operating activities | 4,448,919 | (734,434) |

22. 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:

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the hospital has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The entity has significant concentration of credit risk on amounts due. 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

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requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

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

(iii) Market risk

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

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

a) Foreign currency risk

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

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

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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.

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.

Sensitivity analysis

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

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:

23. Related Party Balances

Nature of related party relationships

Cheptais Sub-county Hospital

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

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

Bungoma County Government is the principal shareholder of the Cheptais level 4 hospital, holding 100% of Cheptais level 4 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

24. Events after the Reporting Period

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

25. Ultimate and Holding Entity

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

26. Currency

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

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20. Appendices

Appendix 1: Progress on Follow Up of Auditor Recommendations

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

| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) | | | | | | | | | | | | | | | | | | |
|--|--|--|-----------------------------------|--|--|--------------------|-----------|--|--|-----------|--------------------|------------------------|-------------|--------------------|-------------------------|-------------|--|--------------------------|------------|--|----------|-----------|
| 1 | <p>Inaccuracy in Expenditure on Medical/Clinical Costs</p> <p>The statement of financial performance reflects an amount of Kshs. 10,646,996 in respect of medical/clinical costs as disclosed in Note 8 to the financial statements. However, the amount differs with the amount of Kshs. 8,391,731 reflected in the statement of cash flows by an unexplained and unreconciled variance of Kshs.2,255,265. Further, the amount differs with the amount of Kshs. 9,484,479 reflected in the supporting ledger by an unexplained variance of Kshs. 1,162,517.</p> <p>In the circumstances, the accuracy and completeness of the medical/clinical costs of Kshs. 10,646,996 could not be confirmed.</p> | <p>The reconciliation of the financial performance statement and the statement of cash flow is as below;</p> <table border="1"> <thead> <tr> <th>Description</th> <th>Amount</th> <th></th> </tr> </thead> <tbody> <tr> <td>Cashflow statement</td> <td>8,391,731</td> <td></td> </tr> <tr> <td>Add; additional pending bill during the year</td> <td>6,220,069</td> <td>Appendix 1a</td> </tr> <tr> <td>Less: prior bills paid</td> <td>(2,228,600)</td> <td>Appendix 1b</td> </tr> <tr> <td>Less; Closing Inventory</td> <td>(1,736,204)</td> <td></td> </tr> <tr> <td>Net medical costs in the</td> <td>10,646,996</td> <td></td> </tr> </tbody> </table> | Description | Amount | | Cashflow statement | 8,391,731 | | Add; additional pending bill during the year | 6,220,069 | Appendix 1a | Less: prior bills paid | (2,228,600) | Appendix 1b | Less; Closing Inventory | (1,736,204) | | Net medical costs in the | 10,646,996 | | resolved | June 2025 |
| Description | Amount | | | | | | | | | | | | | | | | | | | | | |
| Cashflow statement | 8,391,731 | | | | | | | | | | | | | | | | | | | | | |
| Add; additional pending bill during the year | 6,220,069 | Appendix 1a | | | | | | | | | | | | | | | | | | | | |
| Less: prior bills paid | (2,228,600) | Appendix 1b | | | | | | | | | | | | | | | | | | | | |
| Less; Closing Inventory | (1,736,204) | | | | | | | | | | | | | | | | | | | | | |
| Net medical costs in the | 10,646,996 | | | | | | | | | | | | | | | | | | | | | |

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| 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) |
|---|--|---|--|---|
| | | financial performance statement | | |
| 2 | <p>Inaccuracy in Expenditure on Employee Costs The statement of financial performance reflects an amount of Kshs. 7,476,280 in respect of employee costs. However, the amount differs with the amount of Kshs. 8,069,480 disclosed in the corresponding Note 9 to the financial statements by an unexplained and unreconciled variance of Kshs. 593,200. Further, the amount differs with the Nil amount reflected in the statement of cash flows by an unexplained and unreconciled variance of Kshs. 7,476,280. In addition, the amount differs with the amount of Kshs. 8,391,731 reflected in the supporting ledger by an unexplained and unreconciled variance of Kshs. 915,451.</p> <p>In the circumstances, the accuracy and completeness of employee costs of Kshs. 7,476,280 could not be confirmed.</p> | <p>Employee costs is a payment in-kind from the County Executive, which are not captured under the cash flow. Note 9 has been revised to Kshs. 7,476,280 and supporting ledger reconciled. Appendix 2: Revised financial statement FY 2023/24 Appendix 2b: Employee costs supporting ledger</p> | resolved | June 2025 |
| 3 | <p>Inaccuracy in Expenditure on Repairs and Maintenance The statement of financial performance reflects an amount of Kshs. 994,783 in respect of repairs and maintenance as further disclosed in Note 12 to the financial</p> | The reconciliation of the financial performance statement and the statement of cash flow has been | resolved | June 2025 |

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| 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) | | | | | | | | | | |
|---|---|--|-----------------------------------|--|------------------------------------|-----------|--|-----------|--------------------------------|-------------|---|-----------|----------|-----------|
| | <p>statements. However, the amount differs with the amount of Kshs. 1,924,620 reflected in the statement of cashflows by an unexplained and unreconciled variance of Kshs. 929,837. In the circumstances the accuracy and completeness of repairs and maintenance of Kshs. 994,783 could not be confirmed.</p> | <p>provided below;</p> <table border="1" data-bbox="533 748 788 1106"> <thead> <tr> <th>Description</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>Statement of financial performance</td> <td>994,783</td> </tr> <tr> <td>Add: prior year bills paid during the year</td> <td>1,162,517</td> </tr> <tr> <td>Less additional pending bills</td> <td>(232,680)</td> </tr> <tr> <td>Net cashflow figure for Repairs and maintenance</td> <td>1,924,620</td> </tr> </tbody> </table> | Description | Amount | Statement of financial performance | 994,783 | Add: prior year bills paid during the year | 1,162,517 | Less additional pending bills | (232,680) | Net cashflow figure for Repairs and maintenance | 1,924,620 | | |
| Description | Amount | | | | | | | | | | | | | |
| Statement of financial performance | 994,783 | | | | | | | | | | | | | |
| Add: prior year bills paid during the year | 1,162,517 | | | | | | | | | | | | | |
| Less additional pending bills | (232,680) | | | | | | | | | | | | | |
| Net cashflow figure for Repairs and maintenance | 1,924,620 | | | | | | | | | | | | | |
| 4 | <p>Inaccuracy in Expenditure on General Expenses The statement of financial performance reflects an amount of Kshs. 9,097,043 in respect of general expenses as further disclosed in Note 13 to the financial statements. However, the amount differs with the amount of Kshs. 7,163,194 reflected in the statement of cash flows by an unexplained and unreconciled variance of Kshs. 1,933,849. In the circumstances the accuracy and completeness of general expenses of Kshs. 9,097,043 could not be confirmed</p> | <p>The reconciliation of the financial performance statement and the statement of cash flow has been provided herein;</p> <table border="1" data-bbox="922 748 1177 1106"> <thead> <tr> <th>Description</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>Statement of Financial Performance</td> <td>9,097,043</td> </tr> <tr> <td>Add Closing inventory</td> <td>192,705</td> </tr> <tr> <td>Less: Additional pending bills</td> <td>(2,476,554)</td> </tr> <tr> <td>Add: prior year bills paid during the year</td> <td>350,000</td> </tr> </tbody> </table> | Description | Amount | Statement of Financial Performance | 9,097,043 | Add Closing inventory | 192,705 | Less: Additional pending bills | (2,476,554) | Add: prior year bills paid during the year | 350,000 | resolved | June 2025 |
| Description | Amount | | | | | | | | | | | | | |
| Statement of Financial Performance | 9,097,043 | | | | | | | | | | | | | |
| Add Closing inventory | 192,705 | | | | | | | | | | | | | |
| Less: Additional pending bills | (2,476,554) | | | | | | | | | | | | | |
| Add: prior year bills paid during the year | 350,000 | | | | | | | | | | | | | |

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| 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) | | |
|--|--|--|-----------------------------------|--|----------|-----------|
| 5 | <p>Inaccuracy in the Statement of Cash Flows</p> <p>The statement of cash flows reflects a cash outflow of Kshs. 627,400 in respect of purchase of property, plant, equipment and intangible assets which however differs with the additions during the year of Kshs. 1,488,270 reflected in Note 18 to the financial statements by an unexplained and unreconciled variance of Kshs. 860,870.</p> <p>In the circumstances, the accuracy and completeness of the cash outflow of Kshs. 627,400 in respect of purchase of property, plant, equipment and intangible assets could not be confirmed.</p> | <table border="1"> <tr> <td data-bbox="512 981 571 1249">Cashflow Statement</td> <td data-bbox="571 981 890 1249">7,163,194</td> </tr> </table> | Cashflow Statement | 7,163,194 | resolved | June 2025 |
| Cashflow Statement | 7,163,194 | | | | | |
| 6 | <p>Variances between Comparative Balances and Previous Year's Audited Balances</p> <p>Review of the financial statements revealed comparative balances that are in</p> | <p>The management acknowledges the observation of the auditor and has reinstated the comparatives in the revised financial statements. Appendix 6: Reinstated financial statement</p> | resolved | June 2025 | | |

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| 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) | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|--|--|--|--|--|-----------------------------------|--|---------------------------------|-----------|------------|-----------|--|-------------------------|-------------|-----------|------------|---|-------------------------|-------------|-------------|----------|---|-------------------------|-------------|-----------|------------|--|--|--|--|--|--|
| | variance with the previous year's audited financial statements' balances as shown below: | 2023/2024 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;">Item</th> <th style="width: 20%;">Financial Statements Component</th> <th style="width: 15%;">Comparative Balances as Per 2023/2024 Financial Statement Ksh.</th> <th style="width: 15%;">Balance As Per 2022/2023 Audited Financial Statements Ksh.</th> <th style="width: 15%;">Variance Kshs.</th> </tr> </thead> <tbody> <tr> <td>Net assets</td> <td>Statement of financial position</td> <td style="text-align: right;">7,047,572</td> <td style="text-align: right;">11,407,989</td> <td style="text-align: right;">4,360,417</td> </tr> <tr> <td>Net Cash Flows from Operating Activities</td> <td>Statement of Cash flows</td> <td style="text-align: right;">(8,105,753)</td> <td style="text-align: right;">4,462,926</td> <td style="text-align: right;">12,568,679</td> </tr> <tr> <td>Net cash flows used in investing activities</td> <td>Statement of Cash flows</td> <td style="text-align: right;">(1,879,736)</td> <td style="text-align: right;">(1,897,736)</td> <td style="text-align: right;">(18,000)</td> </tr> <tr> <td>Decrease /increase in Cash and Cash Equivalents</td> <td>Statement of Cash flows</td> <td style="text-align: right;">(9,985,489)</td> <td style="text-align: right;">2,565,190</td> <td style="text-align: right;">12,550,679</td> </tr> </tbody> </table> | Item | Financial Statements Component | Comparative Balances as Per 2023/2024 Financial Statement Ksh. | Balance As Per 2022/2023 Audited Financial Statements Ksh. | Variance Kshs. | Net assets | Statement of financial position | 7,047,572 | 11,407,989 | 4,360,417 | Net Cash Flows from Operating Activities | Statement of Cash flows | (8,105,753) | 4,462,926 | 12,568,679 | Net cash flows used in investing activities | Statement of Cash flows | (1,879,736) | (1,897,736) | (18,000) | Decrease /increase in Cash and Cash Equivalents | Statement of Cash flows | (9,985,489) | 2,565,190 | 12,550,679 | | | | | | |
| Item | Financial Statements Component | Comparative Balances as Per 2023/2024 Financial Statement Ksh. | Balance As Per 2022/2023 Audited Financial Statements Ksh. | Variance Kshs. | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Net assets | Statement of financial position | 7,047,572 | 11,407,989 | 4,360,417 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Net Cash Flows from Operating Activities | Statement of Cash flows | (8,105,753) | 4,462,926 | 12,568,679 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Net cash flows used in investing activities | Statement of Cash flows | (1,879,736) | (1,897,736) | (18,000) | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Decrease /increase in Cash and Cash Equivalents | Statement of Cash flows | (9,985,489) | 2,565,190 | 12,550,679 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | The variances have not been explained or reconciled. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | In the circumstances, the accuracy and completeness of the respective financial statements' balances could not be confirmed. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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| 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) |
|---|--|--|---|--|
| 7 | <p>Unpaid National Hospital Insurance Fund Claims</p> <p>The statement of financial position reflects receivables from exchange transactions balance of Ksh. 7,398,000 and as disclosed in Note 16 to the financial statements in respect of unpaid National Hospital Insurance Fund (NHIF) claims. However, Management did not provide evidence on the measures taken to recover the outstanding receivables considering that NHIF has transitioned to Social Health Authority (SHA) which is expected to settle all outstanding claims within ninety (90) days.</p> <p>In the circumstances, the recoverability of the outstanding receivables of Kshs. 7,398,000 could not be confirmed.</p> | <p>NHIF has cleared the outstanding receivable of Kshs. 7,398,000. Appendix 7: Bank statement extract</p> | resolved | June 2025 |
| 8 | <p>Budgetary Control and Performance</p> <p>The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis of Kshs. 39,533,642 and Kshs. 32,713,907 respectively resulting to an under-funding of Kshs. 6,819,735 or 17% of the budget.</p> <p>The under-funding affected the planned activities and may have impacted negatively on service delivery to the public.</p> | <p>The underfunding of Kshs. 6,819,735 was occasioned by shortfall in revenue collection which arose due to the prolonged healthcare workers industrial action in the financial year under review. Delayed reimbursement by NHIF also contributed to the underfunding.</p> | resolved | June 2025 |
| 9 | <p>Unresolved prior year matters</p> <p>In the report for the previous year, several issues were raised under report on the Financial Statement, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, the issues had not been resolved and Management</p> | <p>The management is committed to resolving prior year matters.</p> | | |

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| 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) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|---|-------------------------|----------------------------------|--|----------|-----------------------|------------------|----|---|----|-----|-------------------|---|---|---|------|------------------|---|---|---|------|---------------|---|---|---|------|---------------|---|---|---|------|--------------|---|---|---|------|------------------------------------|----|----|----|-----|-------|-----|----|----|-----|---------|----------------------------|-------------------------|----------|------------|-----------|---|---|---|------|---------------------|---|---|---|------|--|--------------|--|
| | did not provide satisfactory reasons for the delay in resolving the issues. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 10 | <p>Deficiencies in Implementation of Universal Health Coverage Review of Hospital's records, interviews with staff and verification of services offered, equipment used and medical specialists in the Hospital revealed that the Hospital did not meet the requirement of Kenya Quality Model for Health Policy Guidelines due to staff deficits by 83% of the authorized establishment as follows:</p> <table border="1"> <thead> <tr> <th>Staff requirements</th> <th>Level 4 Standard</th> <th>Number in Hospital</th> <th>Variance</th> <th>Variance Percentage %</th> </tr> </thead> <tbody> <tr> <td>Medical officers</td> <td>16</td> <td>1</td> <td>15</td> <td>93%</td> </tr> <tr> <td>Anesthesiologists</td> <td>2</td> <td>0</td> <td>2</td> <td>100%</td> </tr> <tr> <td>General Surgeons</td> <td>2</td> <td>0</td> <td>2</td> <td>100%</td> </tr> <tr> <td>Gynecologists</td> <td>2</td> <td>0</td> <td>2</td> <td>100%</td> </tr> <tr> <td>Pediatricians</td> <td>2</td> <td>0</td> <td>2</td> <td>100%</td> </tr> <tr> <td>Radiologists</td> <td>2</td> <td>0</td> <td>2</td> <td>100%</td> </tr> <tr> <td>Registered Community Health Nurses</td> <td>75</td> <td>16</td> <td>59</td> <td>79%</td> </tr> <tr> <td>Total</td> <td>101</td> <td>17</td> <td>84</td> <td>83%</td> </tr> </tbody> </table> <p>In addition, the Hospital lacked the necessary equipment and machines outlined in the Health Policy Guidelines as detailed below;</p> <table border="1"> <thead> <tr> <th>Service</th> <th>Level 4 Hospital Standards</th> <th>Actuals in the Hospital</th> <th>Variance</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Baby cots</td> <td>5</td> <td>0</td> <td>5</td> <td>100%</td> </tr> <tr> <td>Functional ICU beds</td> <td>6</td> <td>0</td> <td>6</td> <td>100%</td> </tr> </tbody> </table> | Staff requirements | Level 4 Standard | Number in Hospital | Variance | Variance Percentage % | Medical officers | 16 | 1 | 15 | 93% | Anesthesiologists | 2 | 0 | 2 | 100% | General Surgeons | 2 | 0 | 2 | 100% | Gynecologists | 2 | 0 | 2 | 100% | Pediatricians | 2 | 0 | 2 | 100% | Radiologists | 2 | 0 | 2 | 100% | Registered Community Health Nurses | 75 | 16 | 59 | 79% | Total | 101 | 17 | 84 | 83% | Service | Level 4 Hospital Standards | Actuals in the Hospital | Variance | Percentage | Baby cots | 5 | 0 | 5 | 100% | Functional ICU beds | 6 | 0 | 6 | 100% | <p>The Management in collaboration with the County Government is working progressively to ensure that the hospital is sufficiently staffed and equipped. Meanwhile the Hospital has implemented reverse referrals where facilities share specialists as per the Kenya Health Sector Referral Strategy.</p> | Not resolved | |
| Staff requirements | Level 4 Standard | Number in Hospital | Variance | Variance Percentage % | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Medical officers | 16 | 1 | 15 | 93% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Anesthesiologists | 2 | 0 | 2 | 100% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| General Surgeons | 2 | 0 | 2 | 100% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Gynecologists | 2 | 0 | 2 | 100% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Pediatricians | 2 | 0 | 2 | 100% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Radiologists | 2 | 0 | 2 | 100% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Registered Community Health Nurses | 75 | 16 | 59 | 79% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 101 | 17 | 84 | 83% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Service | Level 4 Hospital Standards | Actuals in the Hospital | Variance | Percentage | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Baby cots | 5 | 0 | 5 | 100% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Functional ICU beds | 6 | 0 | 6 | 100% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

**Cheptais Sub-county Hospital
Annual Report and Financial Statements For The Year Ended 30th June 2025**

| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Status: (Resolved / Not Re-solved) | Timeframe: (Put a date when you expect the issue to be resolved) | | | | | | | | | | | | | | | |
|--|---|---|------------------------------------|--|---|------|----------------------------------|---|---|---|------|--------------|-----|----|-----|-----|--|--|--|
| | <table border="1"> <tr> <td>HDU beds</td> <td>6</td> <td>0</td> <td>6</td> <td>100%</td> </tr> <tr> <td>Renal unit with Dialysis Machine</td> <td>5</td> <td>0</td> <td>5</td> <td>100%</td> </tr> <tr> <td>Bed capacity</td> <td>150</td> <td>50</td> <td>100</td> <td>67%</td> </tr> </table> <p>These deficiencies contravene the First Schedule of the Health Act, 2017 and imply that accessing the highest attainable standard of health, which includes the right to health care services, including reproductive health care as required by Article 43(1) of the Constitution of Kenya may not be achieved.</p> <p>In the circumstances, the Hospital will not be able to deliver on its mandate.</p> | HDU beds | 6 | 0 | 6 | 100% | Renal unit with Dialysis Machine | 5 | 0 | 5 | 100% | Bed capacity | 150 | 50 | 100 | 67% | | | |
| HDU beds | 6 | 0 | 6 | 100% | | | | | | | | | | | | | | | |
| Renal unit with Dialysis Machine | 5 | 0 | 5 | 100% | | | | | | | | | | | | | | | |
| Bed capacity | 150 | 50 | 100 | 67% | | | | | | | | | | | | | | | |
| 11 | <p>Non-Compliance with Law on Ethnic Diversity</p> <p>Review of the staff establishment for the Hospital revealed that out of the fifty-six (56) permanent members of staff, twenty-seven (27) or 48% were from the dominant ethnic community and out of ten (10) Board of Management members, eight (8) or 80% were from the dominant ethnic community. This is contrary to Section 7(2) of the National Cohesion and Integration Act, 2008 which states that no public establishment shall have more than one third of its staff from the same ethnic community.</p> <p>In the circumstances, Management was in breach of the law.</p> | <p>The management is working on resolving this matter to comply with Section 7(2) of the National Cohesion and Integration Act, 2008.</p> | Not resolved | | | | | | | | | | | | | | | | |
| 12 | <p>Failure to Maintain a Fixed Asset Register</p> <p>The statement of financial position reflects balances of Kshs. 9,560,272 in respect</p> | <p>The management acknowledges the audit findings that the statement of financial position reflects balances of Kshs. 9,560,272 in respect of property,</p> | resolved | June 2025 | | | | | | | | | | | | | | | |

**Cheptais Sub-county Hospital
Annual Report and Financial Statements For The Year Ended 30th June 2025**

| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|---|---|--|--|---|
| | <p>of property, plant and equipment as disclosed in Note 18 to the financial statements. However, the Hospital did not maintain a fixed asset register contrary to the provisions of Regulation 136(1) of the Public Finance Management (County Governments) Regulations, 2015 which provides that the Accounting Officer shall be responsible for maintaining a register of assets under his or her control or possession as prescribed by the relevant laws. Further, the assets were not tagged and the Hospital did not have the title deed of the land on which it is located.</p> <p>In the circumstances, Management was in breach of the law.</p> | <p>plant and equipment which is supported by the asset register.</p> <p>The Assets of the facility are still under the ownership of National Government. The Intergovernmental Relations Technical Committee (IGRTC) is still carrying out identification and verification of land held by the national government relating to devolved functions for transfer of ownership to county governments. This process is yet to be concluded.</p> <p>The facility has been onboarded to the County Executive asset management system. This will allow printing of asset tags. The exercise is expected to be concluded by end of 2024/25 financial year.</p> <p>Appendix 10: Asset register</p> | | |

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Accounting Officer

Cheptais Sub-county Hospital
Annual Report and Financial Statements For The Year Ended 30th June 2025

Appendix II: Projects Implemented by The Entity

Projects

Projects implemented by the Hospital Funded by development partners

| Project title | Project Number | Donor | Period/ duration | Donor commitment | Separate donor reporting required as per the donor agreement (Yes/No) | Consolidated in these financial statements (Yes/No) |
|--------------------------------------|--|-------|---------------------|---------------------|--|---|
| 1.drilling and equipping of borehole | BGM/CNTY/CSCH/QTN/110/FY/ 2024/2025 | COG | 3 MONTHS | | | YES |
| 2 | | | | | | |

Note:

There were no projects funded by development partners

**Cheptais Sub-county Hospital
Annual Report and Financial Statements For The Year Ended 30th June 2025**

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 | drilling and equipping of borehole | KSHS 2,805,080 | KSHS 2,805,080 | 100% | KSHS 2,839,880 | KSHS 2,805,080 | COG |
| 2 | | | | | | | |
| 3 | | | | | | | |

Cheptais Sub-county Hospital
Annual Report and Financial Statements For The Year Ended 30th June 2025

Appendix III: Inter-Entity Confirmation Letter

Within the fy ended 2024/2025 there was no inter entity transfers.

**Cheptais Sub-county Hospital
Annual Report and Financial Statements For The Year Ended 30th June 2025**

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 | | |
| drilling and equipping of borehole | drilling and equipping of solar energy pumping water borehole | To reduce dependence on grid electricity and diesel generators while ensuring reliable water supply | installation of solar-powered pumps connected to the hospital borehole | | | | Q4 | COG | CHEPTAIS SUB COUNTY HOSPITAL |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |

Cheptais Level 4 Hospital Bungoma County Government
 Annual Report and Financial Statements For The Year Ended 30th June 2025

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 |
|-----------|---------------|---------------|--|------------------|----------------|----------|
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |

**Cheptais Level 4 Hospital Bungoma County Government
Annual Report and Financial Statements For The Year Ended 30th June 2025**

Appendix vi: Bank reconciliation

| BANK RECONCILIATION STATEMENT # 30TH JUNE 2025 | | | | | | | | | |
|--|------------------------------------|---------------------|--------------------------------|----------|-----------------------|-----|-----|---------|----|
| | | Station | CHEPTAIS Sub - County Hospital | CHEPTAIS | SUB DISTRICT HOSPITAL | | | | |
| | | | | | Sh | cts | cts | Sh. | |
| BALANCE AS AT 31ST MAY 2025 | | | | | | | | 371,105 | 50 |
| BALANCE AS PER BANK CERTIFICATE | | | | | | | | | |
| Less | | | | | | | | | |
| 1 | BANK CHARGES | | | | | | | | |
| | CHEQUES BUT NOT PRESENTED FOR | | | | | | | | |
| | PAYMENT | | | | | | | | |
| | 6/26/2025 | UPHILL ENGINEERING | PLANT MANTAINANCE | OO2227 | 99,992.00 | | | | |
| | 26/6/2025 | PHINEROCK VENTURES | COMPUTER | OO2242 | 101,000.00 | | | | |
| | 26/6/2025 | PHINEROCK VENTURES | FOOD AND RATIO | OO2242 | 40,000.00 | | | | |
| | 26/6/2025 | PHINEROCK VENTURES | FOOD AND RATIO | OO2244 | 50,000.00 | | | | |
| | 26/6/2025 | SKYTONES INVESTMENT | ELECTRICAL EQUIPMENT | OO2237 | 51,600.00 | | | 342,592 | |
| 2 | Receipts in Bank Statement not yet | | | | | | | | |
| | Recorded in Cash Book | | | | | | | | |
| | | | | | | | | 28,513 | 75 |
| Add.... | | | | | | | | | |
| 3 | Payments in Bank Statement not yet | | | | | | | | |
| 4 | Recorded in Cash Book | | BANK CHARGES | 5,710.00 | | | | | |
| 4 | Receipts in Cash book not yet | | | | | | | | |
| | Recorded in Bank Statement | | | | | | | | |
| Bank Balance as per Cash Book | | | | | | | | 28,513 | 75 |