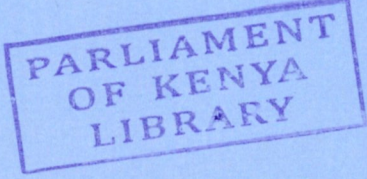
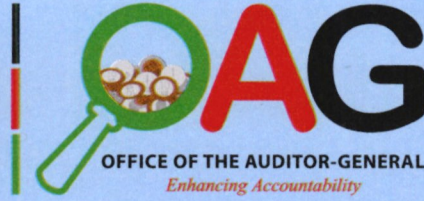


REPUBLIC OF KENYA



REPORT

OF

THE AUDITOR-GENERAL

ON

BUSIA COUNTY HEALTH SERVICES FUND

FOR THE YEAR ENDED

30 JUNE, 2025

	PAPERS LAID
DATE	26/6/25
TABLED BY	S.M.K
COMMITTEE	-
CLERK AT THE TABLE	Belinda.



BUSIA COUNTY HEALTH SERVICES FUND

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2025**

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



Busia County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2025

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1. Acronyms and Definition of Key Terms

A. Acronyms

BOM	Board of Management
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
Kshs	Kenya Shillings

B. Definition of Key Terms

Fiduciary Management- Members of Management directly entrusted with the responsibility of financial resources of the organization.

Comparative Year- Means the prior period.

2. Key Entity Information and Management

a) Background information

The Busia County Health Services Fund is established by and derives its authority and accountability from The Busia County Health Services Act, 2015. The Fund is wholly owned by the County Government of Busia and is domiciled in Kenya.

The Fund's objective is to provide a framework for performance-based-financing for efficient and effective delivery of health services in the County by sustainably operating, maintaining equipping, rehabilitating and procuring emergency medical supplies in health facilities in the County and providing day-to-day operations of hospitals and other health facilities.

The Fund's principal activity is to provide funding for the day-to-day operations of the hospitals and other health facilities

b) Principal Activities

The principal activity/mission/ mandate of the Fund is to:

- i) Provide financial resources for medical supplies, rehabilitation and medical equipment for health facilities in the county.
- ii) Support capacity building in the management of health facilities.
- iii) Support and empower rural communities to take charge of improving their own health facilities.
- iv) Give decision making autonomy to health facilities committees to plan and manage their resources within their control.
- v) Co-ordinate the provision of health services by the county and development partners in the interest of the public.
- vi) Provide a mechanism for partnership to support the county health services delivery management, financing and operations objectives.
- vii) Facilitate the mobilization, management and administration of resources by the county, the community and health development partners to meet services delivery objectives in the health facilities in the County.
- viii) Establish a framework to allow for collaboration with development partners in the health sector to manage revenue for health and pharmaceutical services provided in the County.
- ix) Receive and disburse grants for strengthening of health facilities through their respective health management committees.
- x) Improve the quality of health care services in health facilities

Busia County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2025

c) Board Members

Ref	Name	Position
1	Mr Charles Mubweka	Chairman
2	Dr Wilberforce Lusamba	Member, Chief Officer, Health (Secretary)
3	CPA Nobert Orotu	For: Chief Officer, Finance
4	Mr Nicholas Khabala	Member
5	Mr John Masinde	Member
6	Mr Francis Otwani	Member
7	Rev Dr. Stephen Many	Member
8	Mrs. Theodora Bwire	Member
11	Dr Nina Rabare	Member, Director
12	Prof. Sylvester Kimaiyo	Member
13	CPA Kenneth Odero	Member, Fund Administrator

d) Key Management team

Ref	Name	Position
1	CPA Kenneth Odero	Fund Administrator
2	CPA Nobert Orotu	Accountant

e) Fiduciary Oversight Arrangements

SN	Position	Name
1	Directorate Internal Audit	CPA Maximillah Ayieko
2	Office of the Auditor General	Auditor General
2	County Health Management Team	Dr Nina Rabare

Busia County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Key Fund and Management (Continued)

f) Registered Offices

P.O. Box 1040-50400
Busia County Referral Hospital
ICU Building
Busia, KENYA

g) Fund Contacts

Telephone: (254) 715001755
(254) 722631057
E-mail: Busiacountydhealth@gmail.com.

h) Fund Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya

i) Independent Auditors

Auditor General
Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GOP 00100
Nairobi, Kenya

j) Principal Legal Adviser





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

k) County Attorney




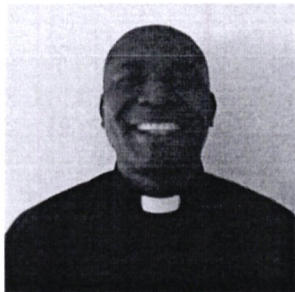
Busia County Attorney
P.O. Box Private Bag-50400
Busia, Kenya

Busia County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2025

3. Board Members

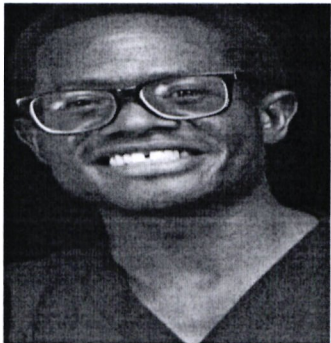


Name	Details of qualifications and experience
<p>1. Mr. Charles Mubweka, Chairman</p> 	<p>Academic qualifications: Bachelor of Commerce, Accounting – University of Nairobi.</p> <p>Professional qualifications: Certified Public Accountant (CPA (K)) and a member of Institute of Certified Public Accountants of Kenya (ICPAK).</p> <p>Work Experience: Over 30 years in finance and accounting</p>
<p>2. Dr, Wilberforce Lusamba, Secretary</p> 	<p>Academic Qualifications: Dr Lusamba holds a bachelor’s degree in Medicine and Surgery (MBCHB) from Kampala International University.</p> <p>He worked as a Medical Officer of Health at Busia County Referral Hospital then moved to Cuba for further studies Dr Lusamba, was appointed as Chief Officer of Health in Busia County in the year 2023, the position he holds to date.</p>
<p>3. CPA Nobert Orot</p> 	<p>Academic qualifications: Bachelor Commerce, Finance - KCA University.</p> <p>Professional qualifications: Certified Public Accountant (CPA (K)) and a member of Institute of Certified Public Accountants of Kenya (ICPAK).</p> <p>Work Experience: Over 10 years in finance and accounting</p>
<p>4. Mr. Nicholas Khabala</p> 	<p>Date of Birth: 8 August 1952</p> <p>Academic Qualifications: Higher Diploma in hospital administration, South Bank Polytechnic, London,UK. MSc Health Services and Hospital Management, South Bank University, London, UK.</p> <p>Profession: Hospital Administrator</p> <p>Work Experience: Over 30 years in hospital administration and managerial services.</p>

**Busia County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

<p>5. Mr. John Masinde</p> 	<p>Date of Birth: 1950 Academic qualifications: Bachelor of Commerce – University of Nairobi Master of Business administration, Strategic Management – University of Nairobi. Profession: Financial and management expert/Consultant Work Experience: Over 20 years consultancy experience in financial management, project management, financial analysis and accountancy.</p>
<p>6. Mr. Francis Otwani</p> 	<p>Academic Qualification: Diploma in General Nursing – Kenya Medical Centre, Nairobi. Senior Management Course, KSG, Training on technical evaluation on medical supply tenders, Training of trainers’ injection safety logistics management course, Nakuru Profession: Nurse Work Experience: Over 30 years working in nursing in the Ministry of Health, Kenya</p>
<p>7. Mrs. Theodora Bwire</p> 	<p>Date of Birth: 10 May 1940 Academic Qualification: Diploma in Hospital Nursing, The Royal College of Nursing, London, England. Diploma in Midwifery, Lady Grigg maternity Hospital, Nairobi, Kenya. Diploma in Nursing and Nutrition, KMTC, Nairobi, Kenya. Profession: Nurse Work Experience: Over 40 years in nursing in the Ministry of Health – Kenya and consultancy experience in project management in the health sector.</p>
<p>8. Rev. Dr. Stephen Many</p> 	<p>He holds a PhD, in Religious Studies from Kenyatta University. Rev. Dr. Many Stephen has had wide experience as a Lecturer. He has lectured in various universities and colleges including Kenyatta University, Daystar University, Africa International University, Mount Kenya University, Scott Christian University and Riara University before moving to Alupe University College as a Senior Lecturer. He is currently the Director, Post Graduate Studies, a member of the Research Committee, and also the Chair of Committee on Cohesion and Integration of Alupe University College Dr. Many has done several qualitative research projects and has taught at graduate level and extensively supervised Masters and PhD students.</p>



Busia County Health Services Fund

Annual Report and Financial Statements for the year ended June 30, 2025

<p>9. Dr. Nina Rabare</p> 	<p>Academic qualifications: Master of Medicine (Family Medicine) Moi University, Bachelor of Medicine and surgery, Moi University</p> <p>Professional experience: Dr. Nina has over 10 years experience as a medical doctor having worked and held various leadership positions in different institutions across the republic. He is currently the County Director of Health, Busia County</p>
<p>10. Prof. Sylvester Kimaiyo</p> 	<p>Academic Qualifications: Indiana University School of Medicine, Fellowship in Clinical Pharmacology University of Nairobi, Internal Medicine. Graduated with a degree Master of Medicine in Internal Medicine University of Nairobi, Medicine and Surgery. Graduated with a degree of Bachelor of Medicine and Bachelor Surgery.</p> <p>Professor Sylvester Kimaiyo (MBChB, M. Med, Clin. Pharm, CTM, OGW) has over 35 years of experience as a Medical Doctor of great international repute, 25 of these as a Medical Specialist in Internal medicine. He also has over 18 years of hands-on experience in Program Management, having managed the Academic Model Providing Access to Healthcare (AMPATH) Program from inception. AMPATH is one of the largest and most comprehensive HIV Care, Training and Research institutions in Africa.</p>
<p>11. CPA Kenneth Odero</p> 	<p>Academic qualifications: Bachelor of Commerce, Accounting – University of Nairobi, Master of Business Administration, Strategic Management – University of Nairobi.</p> <p>Professional qualifications: Certified Public Accountant (CPA (K)) and a member of Institute of Certified Public Accountants of Kenya (ICPAK).</p> <p>Work Experience: Over 15 years in finance and accounting</p>

Busia County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2025

4. Management Team

Name	Details of qualifications and experience
<p>1. CPA Kenneth Odero</p> 	<p>Academic qualifications: Bachelor of Commerce, Accounting – University of Nairobi, Master of Business Administration, Strategic Management - University of Nairobi.</p> <p>Professional qualifications: Certified Public Accountant (CPA (K)) and a member of Institute of Certified Public Accountants of Kenya (ICPAK).</p> <p>Work Experience: Over 15 years in finance and accounting</p> <p>Area of responsibility: Fund Administrator</p>
<p>2. CPA Nobert Orotu</p> 	<p>Academic qualifications: Bachelor Commerce, Finance - KCA University.</p> <p>Professional qualifications: Certified Public Accountant (CPA (K)) and a member of Institute of Certified Public Accountants of Kenya (ICPAK).</p> <p>Work Experience: Over 15 years in finance and accounting</p>

Busia County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2025

5. Board Chairperson's Report

Kenya recognizes the importance of health financing in its structure and has adopted and domesticated Healthcare Financing as part of its building blocks as a key pillar in its policy documents. The success in the operations of health facilities hinges on their ability to operate with considerable degree of both financial and managerial autonomy. This will ensure they operate effectively and efficiently.

During the year the County Government of Busia enacted a new law, The Busia County Health Facilities Financing Act 2024, which came into force on 3 October 2024. The new law gave rise to another beginning in the spectra of health financing by making facilities as independent entities thereby enabling them to collect revenue and retain in their accounts for purposes of enhancing access to funds. This therefore, meant that the objective for which the Busia Health Services Fund Act, 2015 was overtaken by the new law.

During the period under review, the board retained its membership as gazzeted in 2019 except for one member representing the religious sector who was replaced by another upon her retirement from the Church. During the financial year under review, the board did not hold any meetings due to unavailability of funds to run the operations of the fund. However, the management was encouraged to speed up the process of making final pending payments that had already been approved by the Board in the previous financial year. The balance in the account of Ksh 1,115,493 to be paid out to settle all pending payments. During the year under review, no disbursement was made by the County treasury to the Fund.

We recommend that the management begins the process of winding up of the Fund as provided for in the Busia Health Services Fund Act 2015 and amended in 2021,

We look forward to successful running and operations of the new Act.

Name: **Charles Mubweka**
Chairperson of the Board

Signature  Date..... 19/9/25

Busia County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2025

6. Report of The Fund Administrator

The office of the Funds Administrator was established under section 12 (1) of the Busia County Health Services Fund (Amendment) Act, 2021.

During the financial year under review, the board did not hold any meetings due to unavailability of funds to run the operations of the Fund. Through the County Budget, the Fund was not allocated any funds for the financial year 2024/2025. However, total commitments carried forward from the previous financial year amounted to Ksh, 5,482,351 which the board had earlier in the previous financial year, had deliberations and distributed the allocation for expenditure. The same was disbursed in the current financial year under review with a balance of Ksh 1,115,493 yet to be paid out to settle the remaining obligations.

During the year the County Government of Busia enacted a new law, The Busia County Health Facilities Financing Act 2024, which came into force on 3 October 2024. The new law gave rise to another beginning in the spectra of health financing by making facilities as independent entities thereby enabling to collect revenue and retain in their accounts for purposes of enhancing access to funds. This therefore, meant that the objective for which the Busia Health Services Fund Act, 2015 was overtaken by the new law.

Expenditures

A total of Ksh 4,366,858 was paid to for various activities as well as other service providers.

Ksh 1,115,493 was carried forward as commitments to settle pending payments to suppliers of different goods and services.

I take this opportunity to thank all Board members for their support. I would also want to thank all stakeholders including staff who we tirelessly worked together to ensure that The Busia County Health Services Fund achieved its mandate during the financial year 2024/2025.


.....

Name: Kenneth Odera

Fund Administrator

**Busia County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

7. Statement of Performance against the County Fund’s predetermined Objectives.

Introduction

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting officer when preparing financial statements of each County Government Fund Government entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the county government fund’s performance against predetermined objectives.

The key development objectives of the Fund as per the Principal activities for the financial year are to:

- a) Provide financial resources for medical supplies, rehabilitation and medical equipment for health facilities in the county.
- b) Support capacity building in the management of health facilities.

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Provide financial resources for medical supplies, rehabilitation and medical equipment for health facilities in the county.	To ensure all health facilities receive financial resources for medical supplies and equipment rehabilitation	Number of disbursements done	% of disbursements made	During FY2024/2025, The Fund did not receive any funding from the County Treasury, though Facilities received funds disbursements from the previous year’s balance to enable them offer quality health services
Support capacity building in the management of health facilities.	To ensure health management teams are capacity built to manage funds prudently	Number of support supervisions carried out	% of support supervision conducted	During the year, the Facilities HMT received support supervision in financial management

8. Corporate Governance Statement

The Busia County Health Services Fund was established by the enactment of The Busia County Health Services Fund Act, 2015 and The Busia County Health Services Fund Act regulations, 2018.

However, the Act was amended in the year 2021 by The Busia County Health Services Fund (Amendment) Act 2021. The amended law was gazetted and assented into law on the 3rd of August 2021, published in the Kenya Gazette on the 6th September 2021 and became operational on the 20th September 2021.

The fund also complies with PFM Act, 2012 and guidelines as provided by Treasury.

During this period, the board did not hold any board meetings due to lack of funds to run the affairs of the Fund.

The Board comprises of;

The Chief Officer in charge of health services in the County who serves as the secretary to the Board, the Chief Officer of Finance, the County Director of Health and Sanitation, one person appointed to represent partners contributing to the Fund, two people to represent the leadership of the hospital management committees, three persons to represent members of the public who are competitively sourced by the County Public Service Board. The membership is also made up of medical practitioners, finance and accounting professionals as well as religious leaders.

The board is represented by 1 female member and the rest are male members.

The chairperson is elected by members of the Board from amongst members representing the Public.

The functions of the Board are:

- a) Advise the County Executive Committee on matters relating to resource mobilization for the purpose of rendering health services in the County and collaboration with third parties with regard to provision of efficient health services in the County.
- b) Collaborate with the County Treasury and mobilize resource required for the purposes of the Busia Health Services Act.
- c) Collaborate with development partners with regard to funding health services in the County
- d) Implement new and innovative approaches to health and healthcare
- e) Help to improve pharmaceutical availability and provide needed emergency healthcare and medical services and reduce

Busia County Health Services Fund

Annual Report and Financial Statements for the year ended June 30, 2025

- f) Under the direction and superintendence of the County Treasury, in accordance with provisions of the Busia Health Services Act and the PFM Act, prudently and professionally manage the Fund
- g) Establish revolving fund management committees at all health facilities in the county and generally oversee their operations under the general supervision of the Executive Committee Member.

A board member may be removed from office for,

- a) Violation of the constitution or any other law
- b) Gross misconduct whether in the performance of the member's functions or otherwise,
- c) Physical and mental incapacity
- d) Incompetence or neglect of duty

Remuneration of Board members is done as directed by enforceable circulars from salaries and remunerations commission (SRC).

9. Management Discussion and Analysis

The Busia County Health Services Fund was established by the enactment of The Busia County Health Services Fund Act, 2015 and The Busia County Health Services Fund Act regulations, 2018.

However, the Act was amended in the year 2021 by The Busia County Health Services Fund (Amendment) Act 2021. The amended law was gazetted and assented into law on the 3rd of August 2021, published in the Kenya Gazette on the 6th September 2021 and became operational on the 20th September 2021.

During the financial year under review, the board did not hold any meetings due to unavailability of funds to run the operations of the Fund. Through the County Budget, the Fund was not allocated any funds for the financial year 2024/2025. However, total commitments carried forward from the previous financial year amounted to Ksh, 5,482,351 which the board had earlier in the previous financial year, had deliberations and distributed the allocation for expenditure. The same was disbursed in the current financial year under review with a balance of Ksh 1,115,493 yet to be paid out to settle the remaining obligations.

During the year the County Government of Busia enacted a new law, The Busia County Health Facilities Financing Act 2024, which came into force on 3 October 2024. The new law gave rise to another beginning in the spectra of health financing by making facilities as independent entities thereby enabling to collect revenue and retain in their accounts for purposes of enhancing access to funds. This therefore, meant that the objective for which the Busia Health Services Fund Act, 2015 was overtaken by the new law.

Expenditures

A total of Ksh 4,366,858 was paid to for various activities as well as other service providers.

Ksh 1,115,493 was carried forward as commitments to settle pending payments to suppliers of different goods and services.

The main challenge experienced by the Fund during the period was lack of funds to run the affairs of the Fund.

10. Environmental and Sustainability Reporting

Sustainability strategy and profile

Busia County Health Services Fund is to provide funding for the day-to-day operations of hospitals and other health facilities. To fund its operations, it relies on budgetary allocation appropriated by the county assembly. In financial year 2024/2025, the Fund had no allocation.

Environmental performance

The fund has embraced environmentally friendly activities. Most of the activities are done on a paperless basis. To guide its operations with regard to obsolete asset disposals, the fund works with the County directorate of Supply Chain Management and has adopted Public procurement and Disposal Act of 2015. It also liaises with the directorate of Environment which enforces the Environmental Management and Coordination Act of 2015 (Amended).

Employee welfare

Employment, promotion and termination employment of the fund staff both board members and permanent staff is done by Busia County Public Service Board under public service board and County Human Resource manual of 2016. Staff are to be promoted after every 3 years. This is after job evaluation and appraisal done by the same board in conjunction with Busia County Public Service Management and administration.

Terms of employment as well as benefits are guided by Salaries and Remuneration Commission.

Recruitment of Board members is contained in the Busia County Health Services Fund Act 2015 and its enabling regulations of 2018.

Market place practices

The fund liaises with the County Treasury through the directorate of supply chain management to source for goods and services. In so doing the fund ensures that it is in compliance with the set rules guiding acquisition of goods and services using public funds. The Busia County Health Services Fund Act 2015 in section 12 provides for penalties for offences for any person that contravenes any of its provisions.

All information with regards to the fund is always made available to all interested parties when right channels are followed within the law. To create awareness about the fund, the board through its secretary and fund administrator always shares information with all facility in charges on the availability of the funds and other medical supplies. The board has also circulated the fund acts and regulations to stakeholders to familiarize with the fund operations.

Corporate Social Responsibility Report

There were no corporate social responsibility activities supported by the Fund during the year under review due to lack of funds.

Busia County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2025

11. Report of the Board

The Board submits its report together with the audited financial statements for the year ended June 30, 2025 which show the state of the Fund affairs.

Principal activities

The principal activities of the Fund are to provide funding for the day-to-day operations of hospitals and other health facilities

Results

The results of the Fund for the year ended June 30, 2025 are set out on page 1-7

Board Members

The members of the Board of who served during the year are shown on page v-ix. The changes in the Board during the financial year are as shown below:

Auditors

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

By Order of the Board


.....

Chair of the Board

Date: 19/9/25

Busia County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2025

12. Statement of Management’s Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by the Busia County Health Services Fund (Amendment) Act, 2021 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund’s financial statements, which give a true and fair view of the state of affairs of the Fund 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 Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund’s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Busia county health facilities improvement fund. The Administrator of the Fund is of the opinion that the Fund’s financial statements give a true and fair view of the state of Fund’s transactions during the financial year ended June 30, 2025, and of the Fund’s financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund’s financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the County Public Fund has assessed the Fund’s ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. OR

Nothing has come to the attention of the Administrator to indicate that the Fund 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 Fund’s financial statements were approved by the Board on 19/9/ 2025 and signed on its behalf by:

.....KENNETH ODERO.....

Administrator of the Busia County Health Services Fund

REPUBLIC OF KENYA

Telephone: +254-(20) 3214,000
Email: 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 BUSIA COUNTY HEALTH SERVICES FUND FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

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

The three parts of the report aim to address the Auditor-General's statutory roles and responsibilities as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Busia County Health Services Fund set out on pages 1 to 37, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net

Report of the Auditor-General on Busia County Health Services Fund for the year ended 30 June, 2025

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

In my opinion, the financial statements present fairly, in all material respects, the financial position of Busia County Health Services Fund as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Busia County Health Services Act, 2015 and the Public Finance Management Act, 2012.

Basis for Opinion

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects receipts budget and actual on comparable basis amounts of Kshs. Nil each, indicating no funding during the year under review. Similarly, the statement reflects total actual expenditure of Kshs.4,366,858 against Kshs. Nil approved budget resulting to over-expenditure of Kshs.4,366,858.

In the circumstances, Management did not observe fiscal discipline.

My opinion is not modified in respect to this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the previous year audit, one issue each was raised under Report on the financial statements and Emphasis of Matter as detailed in **Appendix I**. However, as disclosed

under the progress on follow up of auditor's recommendations section of the financial statements, one audit issue remained unresolved as at 30 June, 2025 and the other issue was not disclosed and no documentary evidence was provided for audit review indicating whether the issue was resolved or not. Management has not provided satisfactory reasons for the delay in resolving the prior year issues.

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that nothing 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

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, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

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 those Charged with Governance

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 control 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 control, risk management and overall governance.

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

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

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

Those charged with governance are responsible for overseeing the Fund'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

05 November, 2025

Appendix I

Unresolved Prior Year Matters

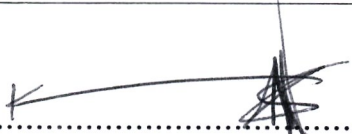
Reference No. on the Auditor-General's Report	Observation
	Report on the Financial Statements
	Unsupported Expenditure
	Emphasis of Matter
	Budgetary Control and Performance

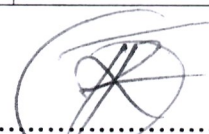
Busia County Health Services Fund

Annual Report and Financial Statements for the year ended June 30, 2025

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

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Public Contributions and Donations	6	-	-
Transfers From the County Government	7	-	-
Fines, Penalties and Other Levies	8	-	-
		-	-
Revenue From Exchange Transactions			
Interest Income	9	-	-
Other Income	10	-	-
		-	-
Total Revenue		-	-
Expenses			
Employee Costs	11	-	-
Use of goods and services	12	4,366,858	11,090,267
Depreciation and Amortization Expense	13	-	-
Finance Costs	14	-	-
Total Expenses		4,366,858	11,090,267
Other Gains/Losses			
Gain/Loss on Disposal of Assets	15	-	-
Gain /Loss on fair value of investments	16	-	-
Surplus/(Deficit) for the Period		(4,366,858)	(11,090,267)


 Name: KENNETH ODERA
 Administrator of the Fund


 Name: OROTI ROBERT
 Fund Accountant
 ICPAK Member Number: 21480

Busia County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2025

15. Statement of Financial Position as at 30 June 2025

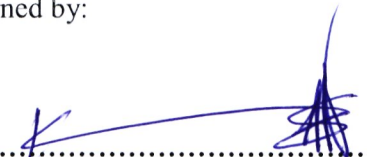
Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	17	1,115,493	5,482,351
Current Portion of Long- Term Receivables from Exchange Transactions	18	-	-
Prepayments	19	-	-
Inventories	20	-	-
Investments in financial assets	21	-	-
Total current assets		1,115,493	5,482,351
Non-Current Assets			
Property, Plant and Equipment	22	-	-
Intangible Assets	23	-	-
Long Term Receivables from Exchange Transactions	18	-	-
Investment Property	24	-	-
Total non- current assets		-	-
Total Assets (A)		1,115,493	5,482,351
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	25	-	-
Current Provisions	26	-	-
Current Portion of Borrowings	27	-	-
Employee Benefit Obligations	28	-	-
Social benefit liabilities	29	-	-
Total current liabilities		-	-
Non-Current Liabilities			
Non-Current Provisions	26	-	-
Long Term Portion of Borrowings	27	-	-
Non-Current Employee Benefit Obligation	28	-	-
Social benefit liabilities	29	-	-


Busia County Health Services Fund

Annual Report and Financial Statements for the year ended June 30, 2025

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Total Liabilities (B)		-	-
Net Assets (A-B)		1,115,493	5,482,351
Represented By:			
Revolving Fund		-	-
Reserves		-	-
Accumulated Surplus		1,115,493	5,482,351
Net Assets		1,115,493	5,482,351

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Fund financial statements were approved on 9/9/2025 and signed by:

.....

 Name: KENNETH ODERO
 Administrator of the Fund

.....

 Name: ORODIA NDUBERG
 Fund Accountant
 ICPAK Member Number: 21480

Busia County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2025

16. Statement of Changes in Net Assets for the year ended 30th June 2025

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance As At 1 July 2023	-	-	16,572,618	-
Surplus/(Deficit) For the Period	-	-	-	-
Funds Received During the Year	-	-		-
Transfers	-		(11,090,267)	
Revaluation Gain	-	-	-	-
Balance As At 30 June 2024	-	-	5,482,351	-
Balance As At 1 July 2024	-	-	5,482,351	-
Surplus/(Deficit) For the Period		-	-	-
Funds Received During the Year	-	-	-	-
Transfers	-		(4,366,858)	
Revaluation Gain	-	-	-	-
Balance As At 30 June 2025	-	-	1,115,493	-

Busia County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 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			
Public contributions and donations		-	-
Transfers from the county government		-	-
Interest received		-	-
Receipts from other operating activities		-	-
Total receipts		-	-
Payments			
Fund administration expenses		-	-
General expenses		4,366,858	11,090,267
Finance cost		-	-
Other payments		-	-
Net cash flows from operating activities	30	4,366,858	11,090,267
Cash flows from investing activities			
Purchase of property, plant, equipment and Intangible assets		-	-
Proceeds from sale of property, plant & equipment		-	-
Proceeds from loan principal repayments		-	-
Loan disbursements paid out		-	-
Net cash flows used in investing activities		-	-

Busia County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Cash flows from financing activities			
Proceeds from revolving fund receipts		-	-
Additional borrowings		-	-
Repayment of borrowings		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash & cash Equivalents		(4,366,858)	(11,090,267)
Cash and cash equivalents at 1 July 2024	17	5,482,618	16,572,618
Cash and cash equivalents at 30 June 2025	17	1,115,493	5,482,351

Busia County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2025

18. Statement of Comparison of Budget and Actual Amounts for the Period 2025

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
Budget carryovers from the previous year*	-	-	-	-	-	
Receipts						
Public Contributions and Donations	-	-	-	-	-	
Transfers From County Govt.						
Interest Income	-	-	-	-	-	
Other Income	-	-	-	-	-	
Total Income	-	-	-	-	-	
Expenses						
Fund Administration Expenses	-	-	-	-	-	
General Expenses	-	-	-	4,366,858	4,366,858	100%
Finance Cost	-	-	-	-	-	
Total Expenditure	-	-	-	4,366,858	4,366,858	
Capital expenditure	-	-	-	-	-	
Surplus For the Period	-	-	-	(4,366,858)	-	

Busia County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Budget notes

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	A
1	No budget allocation during the year under review	-
2		-
3		-
4		-
	Closing Cash and Cash Equivalent as per the statement of Cash flows	1,115,493

19. Notes to the Financial Statements

Significant Accounting Policies

1. General Information

The Busia County Services Fund is established by and derives its authority and accountability from The Busia County Health Services Act, 2015. The Fund is wholly owned by the Busia County Government and is domiciled in Kenya. The Fund’s principal activity is to provide funding for the day-to-day operations of public hospitals and other health facilities

2. Statement of compliance and basis of preparation

The Fund’s financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Fund. The accounting policies have been consistently applied to all the years presented. The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

3. Adoption of new and revised standards

(i) New and amended standards and interpretations in issue but not yet 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: Leases	<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 cash flows of the Fund.</p> <p>The new standard requires entities to recognize, measure and present information on right of use assets and lease liabilities.</p> <p><i>The standard does not have any impact on the Fund</i></p>

Busia County Health Services Fund

Annual Report and Financial Statements for the year ended June 30, 2025

<p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<p><i>Applicable 1st January 2025</i> 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. <i>The standard does not have any impact on the Fund</i></p>
<p>IPSAS 45: Property Plant and Equipment</p>	<p><i>Applicable 1st January 2025</i> 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 recognized 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. <i>The standard does not have any impact on the Fund</i></p>
<p>IPSAS 46: Measurement</p>	<p><i>Applicable 1st January 2025</i> The objective of this standard was to improve measurement guidance across IPSAS by: <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. The standard also introduces a public sector specific measurement bases called the current operational value. <i>The standard does not have any impact on the Fund</i></p>
<p>IPSAS 47: Revenue</p>	<p><i>Applicable 1st January 2026</i> 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</p>

Busia County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2025

	<p>for revenue under one standard. The objective of the standard is to establish the principles that the Fund shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><i>The standard does not have any impact on the Fund</i></p>
<p>IPSAS 48: Transfer Expenses</p>	<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> <p><i>The standard does not have any impact on the Fund</i></p>
<p>IPSAS 49: Retirement Benefit Plans</p>	<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> <p><i>The standard does not have any impact on the Fund</i></p>
<p>IPSAS 50: Exploration For & Evaluation of Mineral Resources</p>	<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 Fund'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. <p><i>The standard does not have any impact on the Fund</i></p>

(i) Early adoption of standards

The Fund 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 Fund and can be measured reliably.

ii. Revenue from exchange transactions

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 each period.

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the Fund's right to receive payments is established.

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 the County Assembly on 15th April 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 Fund upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations of zero on the FY 2024/2025 budget following the governing body's approval.

The Fund's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

Summary of Significant Accounting Policies (Continued)

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

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

c) 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 Fund 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.

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 Fund 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 Fund 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).

Financial liabilities

Classification

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

a) 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:

Summary of Significant Accounting Policies (Continued)

- 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 of 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 of cost and 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 Fund.

b) Provisions

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

c) 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 Fund recognizes a social benefit as an expense for the social benefit scheme at the same time that it recognizes a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the Fund will incur in fulfilling the present obligations represented by the liability.

Summary of Significant Accounting Policies (Continued)

d) Contingent liabilities

The Fund 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.

Contingent assets

The Fund 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 Fund 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.

e) Changes in accounting policies and estimates

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

f) Related parties

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

g) Cash and cash equivalents

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

h) Comparative figures

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

Summary of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

The preparation of the Fund'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.

State all judgments, estimates and assumptions made e.g.

a) 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 Fund 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 Fund. Such changes are reflected in the assumptions when they occur. IPSAS 1.140.

b) 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 Fund
- 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

c) Provisions

Provisions were raised and management determined an estimate based on the information available.

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.

Busia County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Notes to the Financial Statements Continued

6. Public contributions and donations

Description	2024-2025	2023-2024
	Kshs	Kshs
Donation From Development Partners	-	-
Contributions From the Public	-	-
Total	-	-

7. Transfers from County Government

Description	2024-2025	2023-2024
	Kshs	Kshs
Transfers From County Govt. –Operations	-	-
Payments By County On Behalf Of The Fund	-	-
Unconditional Development grants	-	-
Total	-	-

8. Fines, penalties and other levies

Description	2024-2025	2023-2024
	Kshs	Kshs
Late Payment Penalties	-	-
Fines	-	-
Total	-	-

9. Interest income

Description	2024-2025	2023-2024
	Kshs	Kshs
Interest Income from Mortgage Loans	-	-
Interest Income From Car Loans	-	-
Interest Income From Investments in financial assets	-	-
Interest Income On Bank Deposits	-	-
Total Interest Income	-	-

Busia County Health Services Fund**Annual Report and Financial Statements for the year ended June 30, 2025****10. Other income**

Description	2024-2025	2023-2024
	Kshs	Kshs
Insurance Recoveries	-	-
Income from Sale of Tender Documents	-	-
Bad debts recovered	-	-
Miscellaneous Income	-	-
Total Other Income	-	-

11. Employee Costs

Description	2024-2025	2023-2024
	Kshs	Kshs
Salaries And Wages	-	-
Staff Gratuity	-	-
Staff Training Expenses	-	-
Social Security Contribution	-	-
Other (<i>Specify</i>)	-	-
Total	-	-

12. Use of Goods and Services

Description	2024-2025	2023-2024
	Kshs.	Kshs.
General Office Expenses	-	-
Administration Fees	-	495,000
Professional Services Costs	-	-
Operations and Maintenance - Dispensaries	-	2,093,867
Operations and Maintenance – Health Centres	-	2,093,850
Operations and Maintenance - Hospitals	3,100,000	6,407,550
Food and Nutrition	339,816	-
Food and Nutrition	349,745	-
Food and Nutrition	557,297	-
Social benefit expenses*	-	-
Total	4,366,858	11,090,267

Busia County Health Services Fund

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13. Depreciation and Amortization Expenses

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Property Plant and Equipment	-	-
Intangible Assets	-	-
Total	-	-

14. Finance costs

Description	2024-2025	2023-2024
	Kshs	Kshs
Interest On Bank Overdrafts	-	-
Interest On Loans From Banks	-	-
Total	-	-

15. Gain/(loss) on disposal of assets

Description	2024-2025	2023-2024
	Kshs	Kshs
Property, Plant and Equipment	-	-
Intangible Assets	-	-
Total	-	-

16. Gain/ (loss) on Fair Value Investments

Description	2024-2025	2023-2024
	Kshs	Kshs
Investments at Fair Value- Equity investments	-	-
Fair value – Investment property	-	-
Fair value- other financial assets (specify)	-	-
Total Gain	-	-

17. Cash and cash equivalents

Description	2024-2025	2023-2024
	Kshs	Kshs
Car Loan Account	-	-
County Mortgage Account	-	-
Fixed Deposits Account	-	-
On – Call Deposits	-	-

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Current Account - CBK - Acc No 1000535822	1,115,493	5,482.351
Others (<i>Specify</i>)	-	-
Total Cash and Cash Equivalents	1,115,493	5,482.351

Detailed analysis of the cash and cash equivalents are as follows:

Financial Institution	Account number	2024-2025	2023-2024
		Kshs	Kshs
a) Fixed Deposits Account			
Kenya Commercial Bank		-	-
Equity Bank, Etc.		-	-
Sub- Total		-	-
b) On - Call Deposits			
Kenya Commercial Bank		-	-
Equity Bank - Etc.		-	-
Sub- Total		-	-
c) Current Account			
Kenya Commercial Bank		-	-
Central Bank of Kenya	1000535822	1,115,493	5,482,351
Sub- Total		1,115,493	5,482,351
d) Others(Specify)			
Cash In Transit		-	-
Cash In Hand		-	-
Sub- Total		-	-
Grand Total		1,115,493	5,482,351

18. Receivables from exchange transactions

Description	2024-2025	2023-2024
	Kshs	Kshs
Current Receivables		
Interest Receivable	-	-
Current Loan Repayments Due	-	-
Other Exchange Debtors	-	-
Less: Impairment Allowance	-	-
Total Current Receivables		
Non-Current Receivables		
Long Term Loan Repayments Due	-	-

Busia County Health Services Fund

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Total Non- Current Receivables	-	-
Total Receivables From Exchange Transactions	-	-

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Additional disclosure on interest receivable

Description	2024-2025	2023-2024
	Kshs	Kshs
Interest Receivable		
Interest receivable from current portion of long-term loans of previous years	-	-
Accrued interest receivable from of long-term loans of previous years	-	-
Interest receivable from current portion of long-term loans issued in the current year	-	-
Current loan repayments due		
Current portion of long-term loans from previous years	-	-
Accrued principal from long-terms loans from previous periods	-	-
Current portion of long-term loans issued in the current year	-	-

19. Prepayments

Description	2024-2025	2023-2024
	Kshs	Kshs
Prepaid Rent	-	-
Prepaid Insurance	-	-
Prepaid Electricity Costs	-	-
Other Prepayments (<i>Specify</i>)	-	-
Total	-	-

20. Inventories

Description	2024-2025	2023-2024
	Kshs	Kshs
Consumable Stores	-	-
Spare Parts And Meters	-	-
Catering	-	-
Other Inventories (<i>Specify</i>)	-	-
Total Inventories	-	-

Busia County Health Services Fund**Annual Report and Financial Statements for the year ended June 30, 2025**

Detailed disclosure on inventories

	2024-2025	2023-2024
Opening balance	-	-
Additional Inventory in the year	-	-
Inventory expensed in the year	-	-
Write-downs in the year	-	-
Others specify	-	-
Closing balance	-	-

21. Investments in financial assets

Description	2024-2025	2023-2024
	Kshs	Kshs
a. Investment in Treasury bills and bonds		
Financial institution		
CBK	-	-
CBK	-	-
Sub- total	-	-
b. Investment with Financial Institutions/ Banks		
Bank x	-	-
Bank y	-	-
Sub- total	-	-
c. Equity investments (specify)		
Equity/ shares in Fund xxx	-	-
Sub- total	-	-
Grand total	-	-

d. Movement of Equity Investments

Impairment allowance/ provision	2024-2025	2023-2024
	Kshs	Kshs
At the beginning of the year	-	-
Purchase of investments in the year	-	-
Sale of investments during the year	-	-
Gain/(loss) in fair value of investments through surplus or deficit	-	-
At the end of the year	-	-

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e) Shareholding in other entities

Name of Fund where investment is held	No of shares			Nominal value of shares	Fair value of shares	Fair value of shares
	Direct shareholding	Indirect shareholding	Effective shareholding		2024-2025	2023-2024
	%	%	%	Kshs	Kshs	Kshs
Fund A	-	-	-	-	-	-
Fund B	-	-	-	-	-	-
Fund C	-	-	-	-	-	-
	-	-	-	-	-	-

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22. Property, plant, and equipment

	Land	Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Rate	X%	X%	X%	X%	X%	
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
At 1st July 2023	-	-	-	-	-	-
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-
At 30th June 2024	-	-	-	-	-	-
At 1st July 2024						
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-
At 30th June 2025	-	-	-	-	-	-
Depreciation And Impairment						
At 1 st July 2024	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-
Impairment	-	-	-	-	-	-
At 30th June 2024	-	-	-	-	-	-
At 1st July 2024						
Depreciation	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Impairment	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-	-
At 30th June 2025	-	-	-	-	-	-
Net Book Values						
At 30th June 2024	-	-	-	-	-	-
At 30th June 2025	-	-	-	-	-	-

23. Intangible assets

Description	2024-2025	2023-2024
	Kshs	Kshs
Cost		
At Beginning of The Year	-	-
Additions	-	-
At End of The Year	-	-
Amortization And Impairment		
At Beginning of The Year	-	-
Amortization	-	-
At End of The Year	-	-
Impairment Loss	-	-
At End of The Year	-	-
NBV	-	-

24. Investment Property

Description	2024-2025	2023-2024
	Kshs	Kshs
At beginning of the year	-	-
Additions	-	-
Disposal during the year	-	-
Depreciation	-	-
Impairment	-	-
Gain/(loss) in fair value (if fair value is elected)	-	-
At end of the year	-	-

25. Trade and other payables from exchange transactions

Description	2024-2025		2023-2024	
	Kshs	% of the Total	Kshs	% of the Total
Trade Payables	-		-	
Refundable Deposits	-		-	
Accrued Expenses	-		-	
Other Payables	-		-	
Total Trade and Other Payables	-		-	
Ageing analysis (Trade and other payables)	2024-2025	% of the Total	2023-2024	% of the Total

*Busia County Health Services fund
Annual Report and Financial Statements For the year ended 30th June 2025*

Under one year	-	100%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	100%	-	%
Total (tie to above total)	-		-	

26. Provisions

Description	Leave provision	Gratuity Provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs
Balance b/f	-	-	-	-
Additional provisions	-	-	-	-
Provision utilised	-	-	-	-
Change due to discount and time value for money	-	-	-	-
Total provisions year end				
Current Provisions	-	-	-	-
Non-Current Provisions	-	-	-	-

27. Borrowings

Description	2024-2025	2023-2024
	Kshs	Kshs
Balance At Beginning of The Period	-	-
External Borrowings During the Year	-	-
Domestic Borrowings During the Year	-	-
Repayments of External Borrowings During the Period	-	-
Repayments of Domestic Borrowings During the Period	-	-
Balance At End of The Period	-	-

The table below shows the classification of borrowings into external and domestic borrowings:

Description	2024-2025	2023-2024
	Kshs	Kshs
External Borrowings		
Dollar Denominated Loan From 'X Organization'	-	-
Sterling Pound Denominated Loan From 'Y Organization'	-	-
Euro Denominated Loan from Z Organization'	-	-

Domestic Borrowings		
Kenya Shilling Loan From KCB	-	-
Kenya Shilling Loan from Barclays Bank	-	-
Kenya Shilling Loan from Consolidated Bank	-	-
Borrowings From Other Government Institutions	-	-
Total Balance at End of The Year	-	-

The table below shows the classification of borrowings long-term and current borrowings:

Description	2024-2025	2023-2024
	Kshs	Kshs
Short Term Borrowings (Current Portion)	-	-
Long Term Borrowings	-	-
Total	-	-

28. Employee benefit obligations

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	Insert Current FY	Insert Comparative FY
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	-	-	-	-	-
Non-Current Benefit Obligation	-	-	-	-	-
Total	-	-	-	-	-

29. Social Benefit Liabilities

Description	2024-2025	2023-2024
	Kshs	Kshs
Health social benefit scheme	-	-
Unemployment social benefit scheme	-	-
Orphaned and vulnerable benefit scheme	-	-
Elderly social benefit scheme	-	-
Bursary social benefits	-	-
Total	-	-

		-
Current social benefits	-	-
Non- current social benefits	-	-
Total (tie to totals above)	-	-

30. Cash generated from operations.

Description	2024-2025	2023-2024
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax	-	-
Adjusted For:		
Depreciation	-	-
Amortization	-	-
Gains/ Losses On Disposal Of Assets	-	-
Interest Income	-	-
Finance Cost	-	-
Working Capital Adjustments		
Increase In Inventory	-	-
Increase In Receivables	-	-
Increase In Payables	-	-
Net Cash Flow From Operating Activities	-	-

31. Related party balances

a) Nature of related party relationships

Entities and other parties related to the Fund include those parties who have 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. The fund/scheme is related to the following entities:

- a) The Busia County Government;
- b) The Department of Health and Sanitation ;
- c) Key management;
- d) Board members.

b) Related party transactions

Description	2024-2025	2023-2024
	Kshs	Kshs
Transfers From Related Parties'	-	-
Transfers To Related Parties	-	-

c) Key management remuneration

	2024-2025	2023-2024
--	-----------	-----------

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Description	Kshs	Kshs
Board Of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

d) Due from related parties

Description	2024-2025	2023-2024
	Kshs	Kshs
Due From Parent Ministry	-	-
Due From County Government	-	-
Total	-	-

Other Disclosures Continued

e) Due to related parties

Description	2024-2025	2023-2024
	Kshs	Kshs
Due To Parent Ministry	-	-
Due To County Government	-	-
Due To Key Management Personnel	-	-
Total	-	-

32. Contingent assets and contingent liabilities

Contingent Liabilities	2024-2025	2023-2024
	Kshs	Kshs
Court Case Against the Fund	-	-
Bank Guarantees	-	-
Total	-	-

33. Financial risk management

The Fund's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Fund's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimize the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Fund 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 Fund's financial risk management objectives and policies are detailed below:

a) Credit risk

The Fund 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 Fund'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 Fund's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2025				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
Total	-	-	-	-
At 30 June 2024				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
Total	-	-	-	-

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 Fund has recognized in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The Fund has no significant concentration of credit risk on any amounts.

The board of trustees sets the Fund's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

b) Liquidity risk management

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

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

Description	Less than 1 month	Between 1- 3 months	Over 5 months	Total
-------------	----------------------	------------------------	------------------	-------

	Kshs	Kshs	Kshs	Kshs
At 30 June 2025	-	-	-	-
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2024				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-

c) Market risk

The board has put in place an internal audit function to assist it in assessing the risk faced by the Fund 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 Fund'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 optimizing the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The Fund'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 Fund's exposure to market risks or the manner in which it manages and measures the risk.

i. Foreign currency risk

The Fund 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 Fund's foreign currency-denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Description		Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2025			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ Receivables	-	-	-
Liabilities			
Trade And Other Payables	-	-	-
Borrowings	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

Foreign currency sensitivity analysis

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

Description	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs	Kshs	Kshs
(Current FY)			
Euro	10%	-	-
USD	10%	-	-
(Comparative FY)			
Euro	10%	-	-
USD	10%	-	-

ii. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

The Fund analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Ksh 0 (2024: Ksh 0). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Ksh 0 (2023 – Ksh 0).

d) Capital risk management.

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

Description	2024-2025	2023-2024
	Kshs	Kshs
Revaluation reserve	-	-
Revolving fund	-	-
Accumulated surplus	-	-
Total funds	-	-
	-	-
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/(excess cash and cash equivalents)	-	-
Gearing	-	-

34. Events after the reporting period

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

35. Ultimate and Holding Fund

The Fund is a County Public Fund established by Busia County Health Services Fund Act, 2015 under the Ministry of Health and Sanitation. Its ultimate parent is the County Government of Busia.

36. Currency

The financial statements are presented in Kenya Shillings (Ksh)

20. Annexes

Annex I: Progress on Follow Up Of Prior Year Auditor’s Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

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)
OAG/WRO/BCHSF/2023/2024(2)	Budgetary Control performance	The management hereby states that the under absorption of the budget was caused by delayed disbursement of funds by the County Treasury.	No budget allocation in the FY 2024/2025	No budget allocation in the current FY 2024/2025

Guidance Notes:

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

Fund Administrator

Date.....19/9/2025.....

Busia County
The Busia County Health Services Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Annex II: Inter-Fund Confirmation Letter
Busia County Government

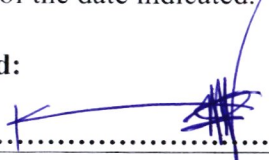
Busia County Health Services Fund
Department of Health and Sanitation, BCRH, ICU Building.

The *Busia County Government* wishes to confirm the amounts disbursed to you as at 30th June 2025 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by Busia County Health Services Fund as at 30 th June 2025							
Reference Number	Date Disbursed	Amounts Disbursed by Busia County Government (Ksh) as at 30 th June 2025				Amount Received by Busia County Health Services Fund (Ksh) as at 30 th June 2025 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
Total							

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

Head of Accountants department of beneficiary Fund:

Name KERN OTH OBERO Sign  Date 17/9/2025

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The Busia County Health Services Fund
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Annex III: Reporting of Climate Relevant Expenditures

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

Busia County

The Busia County Health Services Fund

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Annex IV: Reporting on Disaster Management Expenditure

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments

