

REPUBLIC OF KENYA



Enhancing Accountability

PAPERS LAID	
DATE	21/3/2024
TABLED BY	Dep. Mai. Wani
COMMITTEE	C.P.I.C
CLERK AT THE TABLE	Cherop

REPORT

OF

THE AUDITOR-GENERAL

ON

**TAITA-TAVETA COUNTY FACILITIES
IMPROVEMENT FUND**

**FOR THE YEAR ENDED
30 JUNE, 2023**





TAITA-TAVETA COUNTY FACILITIES IMPROVEMENT FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2023

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



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TAITA-TAVETA COUNTY FACILITIES IMPROVEMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2023

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1. Acronyms and Glossary of 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
NGOS	Non -Governmental Organisations
CECM	County Executive Committee Member

b) Glossary of Terms

Fiduciary Management	The key management personnel who had financial responsibility
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TAITA-TAVETA COUNTY FACILITIES IMPROVEMENT FUND
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2. Key Entity Information and Management

a) Background information

Taita-Taveta County Facilities Improvement Fund is established by and derives its authority and accountability from Taita Taveta Health Services Act, 2021. The Fund is wholly owned by the County Government of Taita Taveta and is domiciled in Kenya.

The fund's objective is to improve the quality of health care services in the county, support and empower rural communities to take charge of improving their own health and support health information system.

The Fund's principal activity is the management of monies allocated to Health department to improve the services provided by Health facilities.

b) Principal Activities

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

- Supervise and control the administration of the fund
- Support and empower rural communities to take charge of improving their health services
- Support health information system

c) Key Management Team

Ref	Name	Position
1	Dawson Katuu	County Executive Committee Member – Finance & Economic Planning
2	Violet Mkamburi	County Chief Officer – Health Services
3	Jackson Mwambui	Fund Administrator

d) Registered Offices

P.O. Box 1066 - 80304
Wundanyi
Taita Taveta, Kenya

e) Fund Contacts

Telephone: 0432030745/6
E-mail: ttvhealthservices@gmail.com

f) Fund Bankers

1. Kenya Commercial Bank
Wundanyi Branch
P.O. Box 1067 - 80304
Wundanyi




g) Independent Auditors

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

h) Principal Legal Adviser

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

3. Management Team

Name	Details of qualifications and experience
<p>Dawson Katuu</p> 	<p>Dawson Katuu is the County Executive Committee Member - Finance & Economic Planning. -CPA(K) He holds a Bachelor of Business Management degree from Moi University. He has over 20 years of experience after working with Private, NGOs and Public entities at management level.</p>
<p>Violet Mkamburi</p> 	<p>Violet is the County Chief Officer – Health Services. She has a Bachelor of Science degree in Nursing and Public Health. She has been in the nursing administration and program coordinator in Reproductive Health and Gender Based Violence.</p>
<p>Jackson Mwambui</p> 	<p>Jackson is a Certified Public Accountant of Kenya (CPA-K) and the Fund Administrator. He has vast experience having worked in the County treasury in the last 6 years.</p>

4. Foreword by the County Executive Committee Member

The Taita-Taveta County Facilities Improvement Fund was established by an Act of the Taita Taveta County Assembly, the Taita Taveta County Health Services Act 2021, to provide for the management of a fund to be used to improve the quality of health care services.

The establishment of the Fund has enabled to ring fence user fees collected by the Health facilities to be ploughed back to the Health sector.

During the financial year 2022/2023, the fund received a total of Kshs 67,042,652 (Sixty Seven Million, Forty Two Thousand, Six Hundred and Fifty Two). The fund was able to expend Kshs 63,692,218 (Sixty-three million, Six Hundred and Ninety thirty-two thousand, Two Hundred and Eighteen).

The Department of health has developed the Facilities Improvement Fund Operation and Supervision Manuals. The implementation of this manuals will aid in improving the collection of revenue, use of funds and enhance patient and staff satisfaction for services received and rendered.

The expenditures from the fund are guided by the Public Finance Management Act, 2012 Section 116 (3) which states that the administrator of a public fund shall ensure that the earnings of, accruals to a county public fund are retained in the fund, unless the County Executive Member for Finance directs otherwise.

In order to be able to continue providing quality health care, the department shall strive to increase the services offered in order to generate more funds.



Name: Gifton Mkaya

CECM Health Services

5. Report of The Fund Administrator

I am greatly honoured to present the Taita-Taveta County Facilities Improvement Fund Financial Statements for the year ended 30th June 2023. The financial statements present the financial performance of the fund over the last two years.

Since 1st July 2022, the Taita-Taveta County Facilities Improvement Fund has received revenue (user fees) from eight Health facilities. These are Moi County Referral Hospital, Mwatate Sub County Hospital, Taveta Sub County Hospital, Wesu Sub County Hospital, Voi Public Health, Mwatate Public Health, Taveta Public Health and Wundanyi Public Health.

During the financial year 2022/2023, the fund received a total of Kshs 67,042,652 (Sixty Seven Million, Forty Two Thousand, Six Hundred and Fifty Two). The fund was able to expend Kshs 63,692,218 (Sixty-three million, Six Hundred and Ninety thirty-two thousand, Two Hundred and Eighteen).

The collecting facility shall be allocated 75% of their revenue collection and 25% shall be allocated to County and Sub County Health Management teams.

The funds were utilised to purchase Drugs, Laboratory material, Dressing and Other Non-pharmaceutical items, Gas expenses, fuel, General Office supplies, support supervision among others items. This fund has enabled the facilities to cushion themselves from late disbursements from the National treasury.

The revenue collected is through Safaricom paybill. Each health facility has an Mpesa paybill account and the fees collected is swiped weekly into the funds' bank account.

The performance of the fund is expected to significantly grow as the Department of health services has developed the Facilities Improvement Fund Operation and Supervision Manuals. The manuals will aid in the improvement of collection of revenue, use of funds and enhance patient and staff satisfaction for services received and rendered. The manuals also capture risk management.

I appreciate the unrelenting support from the County Executive Committee Member - Finance & Economic Planning, County Chief Officer - Finance & Economic Planning, County Chief Officer – Health Services and all the key stakeholders.



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Name: Silas Njongwa

Fund Administrator

6. 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 entity in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the county government entity’s performance against predetermined objectives.

Section 2.2.5 of the Health Sector Strategic & Investment Plan II 2018-2022 states the enacting of a facility improvement fund law to allow respective facilities utilise their own source of revenue

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Health Financing	To develop legislation on health financing	The Taita Taveta County Health Services Act, 2021 was enacted and part X is on health financing	The Health facilities are able to utilise their own revenue	Improved quality of services rendered

7. Corporate Governance Statement

The Taita-Taveta County Facilities Improvement Fund was established by an Act of the Taita Taveta County Assembly, the Taita Taveta County Health Services Act 2021, to provide for the management of a fund to be used to improve the quality of health care services.

The County Health Management Board was gazetted on 27th May 2022. The Board is responsible for among other functions;

- Making recommendation on the county consolidated health budgets and work plans prepared before submission to the county executive member responsible for matters relating to health
- Distribution of resources on need-to-need basis to health facilities
- Review and approve annual financial and non-financial statements and reports

The board shall consist of:

- Chairperson appointed by the governor with approval of the county assembly
- The County Executive Member for health services
- The County Chief Officer for Finance and Economic Planning or his/her representative
- The County Chief Officer for Health Services
- County Director of Health Services
- Seven persons of whom not more than two thirds shall be of the same gender appointed by the Governor with approval of the County assembly.

The Board shall meet at least four times but not more than eight meetings in each financial year

The term of office of the members unless ex-officio shall be three years which may be renewed for one term.

The Hospital Management Board was gazetted on 18th February 2022. The Board is responsible for among other functions;

- Providing oversight to the hospital management team to improve the health status of the community
- Providing necessary checks and balances for use of all resources available to the hospital

Corporate Governance Statement (Continued)

- Making decisions that will improve the hospital, ensure continuity while keeping in line with county government policies
- Overseeing the prudent utilization and reporting of all resources under their responsibility.

The board shall consist of:

- Chairperson appointed by the governor on the recommendation of the County Executive Member for Health
- The Medical superintendent of the hospital
- Seven persons appointed by the Governor who shall be residents of the area jurisdiction

The Board shall meet at least four times in each year, but the Chairperson shall upon requisition in writing by at least five members, convene a special meeting of the Board at any time.

Remuneration of the board members (County Health Management and Hospital Management) is as per the Salaries & Remuneration Commission circular SRC/ADM/CIR/1/13(122) dated 16th April 2014.

If a member of (County Health Management and Hospital Management) board is directly or indirectly interested in disclosure of any matter before the board and is present at the meeting of the board at which the matter is the subject of consideration, he/she shall, at the meeting and as soon as practicable after the commencement, disclose that fact and shall be excluded at the meeting at which the matter is being considered.

TAITA-TAVETA COUNTY FACILITIES IMPROVEMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2023

8. Management Discussion and Analysis

Operational and Financial performance

The core operation activity of the fund is to disburse funds to health facilities. During the financial year, the Taita-Taveta County Facilities Improvement Fund managed to get revenue from user fees totalling to Kshs 67,042,652 (Sixty Seven Million, Forty Two Thousand, Six Hundred and Fifty Two) from health facilities.

FACILITY	PARTICULARS	AMOUNT
MOI COUNTY REFERRAL HOSPITAL	USER FEES	34,154,517.00
MWATATE SUB COUNTY HOSPITAL	USER FEES	7,246,240.00
TAVETA SUB COUNTY HOSPITAL	USER FEES	12,393,284.00
WESU SUB COUNTY HOSPITAL	USER FEES	4,960,620.00
VOI PUBLIC HEALTH	USER FEES	2,997,979.00
MWATATE PUBLIC HEALTH	USER FEES	1,528,750.00
TAVETA PUBLIC HEALTH	USER FEES	2,268,893.00
WUNDANYI PUBLIC HEALTH	USER FEES	1,492,369.00
	TOTAL	67,042,652.00

9. Report of The Board

The Board submit their report together with the audited financial statements for the year ended June 30, 2023 which show the state of the Fund affairs.

Principal activities

The principal activity of the Fund is the management of funds allocated to Health department to improve the services offered by Health facilities.

Results

The results of the Fund for the year ended June 30, 2023 are set out on page 1 to 5

Board

During the year the board was not operational and the fund was guided by the Public Finance Management Act, 2012 Section 116 (3) which states that the administrator of a public fund shall ensure that the earnings of, accruals to a county public fund are retained in the fund, unless the County Executive Member for Finance directs otherwise.

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.

10. 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 the Taita-Taveta County Facilities Improvement Fund established by Taita-Taveta County Health Services 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 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, 2023. 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 Fund accepts responsibility for the Fund’s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Taita-Taveta County Health Services Act 2021. 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, 2023, 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. 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 on 30/11 2023 and signed on its behalf by:


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Administrator of the County Public Fund

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON TAITA-TAVETA COUNTY FACILITIES IMPROVEMENT FUND FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

- A. Report on the 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 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.
- C. Report on the 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 does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Taita-Taveta County Facilities Improvement Fund set out on pages 1 to 23, which comprise of the statement of financial position as at 30 June, 2023 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget

Report of the Auditor-General on Taita-Taveta County Facilities Improvement Fund for the year ended 30 June, 2023

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

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Taita-Taveta County Facilities Improvement Fund as at 30 June, 2023 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 Taita-Taveta Health Services Act, 2021 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Unreceived National Hospital Insurance Fund Reimbursement

The statement of financial performance for the year ended 30 June, 2023 reflects total revenues amounting to Kshs.67,042,652. However, it was noted that the County Government of Taita Taveta Receiver of Revenue reported that Level 4 Hospital NHIF reimbursements totalling Kshs.94,965,178 had been received during the year under review. Review of records revealed that the Taita-Taveta County Facilities Improvement Fund did not receive the amount and therefore not reflected in the revenue reported for the year. This was contrary to Section 57(2)(g) and (3) of the Taita Taveta County Health Services Act, 2021 which states that funds received as reimbursement as National Hospital Insurance Fund (NHIF) shall be paid into the Taita-Taveta County Facilities Improvement Fund and that all monies due to the Fund shall be received and paid to the Fund in full and shall be collected and accounted through the established accounting system.

In the circumstances, the accuracy and completeness of the total revenue of Kshs.67,042,652 could not be confirmed.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Taita-Taveta County Facilities Improvement 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 qualified opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual amounts on comparable basis of Kshs.229,051,349 and Kshs.67,042,652 respectively, resulting to an under-funding of Kshs.162,008,697 or 71% of the budget. Similarly, the Fund expended Kshs.63,532,868 against an approved budget of

Kshs.229,051,349 resulting to an under-expenditure of Kshs.165,518,481 or 72% of the budget.

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

My opinion is however, not modified in respect of this matter.

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN 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 the International Standards for Supreme Audit Institutions (ISSAI) 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Failure to Operationalize County Health Management Board

The Fund did not have an operational County Health Management Board contrary to Section 7 of the Taita Taveta Health Services Act, 2021 on establishment and composition of the Board. Further, Section 10 of the Act details the functions of the Board among them being the responsibility to review and approve annual financial statements and reports and providing oversight. The financial statements for the Fund for the year

ended 30 June, 2023 submitted for audit review on 28 September, 2023 were therefore not reviewed and approved by Management Board.

In the circumstances, the effectiveness of internal controls, risk management and governance could not be confirmed.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs) 2315 and 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 controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall governance.

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

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

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

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

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. 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 and weakness 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 addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, 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 accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Fund's policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:


- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the

financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi


12 January, 2024

TAITA-TAVETA COUNTY FACILITIES IMPROVEMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2023


12. Statement of Financial Performance for the Year Ended 30th June 2023

	Note	2022-2023	2021-2022
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
User fees	1	66,490,852	20,777,675
User fees - Mpesa	8	551,800	501,121
Total Revenue		67,042,652	21,278,796
Expenses			
Transfer of Funds	2	(61,896,297)	(10,943,111)
Fund Administration Expenses	4	(1,169,056)	(385,000)
Use of goods and services	3	(467,515)	(5,073,218)
Total Expenses		63,532,868	16,401,329
Other Gains/Losses			
Gain/Loss on Disposal of Assets		-	-
Surplus/(Deficit) For the Period		3,509,784	4,877,467

(The notes set out on pages 6 to 22 form an integral part of these Financial Statements)



Name: Silas Njongwa
Administrator of the Fund



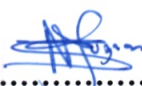
Name: CPA Jackson Mwambui
Accountant
ICPAK Member Number:ICPAK No. 27011

TAITA-TAVETA COUNTY FACILITIES IMPROVEMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2023

13. Statement of Financial Position As at 30 June 2023

	Note	2022-2023	2021-2022
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	5	8,102,926	4,692,492
		8,102,926	4,692,492
Non-Current Assets			
Property, Plant and Equipment	6	184,975	184,975
Receivables	7	159,350	-
		-	-
Total Assets		8,447,251	4,877,467
Liabilities			
Current Liabilities			
		-	-
Non-Current Liabilities			
Total Liabilities		-	-
Net Assets		8,447,251	4,877,467
Accumulated Surplus		8,447,251	4,877,467
Total Net Assets and Liabilities		8,447,251	4,877,467

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 30/11 2023 and signed by:



.....
Name: Silas Njongwa
Administrator of the Fund



.....
Name: CPA Jackson Mwambui
Accountant
ICPAK Member Number:ICPAK No. 27011

TAITA-TAVETA COUNTY FACILITIES IMPROVEMENT FUND
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14. Statement Of Changes in Net Assets for the year ended 30th June 2023

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance As At 1 July 2021	-	-	-	-
Surplus/(Deficit) For the Period	-	-	4,877,467	4,877,467
Funds Received During the Year	-	-	-	-
Balance As At 30 June 2022	-	-	4,877,467	4,877,467
Balance As At 1 July 2022	-	-	4,877,467	4,877,467
Surplus/(Deficit) For the Period	-	-	3,569,784	3,569,784
Funds Received During the Year	-	-	-	-
Balance As At 30 June 2023	-	-	8,447,251	8,447,251



.....
Name: Silas Njongwa
Administrator of the Fund




.....
Name: CPA Jackson Mwambui
Accountant
ICPAK Member Number:ICPAK No. 27011


TAITA-TAVETA COUNTY FACILITIES IMPROVEMENT FUND
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15. Statement of Cash Flows for The Year Ended 30 June 2023

	Note	2022-2023	2021-2022
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
User fees	1	66,490,852	20,777,675
User fess - Mpesa	9	551,800	501,121
Total receipts		67,040,652	21,278,796
Payments			
Transfer of Funds	2	(61,896,297)	(10,943,111)
Fund administration expenses	4	(1,169,056)	(385,000)
General expenses	3	(467,515)	(5,073,218)
Total payments		(63,532,868)	(16,401,329)
Net cash flows from operating activities		3,509,784	4,877,467
Cash flows from investing activities			
Purchase of property, plant & equipment	6	-	(184,975)
Net cash flows used in investing activities		-	(184,975)
Cash flows from financing activities		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash & cash			
Equivalents		3,509,784	4,692,492
Cash and cash equivalents at 1 July		4,692,492	-
Cash and cash equivalents at 30 June	5	8,202,276	4,692,492



Name: Silas Njongwa
Administrator of the Fund



Name: CPA Jackson Mwambui
Accountant
ICPAK Member Number:ICPAK No.27011

TAITA-TAVETA COUNTY FACILITIES IMPROVEMENT FUND
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16. Statement Of Comparison of Budget And Actual Amounts For The Period

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilisation
	2023	2023	2023	2023	2023	2023
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	
Transfers From County Govt.	149,051,349	-	149,051,349		149,051,349	-
User fees	80,000,000	-	80,000,000	67,042,652	12,957,348	83
Total Income	229,051,349	-	229,051,349	67,042,652	162,008,697	
Expenses						
General Expenses	165,985,996	-	165,985,996	467,515	165,518,481	0.3
Fund Administration Expenses	1,169,056	-	1,169,056	1,169,056	-	100
Transfer of Funds	61,896,297	-	61,896,297	61,896,297	-	100
Total Expenditure	229,051,349	-	229,051,349	63,532,868	165,518,481	
Surplus For The Period				3,509,784	(3,509,784)	

Budget notes

1. *The differences between actual and budgeted amounts is as a result of;*

- *The Fund did not receive any monies from the County Government.*

17. Notes to the Financial Statements

1. General Information

Taita-Taveta County Facilities Improvement Fund is established by and derives its authority and accountability from Taita Taveta Health Services Act, 2021. The entity is wholly owned by the Taita Taveta County Government and is domiciled in Kenya. The entity's principal activity is the management of funds allocated to Health department to improve the services offered by 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 2023*

Standard	Effective date and impact
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p>

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Standard	Effective date and impact
	<ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.

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Standard	Effective date and impact
	<p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other improvements to IPSAS	<p><i>Applicable 1st January 2023</i></p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>

(ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.

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

TAITA-TAVETA COUNTY FACILITIES IMPROVEMENT FUND
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Standard	Effective date and impact:
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

(iii) Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year 2022/2023.

2. Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

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 Entity'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 2022/2023 was approved by the County Assembly on June 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund did not record additional appropriations on the FY 2022/2023 budget.

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

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 performance has been presented under section of these financial statements.

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 entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

d) Intangible Assets

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

The useful life of the intangible assets is assessed as either finite or indefinite.

e) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Summary of Significant Accounting Policies (Continued)

f) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Summary of Significant Accounting Policies (Continued)

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Significant Accounting Policies (Continued)

Financial liabilities

Classification

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

g) Inventories

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

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

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

After initial recognition, inventory is measured at the lower 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 Entity.

h) Provisions

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

i) Social Benefits

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

Summary of Significant Accounting Policies (Continued)

j) Contingent liabilities

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

Contingent assets

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

k) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements. The Entity has no reserves.

l) Changes in accounting policies and estimates

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

m) Employee benefits – Retirement benefit plans

The Entity provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

Summary of Significant Accounting Policies (Continued)

n) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

o) Borrowing costs

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

p) Related parties

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

q) Cash and cash equivalents

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

r) Comparative figures

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

State all judgements, 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 Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140.

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 Entity
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

TAITA-TAVETA COUNTY FACILITIES IMPROVEMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2023

6. Notes To The Financial Statements

1. User Fees

Description	2022-2023	2021-2022
	Kshs	Kshs
MOI COUNTY REFERRAL HOSPITAL	34,154,517	9,650,729
MWATATE SUB COUNTY HOSPITAL	7,246,240	2,157,162
TAVETA SUB COUNTY HOSPITAL	12,393,284	4,453,464
WESU SUB COUNTY HOSPITAL	4,960,620	1,536,830
VOI PUBLIC HEALTH	2,997,979	1,414,118
MWATATE PUBLIC HEALTH	1,528,750	356,760
TAVETA PUBLIC HEALTH	2,268,893	993,613
WUNDANYI PUBLIC HEALTH	1,492,369	716,120
TOTAL	67,042,652	21,278,796

2. Transfer of Funds

Description	2022-2023	2021-2022
	Kshs	Kshs
MOI COUNTY REFERRAL HOSPITAL	22,432,329	6,529,779
MWATATE SUB COUNTY HOSPITAL	5,313,031	1,279,610
TAVETA SUB COUNTY HOSPITAL	5,887,218	2,354,750
WESU SUB COUNTY HOSPITAL	3,172,511	778,972
VOI PUBLIC HEALTH	1,915,655	
MWATATE PUBLIC HEALTH	2,493,794	
TAVETA PUBLIC HEALTH	4,289,577	
WUNDANYI PUBLIC HEALTH	1,568,583	
COUNTY HEALTH MANAGEMENT TEAM	6,312,175	
VOI SUB COUNTY HEALTH MANAGEMENT TEAM	2,127,856	
MWATATE SUB COUNTY HEALTH MANAGEMENT TEAM	2,127,856	
TAVETA SUB COUNTY HEALTH MANAGEMENT TEAM	2,127,856	
WUNDANYI SUB COUNTY HEALTH MANAGEMENT TEAM	2,127,856	
TOTAL	61,896,297	10,943,311

TAITA-TAVETA COUNTY FACILITIES IMPROVEMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2023
Notes To The Financial Statements (Continued)

3. Use of goods and services

Description	2022/23	2021/22
	Kshs.	Kshs.
General Office Expenses	7,000	316,311
Bank Charges	9,615	3,376
Electricity	-	34,300
Water Expenses	45,000	62,850
Fuel And Oil Costs	-	833,987
Postage And Courier	-	8,350
Printing And Stationery	-	99,700
Telephone And Communication Expenses	-	170,500
Gas Expenses	-	530,406
Internet connections	-	5,000
Accommodation – Domestic Travel	-	13,300
Domestic Subsistence Allowance	44,800	529,865
Advertisement, Awareness & Publicity Campaigns	26,640	60,000
Catering Services	25,000	376,755
Boards, Committees, Conferences and Seminars	-	106,225
Medical Drugs	-	147,537
Dressing and Non- Pharmaceuticals	-	3,000
Fungicides, Insecticides and Sprays	-	11,262
Laboratory Materials, Supplies and Small Equipment	157,900	425,600
Supplies and Accessories for Computer and Printers	-	10,500
Sanitary and Cleaning Materials	25,000	69,097
Other Fuels	10,000	11,550
Motor Vehicle Maintenance Expenses	-	398,271
Maintenance of Buildings and Stations	68,860	817,501
Purchase of Office Furniture	15,000	1,525
Purchase of Computer, Printers & other IT Equipment	-	8,500
Overhaul of Water Supply and Sewerage	-	17,950
Hire of Equipment, Plant and Machinery	7,500	-
Casuals	25,200	-
Total	467,515	5,073,218

TAITA-TAVETA COUNTY FACILITIES IMPROVEMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2023
Notes To The Financial Statements (Continued)

4. Administration Costs

Description	2022-2023	2021-2022
	Kshs	Kshs
Fund Administration Expenses	1,169,056	385,000
Total	1,169,056	385,000

5. Bank Accounts

Description	2022-2023	2021-2022
	Kshs	Kshs
Bank Account	7,551,126	4,191,371
Mpesa	551,800	501,121
Total Cash and Cash Equivalents	8,102,926	4,692,492

Mpesa details are in note No. 9

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

Financial Institution	Account number	2022-2023	2021-2022
		Kshs	Kshs
a) Bank Account			
Kenya Commercial Bank	1293040819	7,551,126	4,191,371
b) Mpesa			
Cash Held in Mpesa		538,200	148,691
Cash in Transit - Mpesa		13,600	352,430
Total		8,102,926	4,692,492

TAITA-TAVETA COUNTY FACILITIES IMPROVEMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2023
Notes to The Financial Statements (Continued)

6. Property, plant and equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
At 30 th June 2022	-	-	83,475	101,500-	184,975
At 1 st July 2022	-	-	83,475	101,500	184,975
Additions	-	-			
Depreciation	-	-	-	-	-
At 30 th June 2023	-	-	83,475	101,500	184,975
Net Book Values					
At 30 th June 2022	-	-	83,475	101,500	184,975
At 30 th June 2023	-	-	83,475	101,500	184,975

7. Receivables

Description	2022-2023	2021-2022
	Kshs	Kshs
Outstanding Imprest	159,350	-
Total	159,350	-

Other Disclosures

8. 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 County Government;
- b) The Parent County Government Ministry;
- c) Key management;
- d) Board of Trustees;

9. Disbursement of the Funds

In the absence of an operational board, expenditures from the fund were guided by the Public Finance Management Act, 2012 Section 116 (3) which states that the administrator of a public fund shall ensure that the earnings of, accruals to a county public fund are retained in the fund, unless the County Executive Member for Finance directs otherwise.

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Notes To The Financial Statements (Continued)

Other Disclosures

10. Balances in revenue collection accounts

The County Government own source revenue is recognised in the financial statements when it has been swiped to the FIF Fund account and when received in the Mpesa paybill. Swiping of the funds from Mpesa to FIF Fund is done on a weekly basis.

		2022-2023	2021-2022
Financial Institution	Paybill Account No.	Kshs	Kshs
a) Cash Held in Mpesa			
Moi County Referral Hospital	593856	398,060	97,881
Mwatate Sub County Hospital.	593948	24,800	20,120
Taveta Sub County Hospital.	593863	82,290	16,740
Wesu Sub County Hospital	593858	33,050	13,950
	Total	538,200	148,691
		2022-2023	2021-2022
Financial Institution	Paybill Account No.	Kshs	Kshs
b) Cash in Transit - Mpesa			
Voi Sub-County Public Health	4087137	600	194,500
Mwatate Sub-County Public Health	4087141	1,500	26,500
Taveta Sub-County Public Health	4087139	5,800	106,530
Wundanyi Sub-County Public Health	4087135	5,700	24,900
	Total	13,600	352,430

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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)

The fund is yet to receive the external auditors report.