

REPUBLIC OF KENYA



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REPORT

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THE AUDITOR-GENERAL

ON

TAITA-TAVETA COUNTY FACILITIES
IMPROVEMENT FUND

FOR THE YEAR ENDED
30 JUNE, 2024

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TAITA-TAVETA COUNTY FACILITIES IMPROVEMENT FUND

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2024**

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, 2024

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TAITA-TAVETA COUNTY FACILITIES IMPROVEMENT FUND
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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
CECM	County Executive Committee Member
CHMT	County Health Management Team
SCHMT	Sub County Health Management Team

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	Silas Njongwa	Fund Administrator

d) Fiduciary Oversight Arrangements

SN	Position	Name
1	Internal Audit	Directorate of Internal Audit
2	Audit Committee	County Executive Audit Committee

TAITA-TAVETA COUNTY FACILITIES IMPROVEMENT FUND
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Key Entity and Management (Continued)

e) Registered Offices

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

f) Fund Contacts

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

g) Fund Bankers

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

h) Independent Auditors

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

i) Principal Legal Adviser




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

j) County Attorney

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

TAITA-TAVETA COUNTY FACILITIES IMPROVEMENT FUND
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3. Management Team

Name	Details of qualifications and experience
<p>1. 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>2. 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>Silas Njongwa</p> 	<p>Silas is an Accountant, the Fund Administrator and has degree in Master of commerce. He has over 15 years working experience.</p>

TAITA-TAVETA COUNTY FACILITIES IMPROVEMENT FUND
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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 2023/2024, the fund received a total of Kshs 94,255,627 (Ninety Four Million Two Hundred and Fifty Five Thousand Six Hundred and Twenty Seven). The fund was able to expend Kshs 92,419,344 (Ninety Two Million Four Hundred and Nineteen Thousand Three Hundred and Forty Four).

The Department of health has developed the Facilities Improvement Fund Operation and Supervision Manuals. The implementation of this manuals has greatly improved the collection of revenue, use of funds and enhanced 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

TAITA-TAVETA COUNTY FACILITIES IMPROVEMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2024

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 2024. The financial statements present the financial performance of the fund during the period.

The Taita-Taveta County Facilities Improvement Fund receives 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 2023/2024, the fund received a total of Kshs 94,255,627 (Ninety Four Million Two Hundred and Fifty Five Thousand Six Hundred and Twenty Seven). The fund was able to expend Kshs 92,419,344 (Ninety Two Million Four Hundred and Nineteen Thousand Three Hundred and Forty Four).

The collecting facility are allocated 75% of their revenue collection and 25% allocated to County and Sub County Health Management teams as per the Taita Taveta County Health Services Act 2021 section 60.

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 has significantly improved having in place the Improvement Fund Operation and Supervision Manuals. The manuals have enhanced the collection of revenue, use of funds and improved 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.



.....
Name: Silas Njongwa

Fund Administrator

TAITA-TAVETA COUNTY FACILITIES IMPROVEMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2024

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 Government entities 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

TAITA-TAVETA COUNTY FACILITIES IMPROVEMENT FUND
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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

TAITA-TAVETA COUNTY FACILITIES IMPROVEMENT FUND
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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, 2024

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 94,255,627 (Ninety Four Million Two Hundred and Fifty Five Thousand Six Hundred and Twenty Seven) from health facilities.

FACILITY	PARTICULARS	AMOUNT
MOI COUNTY REFERRAL HOSPITAL	USER FEES	53,783,622
MWATATE SUB COUNTY HOSPITAL	USER FEES	8,128,961
TAVETA SUB COUNTY HOSPITAL	USER FEES	13,757,647
WESU SUB COUNTY HOSPITAL	USER FEES	7,702,663
VOI PUBLIC HEALTH	USER FEES	3,371,698
MWATATE PUBLIC HEALTH	USER FEES	2,972,337
TAVETA PUBLIC HEALTH	USER FEES	2,601,217
WUNDANYI PUBLIC HEALTH	USER FEES	1,937,482
	TOTAL	94,255,627

TAITA-TAVETA COUNTY FACILITIES IMPROVEMENT FUND
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9. Report of The Trustees

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, 2024 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.

TAITA-TAVETA COUNTY FACILITIES IMPROVEMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2024

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.

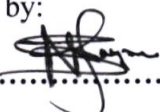
The Administrator of the Fund is responsible for the preparation and presentation of the Fund’s financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2024. This responsibility includes: (i) maintaining adequate 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, 2024, 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 30th JUNE 2024 and signed on its behalf by:


.....

Administrator of the County Public Fund

REPUBLIC OF KENYA



Enhancing Accountability

Telephone: +254-(20) 3214000
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 TAITA-TAVETA COUNTY FACILITIES IMPROVEMENT FUND FOR THE YEAR ENDED 30 JUNE, 2024

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; and,
- 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.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Taita-Taveta County Facilities Improvement Fund set out on pages 1 to 24, which comprise the statement of financial

*Report of The Auditor-General on Taita-Taveta County Facilities Improvement Fund for the year ended
30 June, 2024*

position as at 30 June, 2024, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Taita-Taveta County Facilities Improvement Fund as at 30 June, 2024 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 Public Finance Management Act, 2012 and Taita Taveta Health Services Act, 2021.

Basis for Qualified Opinion

Undisclosed Revenue

The statement of financial performance reflects total revenue of Kshs.94,255,627. However, the amount differs with the amount reflected in the statement of comparison of budget and actual amounts as final revenue of Kshs.211,066,702. The variance of Kshs.116,811,075 representing National Health Insurance Fund (NHIF) receipts WERE omitted from the statement of financial performance. However, no reason was provided for the omission.

In the circumstances, the accuracy and completeness of total revenue of Kshs.94,255,627 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.

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 Audit Issues

In the auditor's report of the previous year, several issues were raised under Report on the Financial Statements and Report on the Effectiveness of Internal Controls, Risk

Management and Governance. However, the issues remained unresolved as at 30 June, 2024, contrary to the provisions of section 149(2)(1) of the Public Finance Management Act, 2012 which requires the accounting officers designated to try to resolve any issues resulting from an audit that remain outstanding.

Other Information

Management is responsible for the other information set out on page iii to xiii which comprise of Key Entity Information and Management, Management Team, Foreword by the County Executive Committee Member, Report of the Fund Administrator, Statement of Performance Against the County Fund's Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Report of the Trustees and Statement of Management's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Taita-Taveta County Facilities Improvement Fund 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 and 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 USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Irregular Transfer of Funds to Revenue Collection Account

The statement of financial performance and Note 2 reflects transfer of funds amounting to Kshs.92,397,422 which include Kshs.42,161,727 transferred to the Revenue Collection Account. The transfer was in violation of Section 57(5) Taita Taveta County Health

Services Act, 2021 that exempts all monies raised or received directly by County health facilities and Sub-County public health units from being paid into County Revenue Fund.

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

2. Failure to Operationalize County Health Management Board

As previously reported, the Fund did not have an operational County Health Management Board during the period ending 30 June, 2024, 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 provide oversight. The Fund's financial statements for the year ended 30 June, 2024 submitted for audit review, were therefore not reviewed and approved by the board.

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

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 THE 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 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 the 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 as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

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 for 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 IFPP 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

30 December, 2024

TAITA-TAVETA COUNTY FACILITIES IMPROVEMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2024

12. Statement of Financial Performance for the Year Ended 30th June 2024

Description	Note	2023-2024	2022-2023
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
User fees	1	93,081,575	66,490,852
User fees - Mpesa	10	1,174,052	551,800
Total Revenue		94,255,627	67,042,652
Expenses			
Transfer of Funds	2	(92,397,422)	(61,896,297)
Fund Administration Expenses	4	-	(1,169,056)
Use of goods and services	3	(525,652)	(467,515)
Depreciation and Amortization Expense	6	(40,884)	-
Total Expenses		92,963,959	63,532,868
Other Gains/Losses			
Gain/Loss on Disposal of Assets		-	-
Gain /Loss on fair value of investments		-	-
Surplus/(Deficit) for the Period		1,291,668	3,509,784

(The notes set out on pages 6 to 23 form an integral part of these Financial Statements)



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



.....
Name: CPA Jackson Mwambui
Fund Accountant
ICPAK Member Number: 27011

TAITA-TAVETA COUNTY FACILITIES IMPROVEMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2024

13. Statement of Financial Position As at 30 June 2024

Description	Note	2023-2024	2022-2023
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	5	9,594,829	8,102,926
Total current assets		9,594,829	8,102,926
Non-Current Assets			
Property, Plant and Equipment	6	144,090	184,975
Receivables	7	-	159,350
Total non- current assets		144,090	-
Total Assets (A)		9,738,919	8,447,251
Liabilities			
Current Liabilities			-
Total current liabilities		-	-
Non-Current Liabilities			
Total Liabilities (B)		-	-
Net Assets (A-B)		9,738,919	8,447,251
Represented By:			
Accumulated Surplus		9,738,919	8,447,251
Net Assets		9,738,919	8,447,251

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 _____ 2024 and signed by:



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



.....
Name: CPA Jackson Mwambui
Fund Accountant
ICPAK Member Number: 27011

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14. Statement of Changes in Net Assets for the year ended 30th June 2024

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
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	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2023	-	-	8,447,251	8,447,251
	-	-		
Balance As At 1 July 2023	-	-	8,447,251	8,447,251
Surplus/(Deficit) For the Period	-	-	1,291,668	1,291,668
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2024	-	-	9,738,919	9,738,919

(Provide details on the nature and purpose of reserves)

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15. Statement of Cash Flows for The Year Ended 30 June 2024

Description	Note	2023-2024	2022-2023
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
User fees	1	93,081,575	66,490,852
User Fees - Mpesa	10	1,174,052	551,800
Total receipts		94,255,627	67,042,652
Payments			
Transfer of Funds	2	(92,397,422)	(61,896,297)
Fund administration expenses	4	-	(1,169,056)
Use of Goods	3	(366,302)	(467,515)
Total payments		(92,763,724)	(63,532,868)
Net cash flows from operating activities		1,491,903	3,509,784
Cash flows from investing activities			
Net cash flows used in investing activities		-	-
Cash flows from financing activities			
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash & cash Equivalents		1,491,903	3,509,784
Cash and cash equivalents at 1 July	5	8,202,276	4,692,492
Prior Year Adjustment		(99,350)*	-
Cash and cash equivalents at 30 June	5	9,594,829	8,202,276

(PSASB has prescribed the direct method of cash flow preparation/ presentation for all entities under the IPSAS accrual basis of accounting.)

*Being correction of retention monies for the previous year that was adjusted in the cashbook but not in the cash flow statement.

16. Statement of Comparison Of Budget And Actual Amounts For The Period 2024

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
Revenue						
National Health Insurance Fund	82,426,818	25,000,000	107,426,818	116,811,075	(9,384,257)	108
User Fees	94,255,627	-	94,255,627	94,255,627	-	100
Total Income	176,682,445	25,000,000	201,682,445	211,066,702	(9,384,257)	
Expenses						
General Expenses	525,652	-	525,652	525,652	-	100
Transfer of Funds	93,729,975	-	93,729,975	92,397,422	1,332,553	99
National Health Insurance Fund	82,426,818	25,000,000	107,426,818	116,811,075	(9,384,257)	108
Total Expenditure	176,682,445	25,000,000	201,682,445	209,734,149	(8,051,704)	
Surplus For the Period	-	-	-	1,332,553	(1,332,553)	

Budget notes

1. The National Health Insurance Fund reimbursements were utilised from the Hospital Accounts.
2. The budget for Moi County Referral Hospital was adjusted to factor in the increase of revenue received.

17. Notes to the Financial Statements

Significant Accounting Policies

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 Services 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 2024

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 2024.

Standard	Effective date and impact:
IPSAS 43	<i>Applicable 1st January 2025</i> 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. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. <i>State the expected impact of the standard to the Entity if relevant</i>
IPSAS 44: Non- Current Assets Held	<i>Applicable 1st January 2025</i> The Standard requires,

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for Sale and Discontinued Operations	<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> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 45- Property Plant and Equipment	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 46 Measurement	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 47- Revenue	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 48- Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>

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IPSAS 49- Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
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(i) Early adoption of standards

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

3. Summary of Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

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 2023/2024 was approved by the County Assembly on June 2023. 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 recorded additional appropriations of 25,000,000 on the FY 2023/2024 budget following the governing body's approval.

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

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.

a) 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.

b) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. *Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over an year period or investment property is measured at fair value with gains and losses recognised through surplus or deficit.* 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)

c) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. (amend as appropriate).* A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

Classification of financial assets

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

Subsequent measurement

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

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*.

Summary of 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.

d) 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.

e) 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.

f) 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)

g) 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.

h) Nature and purpose of reserves

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

i) 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.

j) 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)

k) 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.

l) 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.

m) 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.

n) 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.

o) 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

c) Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note xxx.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

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6. Notes To The Financial Statements Continued

1. User Fees

Description	2023-2024	2022-2023
	Kshs	Kshs
Moi County Referral Hospital	52,984,088	34,154,517
Mwatate Sub County Hospital	8,050,743	7,246,240
Taveta Sub County Hospital	13,634,027	12,393,284
Wesu Sub County Hospital	7,564,683	4,960,620
Voi Public Health	3,365,598	2,997,979
Mwatate Public Health	2,957,237	1,528,750
Taveta Public Health	2,598,217	2,268,893
Wundanyi Public Health	1,926,982	1,492,369
Total	93,081,575	67,042,652

Revenue for services rendered. Each Health Facility has its own Mpesa Paybill account.

2. Transfers of Funds

Description	2023-2024	2022-2023
	Kshs	Kshs
Moi County Referral Hospital	20,519,406	22,432,329
Mwatate Sub County Hospital	3,293,415	5,313,031
Taveta Sub County Hospital	4,899,798	5,887,218
Wesu Sub County Hospital	2,579,771	3,172,511
Voi Public Health	1,703,984	1,915,655
Mwatate Public Health	1,168,875	2,493,794
Taveta Public Health	1,467,299	4,289,577
Wundanyi Public Health	925,565	1,568,583
County Health Management Team	6,365,950	6,312,175
Voi Sub County Health Management Team	1,827,908	2,127,856
Mwatate Sub County Health Management Team	1,827,908	2,127,856
Taveta Sub County Health Management Team	1,827,908	2,127,856
Wundanyi Sub County Health Management Team	1,827,908	2,127,856
Revenue Collection Account	42,161,727	-
Total	92,397,422	61,896,297

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Notes To The Financial Statements (Continued)

3. Use of Goods and Services

Description	2023-2024	2022-2023
	Kshs.	Kshs.
General Office Expenses	36,300	7,000
Bank Charges	21,922	9,615
Water Expenses	-	45,000
Domestic Subsistence Allowance	213,080	44,800
Advertisement, Awareness & Publicity Campaigns	-	26,640
Catering Services	-	25,000
Boards and Conferences	50,000	-
Laboratory Materials, Supplies and Small Equipment	-	157,900
Sanitary and Cleaning Materials	-	25,000
Fuel and Lubricants	25,000	-
Other Fuels	-	10,000
Maintenance of Buildings and Stations	-	68,860
Purchase of Office Furniture	-	15,000
Hire of Equipment, Plant and Machinery	-	7,500
Telephone	20,000	-
Casuals	-	25,200
Other	159,350	-
Total	525,652	467,515

Expenditure of Ksh 159,350 relates to receivables as per note 7.

4. Administration Cost

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Fund Administration Expenses	-	1,169,056
Total	-	1,169,056

Administration cost totalling Ksh 1,959,899 was expensed through the County Health Management Team KCB Account No. 1297801679.

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Notes to the Financial Statements (Continued)

5. Cash and cash equivalents

Description	2023-2024	2022-2023
	Kshs	Kshs
Bank Account	8,420,777	7,551,126
Mpesa	1,174,052	551,800
Total Cash and Cash Equivalents	9,594,829	8,102,926

Note 10 provides details of Mpesa balances.

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

Financial Institution	Account number	2023-2024	2022-2023
		Kshs	Kshs
a) Bank Account			
Kenya Commercial Bank	1293040819	8,420,777	7,551,126
Sub- Total		8,420,777	7,551,126
b) Mpesa			
Cash Held in Mpesa		1,174,052	538,200
Cash in Transit - Mpesa		-	13,600
Sub- Total		1,174,052	551,800
Grand Total		9,594,829	8,102,926

TAITA-TAVETA COUNTY FACILITIES IMPROVEMENT FUND
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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			
At 1 st July 2021	-	-			
Depreciation	-	-			
Impairment	-	-			
At 30th June 2022)	-	-	83,475	101,500	184,975
At 1st July 2023	-	-	83,475	101,500	184,975
Depreciation	-	-	10,435	30,450	40,885
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-
At 30th June 2024	-	-	73,040	71,050	144,090
Net Book Values	-	-	-	-	-
At 30th June 2023	-	-	83,475	101,500	184,975
At 30th June 2024	-	-	73,040	71,050	144,090

Notes To The Financial Statements (Continued)

7. Receivables

Description	2023-2024	2022-2023
	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; etc.

9. Disbursements of 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.

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.

Financial Institution	Paybill Account No.	2023-2024	2022-2023
		Kshs	Kshs
a) Cash Held in Mpesa			
Moi County Referral Hospital	593856	799,534	398,060
Mwatate Sub County Hospital.	593948	78,218	24,800
Taveta Sub County Hospital.	593863	123,620	82,290
Wesu Sub County Hospital	593858	137,980	33,050

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Voi Sub-County Public Health	4087137	6,100	-
Mwatate Sub-County Public Health	4087141	15,100	-
Taveta Sub-County Public Health	4087139	3,000	-
Wundanyi Sub-County Public Health	4087135	10,500	-
	Total	1,174,052	538,200

Financial Institution	Paybill Account No.	2023-2024	2022-2023
		Kshs	Kshs
b) Cash in Transit - Mpesa			
Voi Sub-County Public Health	4087137	-	600
Mwatate Sub-County Public Health	4087141	-	1,500
Taveta Sub-County Public Health	4087139	-	5,800
Wundanyi Sub-County Public Health	4087135	-	5,700
	Total	-	13,600

11. Other Receipts

Description	HEALTH FACILITY			
	Moi County Referral Hospital	Mwatate Sub County Hospital	Taveta Sub County Hospital	Wesu Sub County Hospital
National Health Insurance Fund	64,442,592	13,318,012	25,034,024	11,434,598
County Government	500,000	-	200,000	200,000
Blue Cross	268,000	-	126,400	171,200
AAR Insurance	-	1,990	-	-
Total	65,210,592	13,320,002	25,360,424	11,805,798

During the Financial year, the 4 level Hospitals received other receipts as per the disclosure. Separate Financial Statements for each Hospital have been prepared.

Notes To The Financial Statements (Continued)

12. Events after the reporting period

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

13. Ultimate and Holding Entity

The entity is a County Public Fund established by Taita Taveta County Health Services Act 2021, under the Ministry of Health Services. Its ultimate parent is the County Government of Taita Taveta.

14. Currency

The financial statements are presented in Kenya Shillings (Kshs).

14. Annexes

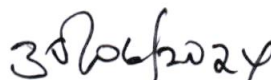
Annex I: Progress on Follow Up Of Prior Year Auditor’s Recommendations

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)
1	Unreceived National Insurance Fund Reimbursement	The level 4 Hospitals have contracts with Nhf nad obligation of the Health Care Provider 2.1.5 states The board shall remit all payments for services directly to the Health care provider using a bank account details provided by the Health care Provider	Not resolved	
2	Budgetary Control and Performance	Exchequer. Funds were not received into the fund. However, the funds were spend on the Recurrent Health Budget votes through Ifmis.	Resolved	
3	Failure to Operationalize County Health Management Board	The County Health Management Board has been appointed and gazetted.	Resolved	

- (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.....