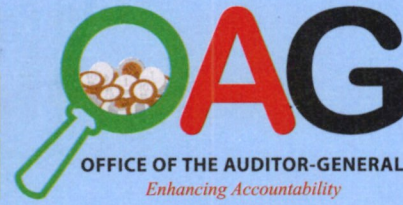


REPUBLIC OF KENYA



REPORT

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MUTOMO LEVEL 4 HOSPITAL

**FOR THE YEAR ENDED
30 JUNE, 2025**

COUNTY GOVERNMENT OF KITUI



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**MUTOMO LEVEL 4 HOSPITAL
(Kitui County Government)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2025

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



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1. Acronyms & Glossary of Terms

CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
Fiduciary Management	Key management personnel who have financial responsibility in the entity.

2. Key Entity Information and Management

(a) Background information

Mutomo Level 4 Hospital is a gazetted public health facility under the Ministry of Health, located in Kitui South Sub-County, Kitui County. Positioned along the Kitui–Kibwezi road, the hospital lies approximately 70 kilometers from Kitui town, in Mutomo town.

Originally established as a health centre in 2002, the facility was upgraded to a Level IV Hospital in 2016 to better meet the growing healthcare needs of the region.

The hospital serves a catchment population of about 16,025 households, covering Mutha Ward, Kanziko Ward, Mutomo/Kibwea Ward, and parts of Ikanga Ward.

In addition to its primary healthcare services, Mutomo Level 4 Hospital functions as a referral and support hub for eight health centres and approximately twenty dispensaries across Kitui South Sub-County.

For more advanced care, patients from the facility are referred to:

- i. Our Lady of Lourdes Mutomo Mission Hospital
- ii. Ikutha Level IV Hospital
- iii. Kitui County Referral Hospital
- iv. Occasionally, Makindu Hospital in the neighboring Makueni County

(b) Principal Activities

The primary function of Mutomo Level 4 Hospital is the delivery of comprehensive healthcare services to the community.

Vision: To be a leading provider of affordable, high-quality, and client-centered healthcare services.

Mission: To deliver accessible and affordable quality healthcare to all, while supporting training research and policy development

Core Values: Integrity, Professionalism, Team Work, Accountability, Responsiveness

(c) Key Management

The management of Mutomo Level 4 Hospital is overseen by the following key governance and administrative bodies:

- County Department of Health – Provides overall policy direction, oversight, and support in alignment with county and national health priorities.
- Board of Management – Offers strategic leadership and governance, ensuring accountability and effective resource utilization.
- Accounting Officer / Medical Superintendent – Serves as the hospital's chief administrator, responsible for day-to-day operations, financial oversight, and service delivery.
- Hospital Management Team (HMT) – Comprises departmental heads and senior staff who coordinate the planning, implementation, and monitoring of hospital activities and services

(d) Fiduciary Management

The following key management personnel held office during the financial year ending 30th June 2025 and bore direct fiduciary responsibility for the operations and financial oversight of Mutomo Level 4 Hospital:

1.	CECM - COUNTY TREASURY	PETER MWIKYA KILONZO
2.	CECM – HEALTH AND SANITATION	RUTH KOKI
3.	CHIEF OFFICER – FINANCE	JOHN KIMWELE
4.	CHIEF OFFICER - MEDICAL SERVICES	DR. BENSON MUSYOKA
5.	CHIEF OFFICER DRUGS AND MEDICAL SUPPLIES	AGGREY KAMBA
6.	CHIEF OF OFFICER PUBLIC HEALTH	LYNN KITWAN
7.	MEDICAL SUPERINTENDENT	DR. DORCAS KWAMBOKA

(e) Fiduciary Oversight Arrangements

Clinical Research and Standards Committee.
 Audit committee
 Risk Committee
 County Assembly
 Parliamentary committees
 Other oversight committees

Key Entity Information and Management (continued)

(f) Entity Headquarters

Mutomo Level 4 Hospital
P.O. Box 87 – 90201
Mutomo Hospital
Kitui – Kibwezi Road
Mutomo, Kenya

(g) Entity Contacts

Telephone: +254113112025
E-mail: mutomohospitalmedsupt@gmail.com
Website: www.kitui.go.ke

(h) Entity Bankers

Kenya Commercial Bank Group Ltd
Mutomo Branch
Elijah House
P.O BOX 26 - 90201
Mutomo, Kitui

(i) Independent Auditors

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

(j) Principal Legal Adviser

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



(k) County Attorney



P.O. Box. 33-90200
Kitui, Kenya


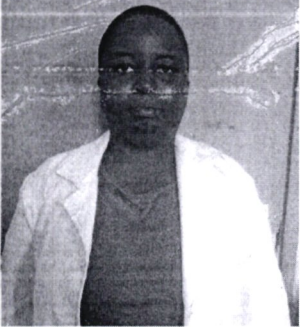

3. The Board of Management



Not in place.




4. Key Management Team



Ref	Management	Details
1	 <p>Dr. Dorcas Kwamboka Anyega Bachelors of Medicine and Surgery</p>	<p>Medical Superintendent</p>
2	 <p>Dickson Mutua Degree in Business Administration</p>	<p>Health Administrative Officer</p>
3	 <p>Rebecca Bernadetter Kisilu</p>	<p>Head of Nursing Department</p>

	Kenya Registered Community Health Nursing (KRCHN)	
4	 <p>Janeffer Mueni Muisyo Diploma in Pharmacy</p>	Head of Pharmacy Department
5	 <p>Francisca Syombua Muli Diploma in Medical Laboratory Technologist</p>	Head of Laboratory Department

6	 <p>Redempta Muthoki Kyalo Diploma in Occupational Therapy</p>	Head of Occupational Therapy Department
7	 <p>Ruth Mutinda Diploma in Clinical Medicine and Surgery</p>	Head of Clinical Department
8	 <p>Rosalia Kimuli Bachelor of Science in Human Nutrition and Dietetic</p>	Head of Nutrition Department

9	 <p>Maureen Kambua King' ondu Diploma in Health Records and Information</p>	Head of Health Records and Information Department
10	 <p>Jacinta Mumbe David Bachelor of Commerce - Finance CPA Finalist</p>	Head of Accounts Department

11	 <p>Joshua Masai Kavyu Kenya Certificate of Secondary Education Certificate in Computer Application</p>	Head of Revenue Department
12	 <p>Norman Muasya Andrew Diploma in Purchasing and Supplies Management</p>	Head of Supply Chain Department
13	 <p>Raphael Mwangangi Bachelor of Science in Instrumentation & Control Engineering</p>	Head of Biomedical Engineering Department

14	 <p>Phylis Kalunde Chamia Diploma in Physiotherapy</p>	Head of Physiotherapy Department
15	 <p>Joseph Mwangangi Certificate in Mortuary Science</p>	Head of Mortuary Department

5. Chairman's Statement

Not available)

.....

Name

Chairman to the Board

6. Report of The Medical Superintendent

The management of Mutomo Level 4 Hospital takes great pride in the notable achievements realized during the 2024/2025 financial year. These milestones reflect our unwavering commitment to advancing quality, affordable, and patient-centered healthcare services — contributing to a healthier, more productive, and globally competitive nation.

This past year reaffirmed our sense of purpose and strengthened our resolve to deliver healthcare with professionalism, innovation, and compassion. We are honored to report that Mutomo Level 4 Hospital has become the public health facility of choice for the residents of Kitui South.

Core Services Offered

Mutomo Level 4 Hospital provides a wide range of quality healthcare services, including:

- General Outpatient Services
- Laboratory Services
- Pharmacy Services
- Inpatient Care
- Family Planning
- Antenatal & Postnatal Care
- Maternity Services
- Prevention of Mother-to-Child Transmission (PMTCT)
- Mortuary Services

In addition, the facility offers specialized services, such as:

- Physiotherapy
- Radiology
- Occupational Therapy

The hospital also runs specialized outpatient clinics, which include:

- Medical Outpatient Clinic
- Diabetic Outpatient Clinic
- Gynecology Clinic
- Paediatrics Clinic
- Surgical Clinic
- Tuberculosis (TB) Clinic

A significant development this year is the launch of a Young Adolescent Diabetic Clinic, supported by the Ministry of Health (MOH).

SHA Integration and Capacity Growth

The hospital continues to enhance access to affordable healthcare through full integration with the Social Health Authority (SHA). With SHA now fully operational at the facility, service demand has increased steadily. As a result, hospital bed capacity expanded from 4 beds to 17 beds, allowing for greater admissions in general inpatient, maternity, and newborn units (NBU).

Financial Performance

In the financial year 2024/2025, the hospital generated Ksh 10,763,324 in revenue from services rendered to patients. This represents a Ksh 5,012,098 increase compared to the previous financial year — a strong indicator of the facility's growth in both reach and performance. Total SHA claims and reimbursement amounted to Ksh. 6,071,879 and Ksh. 5,152,113.03 respectively.

Revenue was collected primarily through:

- MPESA payment
- SHA Claims

Additionally, the hospital received monthly allocation of Ksh 5,940,000 from the ministry of health and sanitation and also Ksh. 1,390,000 which was approved transfer from revenue account to operation account to fund the budget. These funds paid medical costs, general costs, employee costs and repair and maintenance costs.

Despite this support, the allocation was insufficient to cover all operating expenses, leading to the accumulation of pending bills during the year. A comprehensive breakdown of fund utilization is provided in a subsequent section of this report.

Development Projects

In partnership with the County Government of Kitui, the following infrastructure projects were implemented during the year:

- Digitization of Health of Health Information system – Hospital Supplied with Desktop and Internet connectivity
- Repair and Maintenance of Mortuary

Challenges Faced

While progress was made, several challenges hindered optimal service delivery:

- Unreliable water supply, due to the region's semi-arid climate
- Frequent power disruptions from the national grid
- Breakdown of key medical equipment, including fridges, cold rooms, and laboratory instruments
- Staff shortages across departments
- Lack of fully equipped theatre

- Under-equipped departments, such as Physiotherapy and Occupational Therapy, limiting service delivery

Future Outlook

Looking ahead, Mutomo Level 4 Hospital, in collaboration with the County Government of Kitui, is committed to addressing these challenges through a comprehensive improvement plan. Key focus areas include:

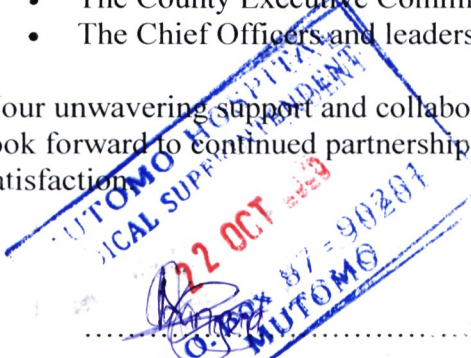
- Establishing a reliable water supply, including exploring rainwater harvesting systems
- Equipping of the maternity theatre to full operational capacity
- Expanding the range of surgical services
- Continuing tree planting initiatives to support environmental sustainability and teamwork
- Advancing digitization of hospital systems to reduce reliance on paper-based processes and enhance operational efficiency

Acknowledgment

The hospital management extends its sincere gratitude to:

- H.E. the Governor of Kitui County
- The County Executive Committee Member (CECM) for Health and Sanitation
- The Chief Officers and leadership of the Kitui County Ministry of Health

Your unwavering support and collaboration have been instrumental to our achievements this year. We look forward to continued partnership in the coming year to further enhance service delivery and client satisfaction.



.....

Dr. Dorcas Kwamboka
Secretary to the Board

7. Statement of Performance Against Predetermined Objectives

Mutomo Level 4 Hospital implemented its activities during the FY 2024/2025 based on three strategic pillars outlined in its current Strategic Plan:

- Reducing Morbidity and Mortality Burden
- Enhancing Quality Service Delivery
- Increasing Revenue Generation

Annual Work Plans (AWPs) were developed around these pillars, and performance was monitored on a quarterly basis by the Board of Management. The facility successfully met its performance targets for each of the strategic pillars during the reporting period. The table below summarizes the objectives, key performance indicators (KPIs), core activities, and achievements:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
1. Reducing Morbidity and Mortality	Reduce the burden of disease and death in the community	Number of health talks conducted	Conducting regular health talks	- Increased number of community and facility-based health talks conducted
Revenue Generation	Increase revenue collected from hospital operations	Percentage increase in total revenue compared to FY 2023/2024	Daily report reviews - SHA system training for revenue clerks - Revenue-focused CMEs - Benchmarking best practices	- Significant revenue growth over previous financial year - Enhanced NHIF claims success

<p>Quality Service Delivery</p>	<p>Provide high-quality, patient-centered healthcare services</p>	<ul style="list-style-type: none"> - Increased patient retention - Client satisfaction 	<p>Continuous service improvement</p> <ul style="list-style-type: none"> - Regular staff training - Acting on client feedback 	<ul style="list-style-type: none"> Fewer client complaints - Higher retention in special clinics - Increased deliveries - Reduced referrals Higher recovery rates and reduced in-hospital mortality
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These outcomes reflect the hospital's commitment to strategic planning, operational efficiency, and continuous quality improvement in line with county and national health goals.

8. Corporate Governance Statement

Mutomo Level 4 Hospital is committed to the principles of sound corporate governance, accountability, transparency, and ethical leadership in delivering its mandate. The governance framework is structured to ensure strategic oversight, efficient decision-making, and compliance with the relevant laws, policies, and best practices governing public health institutions in Kenya.

This section outlines the governance practices of the hospital, as guided by both national laws and county health policies.

i. Appointment of Board Members, Process of Appointment and Removal, Size, Diversity, and Board Charter

The Board of Management is constituted in accordance with the Ministry of Health guidelines and the County Public Health Act. Members are appointed by the County Government of Kitui in consultation with the relevant stakeholders, including community representatives, faith-based organizations, and professional groups.

- The board currently consists of 9 members, including the Chairperson and the Medical Superintendent, who serves as the Secretary to the Board.
- The board reflects gender, professional, and demographic diversity, representing various interest groups such as youth, people living with disabilities, women, religious groups, professionals, and the business community.
- The process of appointment is merit-based, transparent, and inclusive. Removal of board members follows due process, including review by relevant county authorities.
- The Board operates under a Board Charter, which outlines its functions, responsibilities, ethical standards, and governance principles.

ii. Roles and Functions of the Board

The Board of Management provides strategic leadership, oversight, and policy direction to ensure that the hospital fulfills its mandate effectively. Key roles include:

- Approving strategic and annual work plans
- Oversight of financial management and budgeting
- Monitoring service delivery and performance targets
- Promoting risk management and compliance
- Ensuring stakeholder engagement and community involvement
- Approving human resource needs and recruitment of contract staff

iii. Induction, Training, and Development

New board members undergo an orientation and induction program upon appointment. The training covers:

1. Governance principles
2. Health systems in Kenya
3. Public procurement and financial management
4. Ethics and leadership. Continuous capacity building is facilitated through workshops, conferences, and relevant training sessions in collaboration with the County Department of Health and partners e.g. CMMB, AMREF,

iv. Board and Members' Performance

The Board regularly evaluates its own performance and that of its individual members. This includes:

- Review of performance against the hospital's Annual Work Plan (AWP)
- Assessment of contribution to board discussions and adherence to ethical standards
- Evaluation of strategic goals and impact on service delivery.

Board performance assessments are documented and used for development planning and accountability.

v. Number of Board Meetings and Attendance

During the financial year 2024/2025, the Board held no meeting.

vi. Succession Plan

The facility has initiated a succession planning framework to ensure leadership continuity both at the board and management levels. This includes:

- Identification of potential future leaders among staff
- Training and mentoring programs
- Structured knowledge transfer process

Succession planning is embedded within the hospital's strategic human resource development approach.

vii. Policy to Manage Conflict of Interest

All Board members and senior management are required to declare any conflict of interest at the beginning of each meeting. The facility is developing a formal Conflict of Interest Policy, aligned with public service and county regulations. This ensures transparency and integrity in decision-making.

viii. Board Remuneration

Board members receive stipends and allowances for meetings and official duties, in accordance with County Government guidelines. The remuneration is reviewed periodically by the relevant county authorities to ensure fairness and compliance with public financial management regulations.

ix. Ethics and Conduct

The Board upholds high standards of ethical behavior, guided by the Leadership and Integrity Act (2012) and the hospital's own ethical code. Members are expected to conduct themselves with integrity, professionalism, impartiality, and accountability.

x. Governance Audit

A Governance Audit is planned in partnership with the County Department of Health and oversight authorities. This will assess the effectiveness of the governance systems, compliance with regulations, and the functionality of oversight structures. The audit findings will inform areas for improvement.

xi. Communication Policy

The facility follows a structured communication policy that ensures timely, accurate, and clear dissemination of information to all stakeholders. Channels include:

- Internal memos and staff meetings
- Community engagement forums
- Public noticeboards
- Media releases (where applicable)
- Patient feedback mechanisms

The goal is to foster transparency, trust, and collaborative engagement with the community and partners.

xii. Terms of Reference of Committees

The Board operates through sub-committees, each governed by specific Terms of Reference (TORs), which define their scope, roles, and accountability. Current committees include:

- Finance and Audit Committee
- Clinical Standards and Quality Assurance Committee
- Risk and Compliance Committee

These committees meet regularly and report to the full board with recommendations.

xiii. Policy on Related Party Transactions

The hospital is in the process of developing a Related Party Transactions Policy, which will provide a framework to:

- Identify, evaluate, and approve transactions involving board members, staff, or their associates
- Prevent preferential treatment or misuse of public resources
- Ensure transparency, fairness, and accountability in procurement and contractual obligations

All such transactions are currently subject to disclosure and are reviewed as part of routine internal audits.

Mutomo Level 4 Hospital remains committed to upholding strong corporate governance practices to ensure the effective, ethical, and efficient delivery of health services. Through continuous improvement, stakeholder engagement, and adherence to regulatory standards, the facility strives to achieve its mission of transforming lives through quality healthcare.

9. Management Discussion and Analysis

Clinical and Operational Performance

Mutomo Level 4 Hospital is centrally located in Kitui South Sub-County and plays a vital role as a public referral facility for over 22 health centres and dispensaries within Mutha, Kanziko, Mutomo/Kibwea, Kyatune, and Ikanga wards. The hospital provides both general and specialized health services and continues to be the preferred choice for many residents in the region.

Population Estimate

The Following is the population estimate/target for Mutomo Level IV Hospital for the period ended June 30th 2025.

SR.NO	INDICATOR	FINANCIAL YEAR 2024/2025
1.	TOTAL CATCHMENT POPULATION	10,539
2.	UNDER 1 YEAR POPULATION	285
3.	UNDER 5 YEARS POPULATION	1,107
4.	UNDER 15 YEARS POPULATION	4,437
5.	15- 24 YEARS POPULATION	2,287
6.	25-59 YEARS POPULATION	2,951
7.	POPULATION OVER 60 YEARS	801
8.	WOMEN OF CHILD BEARING 15-49	2,508
9.	ESTIMATED PREGNANT WOMEN	306
10.	ESTIMATED DELIVERIES	295

Under 5 yrs - OPD Attendance

This category of population received free OPD medical services, an initiative by the government to boost healthy growing children.

F/Y 2024/25	JUL Y	AUGU ST	SEP T	OC T	NO V	DE C	JA N	FE B	MARC H	APRI L	MA Y	JUN E
M	87	101	134	124	99	82	52	53	61	96	122	81
F	69	97	41	127	79	85	47	46	63	108	110	79

Over 5 yrs. OPD Attendance

The over 5 yrs. outpatient department workload is outlined with a quick comparison of 2024 vs 2025 up to August as below,

F/Y 2024/25	JUL Y	AUGU ST	SEP T	OC T	NO V	DE C	JA N	FE B	MARC H	APRI L	MA Y	JUN E
M	143	212	236	230	205	245	220	228	192	210	355	229
F	196	304	425	378	319	380	305	363	308	630	544	382

The medical officers and clinical officers labour strike affected the workload of the last quarter of the financial year.

CERVIX ABD BRFAST SCREENING

The facility is in the forefront of fighting cancer in the community by vigorously undertaking screening our clients and especially women.

Outline below is a summary report of cancer screening during the financial year.

F/Y 2024/25	JUL Y	AUGU ST	SEP T	OC T	NO V	DE C	JA N	FE B	MARC H	APRI L	MA Y	JUN E
Breast	194	0	3	2	2	5	15	6	7	29	44	1
Cervical	194	0	3	2	2	5	15	6	7	29	44	1

Inpatient Department

The hospital inpatient department is growing with 20 beds capacity and two NBU in the maternity ward. Most of the inpatient is maternity cases

F/Y 2024/25	JUL Y	AUGU ST	SEP T	OC T	NO V	DE C	JA N	FE B	MARC H	APRI L	MA Y	JUN E
G. Wards	0	0	1	0	0	0	0	0	1	4	4	1
Paeds	1	0	3	1	1	4	1	2	0	5	10	10
Maternit y	48	25	48	38	57	42	39	27	46	44	61	42
NBU	0	0	0	0	0	0	0	0	0	1	9	3

Deliveries - Maternity Department

F/Y 2024/25	JUL Y	AUGU ST	SEP T	OC T	NO V	DE C	JA N	FE B	MARC H	APRI L	MA Y	JUN E
SVD	37	24	47	29	44	33	34	25	31	32	54	37
BBA	1	1	2	0	1	4	3	1	4	7	3	1
AVD	0	0	0	1	0	1	0	0	0	0	0	0
Breach	0	0	0	0	0	0	0	0	1	0	0	0

Specialised Clinic Attendance

Outlined below is the workload for the period under review for Specialized clinics

F/Y 2024/25	JUL Y	AUGU ST	SEP T	OC T	NO V	DE C	JA N	FE B	MARC H	APRI L	MA Y	JUN E
TB	20	14	14	18	18	12	11	8	18	16	16	16
CCC	190	221	154	200	221	145	262	253	219	202	88	253
Psych	8	7	3	3	4	3	6	8	2	9	10	7
OT	13	15	10	15	16	14	12	10	6	2	0	12
Physio	22	42	42	43	32	33	32	105	17	5	0	0
Medical	42	57	53	57	16	42	59	31	45	60	79	70
Nutrition	7	20	23	9	10	4	8	27	10	8	41	32

Other key points on clinical /operational performance

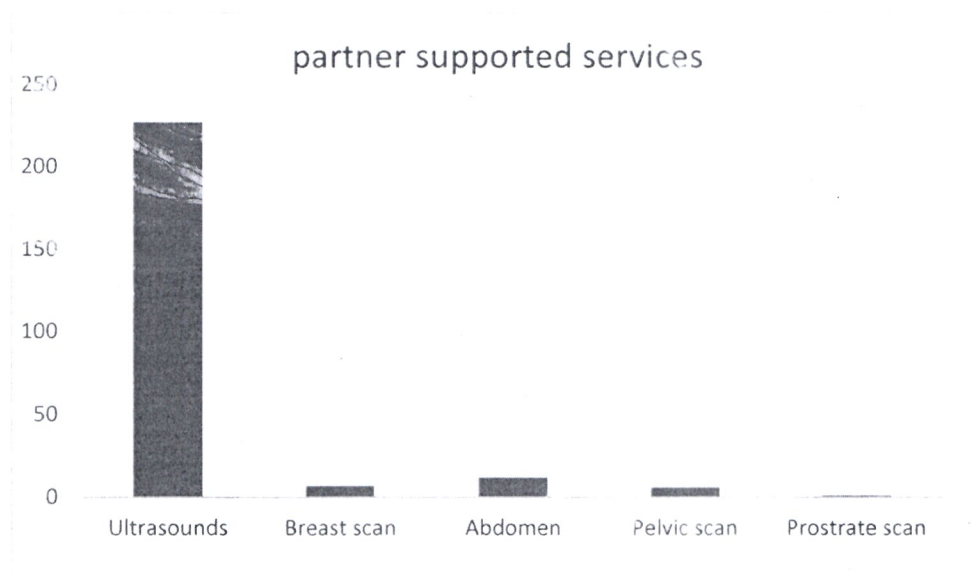
- Average length of stay for in patient is 3-4 days
- Bed occupancy rate for the facility is 75%

Sponsorships and partnerships

The facility is privileged to have partnered with various sponsors and partners during this financial year

The hospital has employees contracted by CIHEB. All staff in CCC department. CIHEB also supported special services like chest X-ray for PTB with specialist’s report, Obstetric Ultrasound, breast & pelvic scan and prostate.

F/Y 2024/2024	Total
Ultrasounds	227
Breast scan	7
Abdomen	12
Pelvic scan	6
Prostrate scan	1



CMMB supported the maternity department throughout the financial with essential supplies for the mother and child.

Financial Performance

In the financial year ended June 2025, the facility collected a total of a Ksh. 10,763,324.

The revenue was collected as service fees for the various health care services delivered to the patients throughout the year. The patients pay for these services via two main methods; Mpesa and SHA.

The revenue collected was not spent at the source until much later where a total of Ksh. 1,390,000 was transfer from hospital revenue account to operations account for utilization.

The hospital received Ksh, 5,490,000 as total monthly allocations from the ministry of health and sanitation.

These funds are used to pay for all operational expenses including, Casuals labour, Locum, Records Materials, Utilities, General Office Supplies etc.

10. Environmental and Sustainability Reporting

i) Sustainability strategy and profile

In an increasingly complex global landscape, sustainability has emerged as a critical pillar in public service delivery. Global macroeconomic trends, including the accelerating impacts of climate change, resource scarcity, and social inequality, continue to influence the way governments and public institutions formulate policies and deliver services. Mutomo Level 4 Hospital acknowledges the importance of aligning its operations with global sustainability priorities, including the United Nations Sustainable Development Goals (SDGs), Kenya Vision 2030, and the Green Economy Strategy and Implementation Plan (GESIP).

Sustainability Priorities and Policy Framework

The Hospital has adopted a sustainability policy framework that focuses on four core pillars.

Environmental Stewardship – Minimizing environmental impact through efficient resource use, waste management, and promotion of green technologies.

Social Inclusion – Promoting equity in service access, supporting special interest groups (women, youth, and persons with disabilities), and upholding community health rights.

Economic Efficiency – Ensuring prudent use of public resources, enhancing value for money in procurement, and strengthening local economic development.

Institutional Governance – Embedding accountability, transparency, and stakeholder engagement in service delivery and sustainability practices.

These pillars guide the hospital's commitment to delivering high-quality health services while contributing to long-term ecological and community well-being.

Key Achievements in the Reporting Period

During the current reporting period, the Hospital recorded several notable sustainability milestones:

Energy Efficiency: Installed solar-powered lighting systems in key wards and administrative blocks, reducing reliance on grid electricity and lowering utility costs.

Waste Management: Implemented a medical waste segregation program in line with the Ministry of Health guidelines, ensuring safe disposal of hazardous materials.

Water Conservation: Rehabilitated existing water harvesting systems and installed low-flow taps to reduce water wastage.

Community Engagement: Conducted outreach programs on maternal health, sanitation, and nutrition, with particular focus on remote and underserved areas.

Inclusion of Special Groups: Improved representation of youth and women-owned enterprises in procurement, with 37% of local contracts awarded to special interest groups in line with the Public Procurement and Asset Disposal Act, 2015.

Challenges and Mitigation Measures

Despite these successes, several challenges were encountered:

Limited Funding for Green Projects: Budget constraints delayed the rollout of a comprehensive renewable energy system. The hospital is exploring partnerships with donors and county government programs to secure financing.

Inconsistent Waste Disposal by Contractors: Some third-party contractors failed to adhere to environmental standards. To mitigate this, strict compliance clauses have been incorporated into new contract templates.

Capacity Gaps in Sustainability Reporting: Staff training sessions are being conducted in partnership with local environmental NGOs to build capacity in environmental monitoring and sustainability reporting.

Service Delivery Charter and Procurement Practices

Mutomo Level 4 Hospital adheres to a published Service Delivery Charter, which outlines the institution's commitment to timely, accessible, and patient-centred healthcare. The charter is reviewed annually in consultation with key stakeholders, including patients, community leaders, and health workers.

Procurement and contract management practices are guided by the principles of transparency, fairness, and inclusivity. During the period under review:

65% of procurement contracts were awarded to local suppliers, contributing to the local economy.

37% of contracts were allocated to youth, women, and PWD-owned businesses, surpassing the 30% national target.

All procurement adhered to the Public Procurement and Asset Disposal Regulations, with enhanced monitoring to reduce leakages and improve accountability.

ii) **Environmental performance**

Mutomo Level 4 Hospital remains committed to contributing positively to global environmental sustainability efforts through deliberate and coordinated initiatives. Recognizing that environmental stewardship is a shared responsibility, the hospital management has actively engaged key stakeholders—

including employees, management, partners, patients, shareholders, and the broader community—in building a culture of environmental consciousness.

Environmental Policy Development

As part of its sustainability journey, the facility is in the process of developing a comprehensive **Environmental Policy**. This policy is being crafted collaboratively with stakeholders and will serve as the foundational framework for all environmental actions, ensuring consistency, accountability, and alignment with national and international standards.

Environmental Initiatives and Good Practices

During the reporting period, the hospital implemented several environmental conservation measures:

- **Greening and Landscaping:** The hospital has prioritized the planting of trees and greenery across the facility compound to enhance the aesthetic environment, reduce carbon emissions, and improve air quality.
- **Clean Environment Maintenance:** Daily cleaning routines have been institutionalized, ensuring that the hospital grounds remain clean, hygienic, and free from environmental hazards.
- **Prudent Use of Resources:** Staff have been sensitized on the responsible use of electricity and water. Energy-saving bulbs and water-conserving taps have been installed to reduce utility costs and environmental impact.
- **Rainwater Harvesting:** Given that the hospital is located in a semi-arid region with limited rainfall, the facility has installed multiple water storage tanks to harvest and store rainwater during the rainy season. This initiative has helped supplement the hospital's water supply and reduce dependency on external sources.

Waste Management Practices

Mutomo Level 4 Hospital follows the **Kenya National Guidelines for the Safe Management of Healthcare Waste**, ensuring that all waste is handled in a manner that protects public health and the environment.

- **Medical Waste Segregation:** Waste is categorized and handled according to its nature—infectious, sharps, pharmaceutical, and general waste—following strict segregation protocols.
- **Use of Burning Chamber:** Non-incinerable waste is disposed of in the hospital's designated burning chamber, which complies with safety standards.
- **Incineration of Biohazard Waste:** As most of the hospital's waste is biohazardous and requires high-temperature treatment, the facility currently relies on an incinerator located at a nearby hospital. The lack of an in-house incinerator remains a significant challenge, limiting the full implementation of waste management policies.

Challenges and Mitigation Measures

The hospital faced several environmental management challenges during the reporting period:

1. **Inadequate Access to Clean Water:** Due to its location in a semi-arid region, the facility continues to experience water shortages. However, the hospital administration has taken proactive steps by allocating funds to regularly procure clean water to ensure uninterrupted service delivery.
2. **Lack of an Incinerator:** The absence of an in-house incinerator hampers efficient disposal of hazardous medical waste. The hospital continues to advocate for funding from the county government and development partners to acquire a dedicated incinerator to improve waste handling capacity.

Conclusion

Despite existing challenges, Mutomo Level 4 Hospital has made commendable strides in improving its environmental performance. The facility remains committed to integrating environmental sustainability into all aspects of its operations and will continue to seek partnerships, capacity building, and resource mobilization to enhance its environmental outcomes.

iii) **Employee welfare**

Employee welfare is a key pillar of sustainable service delivery at Mutomo Level 4 Hospital. While the overall employee recruitment and management policy is coordinated at the **County Government** level, the hospital plays an active role in hiring **contracted staff**, guided by the **Kitui County Public Service Board (KCPSB)** policies and procedures.

Capacity Building and Staff Development

During the reporting period, several staff members participated in **technical trainings and refresher courses** tailored to their areas of specialization. These training opportunities have significantly enhanced skills and professional competence across different cadres, thereby improving the quality of services offered at the facility.

To ensure continuous performance improvement, the hospital has implemented a robust **staff performance appraisal system**, which includes:

- Generation of individual work plans aligned with departmental and institutional objectives;
- **Quarterly reviews** to assess progress and make necessary adjustments;
- **Biannual performance appraisals** that evaluate both outputs and outcomes in relation to the set goals.

This structured performance management process promotes accountability and supports evidence-based decision-making for staff deployment and development.

Occupational Health and Safety (OHS)

In compliance with the **Occupational Safety and Health Act (OSHA), 2007**, the hospital has taken deliberate steps to ensure a safe and healthy working environment for all employees. These include:

- **Provision of Personal Protective Equipment (PPE)** to all staff, including gloves, lab coats, aprons, gumboots, eyewear, and other protective gear appropriate to specific duties;
- **Implementation of Infection Prevention and Control (IPC)** measures across the facility, including provision of adequate handwashing stations, soap, disinfectants, and running water;
- Regular cleaning and sanitation of the facility to maintain a hygienic and non-hazardous environment.

Ergonomics and Workplace Safety

To promote staff comfort and reduce work-related strain, most departments have been equipped with **ergonomic furniture**, including chairs and workstations designed to support healthy posture and reduce fatigue. In addition:

- The facility compound is regularly maintained through **bush clearing and environmental hygiene** activities to minimize risks from harmful animals such as snakes and scorpions;
- Staff are sensitized on **response protocols in case of exposure to infectious materials** (e.g., needle stick injuries), although management acknowledges the need for **comprehensive and ongoing training for all staff**, including proper documentation of such incidents.

Future Plans

Looking ahead, the hospital management intends to work closely with the County Government to:

- Conduct a **comprehensive staff training needs assessment**;
- Facilitate **training on workplace safety**, including fire safety, emergency response, and accident prevention;
- Enhance **Occupational Health and Safety (OHS) documentation and compliance monitoring**.

Through these efforts, Mutomo Level 4 Hospital aims to foster a safe, supportive, and productive work environment that empowers staff to deliver high-quality healthcare services to the community.

iv) Market place practices-

Mutomo Level 4 Hospital is committed to upholding ethical and responsible practices in all interactions within the healthcare marketplace. This includes responsible competition, procurement, marketing, and consumer engagement. The hospital aligns its practices with relevant national legislation and the County Government of Kitui's policies and guidelines to ensure fairness, transparency, and accountability.

a) Responsible Competition Practices

The facility is committed to fair competition and pricing practices in accordance with county procurement laws and national regulations. All suppliers are selected through transparent and competitive bidding processes, ensuring that no single supplier is unfairly favored.

Periodic audits and reviews of commodities, supplies, and services rendered are conducted by the Health Management Team to ensure compliance with standards, quality assurance, and cost-effectiveness. This helps maintain fairness and competitiveness while safeguarding public funds.

b) Responsible Supply Chain and Supplier Relations

Mutomo Level 4 Hospital fosters ethical and sustainable supply chain relationships by ensuring that all procurement processes are guided by the principles of equity, transparency, and accountability. Suppliers are engaged based on their capacity to deliver quality goods and services, compliance with county procurement laws, and their commitment to ethical practices.

The facility also prioritizes suppliers from special interest groups, including women, youth, and persons with disabilities, in line with the Public Procurement and Asset Disposal Act, 2015. Regular performance reviews and feedback mechanisms are in place to promote continuous improvement and trust-based supplier relationships.

c) Responsible Marketing and Engagement with Citizens

Although direct marketing in the healthcare sector is limited, the facility ensures any public-facing communication adheres to ethical and responsible marketing principles as outlined by county regulations.

The hospital primarily engages the public through:

- Community outreach programs;
- Health education forums;
- Distribution of informational materials approved by the Ministry of Health.

This ensures that the community receives accurate, relevant, and respectful information regarding available services, health rights, and obligations.

d) Product Stewardship and Consumer Awareness

Mutomo Level 4 Hospital is committed to safeguarding patient rights and promoting informed healthcare choices. Efforts to enhance consumer awareness include:

- Health education sessions conducted during outpatient and inpatient visits;
- Public address campaigns and one-on-one patient engagements;
- Informational posters and signage displayed throughout the facility.

Additionally, the hospital has put in place a Complaints and Compliments Book, easily accessible to patients and visitors. This enables clients to record feedback—whether positive or critical—on the quality of services received. The feedback is reviewed regularly and used to inform service delivery improvements.

v) **Corporate Social Responsibility / Community Engagements**

Mutomo Level 4 Hospital recognizes the critical importance of engaging with the community as part of its broader mandate to promote public health and social well-being. The facility, in collaboration with the Board of Management, the County Government of Kitui, the Kitui South Sub-County Health Management Team, and relevant stakeholders such as Public Health Officers and Health Promotion Officers, has actively participated in several Corporate Social Responsibility (CSR) and community outreach initiatives during the reporting period.

Key Community Engagement Activities

- **Health Education at Chiefs' Barazas**
The hospital team has delivered regular health talks at local Chief's Barazas, which serve as important platforms for community sensitization. Topics addressed include hygiene and sanitation, maternal and child health, HIV/AIDS awareness, and the importance of immunization.
- **Mass Deworming and Nutrition Campaigns**
In partnership with Non-Governmental Organizations (NGOs) and the Department of Public Health, the facility participated in mass deworming and nutrition outreach programs, targeting school-aged children and vulnerable groups. These campaigns aimed to reduce malnutrition and prevent parasitic infections in the community.
- **Support for Vulnerable Populations**
The hospital worked in collaboration with the local Chief's Camp to facilitate the distribution of relief food to vulnerable patients, particularly those living with HIV/AIDS. This initiative helped mitigate food insecurity, which often compromises medication adherence and treatment outcomes.

Impact and Outcomes

These CSR efforts have significantly strengthened the hospital's relationship with the surrounding community. By addressing both clinical and social determinants of health, the facility has built trust, improved health-seeking behavior, and reinforced its role as a community-centered healthcare provider.

Conclusion

Mutomo Level 4 Hospital remains committed to deepening its community engagement efforts in the coming years through sustained partnerships, health education, and targeted outreach programs. The facility will continue to identify priority areas for community support and collaborate with local leaders and stakeholders to promote holistic, people-centered healthcare delivery.

11. Report of The Board of Management

Mutomo Level 4 Hospital submits its report together with the audited financial statements for the year ended 30th June 2025. These statements outline the financial performance and position of the hospital, including the key operational activities carried out during the period under review.

Principal activities

The core mandate of Mutomo Level 4 Hospital is the provision of accessible, affordable, and quality healthcare services to the residents of Kitui South Sub-County and the wider region. The hospital continues to offer both general outpatient and inpatient services, as well as specialized clinics and support services such as maternity, pharmacy, laboratory, nutrition, and physiotherapy.

Results

The financial results of the hospital for the period ending 30th June 2025 are presented in detail on pages 1 to 6 of this report.

Board of Management

The Board was officially degazetted on 6th October 2023 via Gazette Notice No. 13546 in accordance with the relevant public governance regulations. Despite this change, the hospital's management team remained fully functional and continued to oversee the daily operations of the facility, while awaiting reconstitution of the board.

Auditors

In accordance with Article 229 of the Constitution of Kenya and the provisions of the Public Audit Act, 2015, the Auditor-General is mandated to carry out the statutory audit of Mutomo Level 4 Hospital. The financial statements for the year ending 30th June 2025 have been prepared and submitted to the Office of the Auditor-General for audit in line with legal requirements.

By Order of the Board

.....
Name: Dr. Dorcas Kwamboka Anyega
Secretary to the Board

12. Statement of Board of Management's Responsibilities

Section 164 of the Public Finance Management Act, 2012 requires the Board of Management to prepare financial statements in respect of that hospital, which give a true and fair view of the state of affairs of the Mutomo Level 4 Hospital at the end of the financial year and the operating results of the hospital for that period. The Board of Management is also required to ensure that the hospital keeps proper accounting records which disclose with reasonable accuracy the financial position of the hospital. The council members are also responsible for safeguarding the assets of the hospital.

The Board of Management is responsible for the preparation and presentation of the hospital financial statements, which give a true and fair view of the state of affairs of the hospital for and as at the end of the financial year ended on June 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the hospital; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

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

In preparing the financial statements, the Directors have assessed the Fund's ability to continue as a going concern.

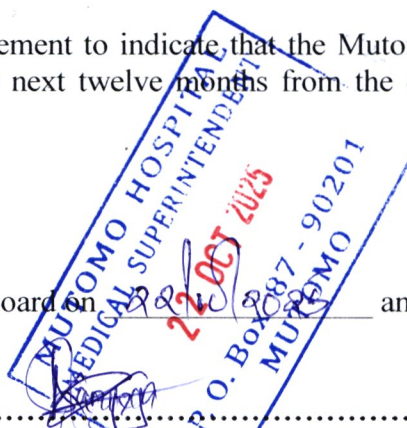
Nothing has come to the attention of the Board of management to indicate that the Mutomo Level 4 Hospital will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

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

.....
Name:
Chairperson

.....
Name: Dr. Dorcas Kwamboka Anyega
Accounting Officer



REPUBLIC OF KENYA



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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 MUTOMO LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 - COUNTY GOVERNMENT OF KITUI

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Mutomo Level 4 Hospital set out on pages 1 to 43, which comprise of the statement of financial position as at

Report of the Auditor-General on Mutomo Level 4 Hospital for the year ended 30 June, 2025 - County Government of Kitui

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

In my opinion, except for the effects of the matter described in the Basis of Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Mutomo Level 4 Hospital at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the County Governments Act, 2012, Health Act, 2017 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Non-Disclosure of Property, Plant and Equipment

The statement of financial position and as disclosed in Note 17 to the financial statements reflect property, plant and equipment balance of Kshs1,410,970. Included in the balance is Kshs.1,215,770 for additions during the year. However, review of the Hospital's records and physical verification revealed assets including land, buildings and motor vehicles which were not disclosed in the financial statements. Further, ownership documents for land and motor vehicles were not provided for audit review.

In the circumstances, the accuracy, completeness and ownership of property, plant and equipment balance of Kshs.1,410,970 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Mutomo Level 4 Hospital 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. Except for the effects of the matter described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Information

The Management is responsible for the Other Information set out on pages iii to xxxvi which comprise of Key Entity Information and Management, The Board of Management,

Key Management Team, Chairman’s Statement, Report of the Medical Superintendent, Statement of Performance Against predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Board of Management and Statement of Board of Management’s Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance 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 effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1.0 Deficiencies in Implementation of Universal Health Coverage

Review of the Hospital’s records and interviews on verification of services offered, equipment used and medical specialists in the Hospital as at the time of audit in September, 2025 revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to staff deficits by 92 or approximately 91% of the authorized establishment as detailed below;

Staffing Requirement	Level 4 Standard	Number in Hospital	Variance	Percentage %
Medical Officers	16	2	14	88
Anesthesiologists	2	0	2	100
General Surgeons	2	0	2	100
Gynecologists	2	0	2	100
Pediatricians	2	0	2	100

Staffing Requirement	Level 4 Standard	Number in Hospital	Variance	Percentage %
Radiologists	2	0	2	100
Registered Community Health Nurses	75	7	68	91
Total	101	9	92	91

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

Equipment and Machines	Level 4 Hospital Standard	Actuals in the Hospital	Variance	Percentage %
Beds	150	25	125	83
Incubators (Newborn)	5	3	2	40
Resuscitaire in Theatre	1	0	1	100
Resuscitaire in Labour Ward	2	1	1	50
Functional ICU Beds	6	0	6	100
HDU Beds	6	0	6	100
Renal unit with Dialysis Machines	5	0	5	100
Functional Operating Theaters Maternity and General	2	0	2	100

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

In the circumstances, the Hospital will not be able to deliver on its mandate.

2.0 Non-Compliance with Law on Ethnic Composition and Disabilities Distribution

During the year under review, the total number of employees of the Hospital was eighty (80) out of whom sixty-two (62) or approximately 78% were from the dominant ethnic community in the County. This is contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that 'All public establishments shall seek to represent the diversity of the people of Kenya in the employment of staff, and that 'no public establishment shall have more than one third of its staff from the same ethnic community'.

In addition, Management had not employed any person living with disability contrary to Section 13 of the Persons Living with Disability Act, 2023 which requires that at least five percent (5%) of employment is given to persons living with disabilities.

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

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

REPORT ON 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, except for the effects of the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

Lack of an Effective Audit Committee

During the year under review, the Audit Committee operated without an Audit Committee Charter and the Committee did not hold any meeting. This is contrary to Regulation 172(1) of the Public Finance Management (County Governments) Regulations, 2015 which requires the Audit Committee to meet at least once in every three months. Further, the Internal Audit Plan and budget of the Hospital were not approved by the Audit Committee.

In the circumstances, the effectiveness of the internal control mechanisms that could have an impact on achievement of the strategic objectives of the Hospital could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The Standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk Management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of the Management and 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 governance.

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

05 November, 2025

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

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	5,490,000	5,930,000
In-kind contributions from the County Government	7	48,300,870	45,307,904
		53,790,870	51,237,904
Revenue from exchange transactions			
Rendering of services- Medical Service Income	8	10,763,324	5,751,226
Revenue from exchange transactions		10,763,324	5,751,226
Total revenue		64,554,194	56,989,130
Expenses			
In-kind contributions from the County Government	7	-	45,307,904
Medical/Clinical costs	9	4,715,805	1,293,240
Employee costs	10	44,900,221	1,334,320
Repairs and maintenance	11	1,946,305	2,150,355
General expenses	12	2,236,274	1,205,567
Transfer to County Revenue Fund	13	8,180,862	5,089,523
Total expenses		61,979,467	56,380,909
Other gains/(losses)			
Total other gains/(losses)			
Net Surplus / (Deficit) for the year		2,574,727	608,221

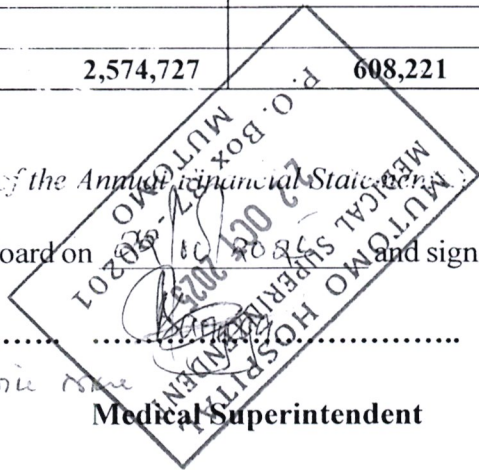
(The notes set out on pages 8 to 40 form an integral part of the Annual Financial Statements)

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

.....
Chairman

.....
Head of Finance *Klionu Njiru*
ICPAK No: 28541

.....
Medical Superintendent



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

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	14	367,908	28,342
Receivables from exchange transactions	15	2,384,194	661,703
Inventories	16	1,528,463	1,782,652
Total Current Assets		4,280,565	2,472,697
Non-current assets			
Property, plant, and equipment	17	1,410,970	-
Total Non-current Assets		1,410,970	-
Total assets (A)		5,691,535	2,472,697
Liabilities			
Current liabilities			
Trade and other payables	18	2,475,986	1,831,875
Total Current Liabilities		2,475,986	1,831,875
Non-current liabilities			
Total non-current liabilities		-	-
Total Liabilities (B)		2,475,986	1,831,875
Net assets (A-B)		3,215,549	640,822
Represented by:			
Revaluation reserve		-	-
Accumulated surplus/Deficit		3,215,549	640,822
Capital Fund		-	-
Net Assets		3,215,549	640,822

(The notes on pages 7 to 40 form an integral part of the Annual Financial Statements.)

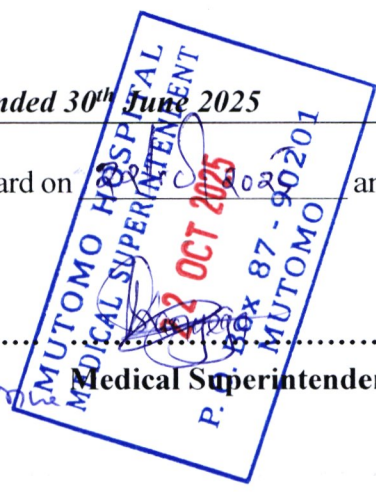
Mutomo Level 4 Hospital (Kitui County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

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

.....
Chairman
Board of Management

He
Head of Finance
ICPAK No: *28541*

Kimani
Medical Superintendent



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

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2023 (previous year)	-	32,601	-	32,601
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	608,221	-	608,221
Capital/Development grants	-	-	-	-
As at June 30, 2024 (previous year)	-	640,822	-	640,822
At July 1, 2024 (current year)	-	640,822	-	640,822
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	2,574,727	-	2,574,727
Capital/Development grants	-	-	-	-
At June 30, 2025 (current year)	-	3,215,549	-	3,215,549

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

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government		5,490,000	5,930,000
Rendering of services- Medical Service Income		9,040,858	5,089,523
Total Receipts		14,530,858	11,019,523
Payments			
Medical/Clinical costs		1,912,798	1,293,240
Employee costs		1,510,854	1,334,320
Repairs and maintenance		672,505	2,150,355
General expenses		1,914,274	1,205,567
Transfer to County Revenue Fund		8,180,862	5,089,523
Total Payments		14,191,293	11,073,005
Net cash flows from operating activities	19	339,566	(53,482)
Cash flows from investing activities			
Purchase of property, plant, equipment		-	-
Purchase of intangible assets		-	-
Proceeds from the sale of PPE		-	-
Acquisition of investments		-	-
Net cash flows used in investing activities			
Cash flows from financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Capital grants received		-	-
Net cash flows used in financing activities			
Net increase/(decrease) in cash and cash equivalents		339,566	(53,482)
Cash and cash equivalents as at 1 July 2024	14	28,342	81,824
Cash and cash equivalents as at 30 June 2025	14	367,908	28,342

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget carryovers from the previous year		28,342	28,342	28,342	-	100%
Receipts						
Transfers from the County Government	5,490,000	-	5,490,000	5,490,000	-	100%
Rendering of services-Medical Service Income	10,763,324	-	10,763,324	10,763,324	-	100%
Total receipts	16,253,324	28,342	16,281,666	16,281,666	-	100%
Payments						
Medical/Clinical costs	2,241,178	-	2,241,178	2,235,198	5,980	99.73%
Employee costs	1,694,440	-	1,694,440	1,690,928	3,512	99.79%
Repairs and maintenance	749,855	-	749,855	746,305	3,550	99.53%
General expenses	2,222,870	-	2,222,870	2,236,274	(13,404)	100.60%
Transfer to county revenue fund	8,180,862	-	8,180,862	8,180,862	-	100%
Total Operational Expenditure paid	15,089,205	-	15,089,205	15,089,567	(362)	100%
Capital Expenditure paid	-	-	-	-	-	
Surplus	1,164,119	28,342	1,192,461	1,192,099	(362)	99.97%

(Budget carryovers of Ksh. 28,342 relates to opening bank balance – (operations account) used to pay for expenses this fy)

(The hospital received monthly allocations of Ksh. 5,490,000 from the Ministry of Health and Sanitation and also Ksh. 1,390,000 was approved transfer from revenue account to operations account to fund the budget)

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amount as per the Statement of Budget	(362)
1	Total Revenue in the cashbook during the financial year	6,908,342
2	Total expenditure during the financial year	6,908,704
	Closing Cash and Cash Equivalent as per the statement of Cash flows	367,908

19. Notes to the Financial Statements

1. General Information

Mutomo Level 4 Hospital entity is established by and derives its authority and accountability from Health Act. The entity is wholly owned by the Kitui County Government and is domiciled in Kitui County in Kenya. The entity's principal activity is to offer health care services.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant, and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the hospital's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Notes. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the hospital. The financial statements have been prepared in accordance with the PFM Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

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

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

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

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><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>
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>
IPSAS 46	<p><i>Applicable 1st January 2025</i></p>

Standard	Effective date and impact:
Measurement	<p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. Clarifying transaction costs guidance to enhance consistency across IPSAS; 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>
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>
IPSAS 48- Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
IPSAS 49- Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>

Standard	Effective date and impact:
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p><i>Applicable 1st January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> ➤ Limited improvements to existing accounting practices for exploration and evaluation expenditures. ➤ Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. ➤ Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.

iii) Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year or *the entity adopted the following standards early (state the standards, reason for early adoption and impact on entity's financial statements.)*

4. Summary of Significant Accounting Policies

- **Revenue recognition**
 - a. **Revenue from non-exchange transactions**

Transfers from other Government entities

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

b. Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Rental income

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

Notes to the Financial Statements (Continued)

• **Budget information**

The original budget for FY 24/25 was approved by CHMT on July 2024. There were no subsequent revisions or additional appropriations 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 hospital did not record additional appropriations on the FY 24/25 budget following the Board'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. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

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

• **Taxes**

Sales tax/ Value Added Tax

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

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

Notes to the Financial Statements (Continued)

- **Investment property**

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

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

- **Property, plant and equipment**

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

Notes to the Financial Statements (Continued)

- **Leases**

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

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

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

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

- **Intangible assets**

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

Notes to the Financial Statements (Continued)

• **Biological Assets**

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

• **Research and development costs**

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

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

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

• **Financial instruments**

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

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

Financial assets

Classification of financial assets

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 cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

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

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value

through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

- **Inventories**

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

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

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

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

- **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.

Notes to the Financial Statements (Continued)

- **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.

- **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.

- **Nature and purpose of reserves**

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

- **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.

Notes to the Financial Statements (Continued)

- **Employee benefits**

Retirement benefit plans

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

- **Foreign currency transactions**

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

- **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.

- **Related parties**

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

- **Service concession arrangements**

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

- **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 imprest and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

- **Comparative figures**

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

- **Subsequent events**

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

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

Notes to the Financial Statements (Continued)

6. Transfers from the County Government

Description	2024/2025	2023/2024
	KShs	KShs
Unconditional grants		
Operational grant	5,490,000	5,930,000
Total government grants and subsidies	5,490,000	5,930,000

6 (a). Transfers from The County Government

Name of the Entity sending the grant	Amount recognized to Statement of financial performance*	Amount deferred under deferred income	Amount recognised in capital land.	Total grant income during the year	Comparative Period
	KShs	KShs			
			KShs	KShs	KShs
Kitui County Government	5,490,000	-	-	5,490,000	5,930,000
Total	5,490,000	-	-	5,490,000	5,930,000

Notes to the Financial Statements (Continued)

7. In Kind Contributions from The County Government

Description	2024/2025	2023/2024
	KShs	KShs
Salaries and wages	43,100,173	43,418,918
Medical supplies-Drawings Rights (KEMSA)	2,480,607	1,888,986
Supply and installation of network peripherals and desktop computer for 12 Level IV Hospital	1,215,770	-
Procurement of one CPAP machines for Newborn units	195,200	-
Mutomo mortuary spare parts	1,200,000	-
Casuals Labor Paid by County	109,120	-
Total	48,300,870	45,307,904

(Mortuary Spare parts amount has been classified as Repair and Maintenance cost)

(Supply and installation of network peripherals and desktop computer and Procurement of fourteen CPAP machines for Newborn units is classified as PPE and depreciation will be done on the second year because their installation happened in June 2025.)

(Salaries and wages and Casual labour is classified as Employee cost.)

(Medical Supplies - Drawing rights (Kemsa) are classified as medical cost.)

Notes to the Financial Statements (Continued)

8. Rendering of Services-Medical Service Income

Description	2024/2025	2023/2024
	Kshs	Kshs
Consultation	439,520	-
Pharmacy	497,625	-
Laboratory	302,150	-
Radiology	250,000	-
Physiotherapy	9,700	-
Inpatient	123,250	-
Mortuary Services	2,266,500	-
Other medical services income (SHA Claims)	6,874,579	5,751,226
Total revenue from the rendering of services	10,763,324	5,751,226

9. Medical/ Clinical Costs

Description	2024/2025	2023/2024
	Kshs	Kshs
Food and Ration	753,200	549,955
Dressing and non-pharmaceuticals	1,003,750	425,990
Health information stationery	233,248	111,845
Medical supplies-Drawings Rights (KEMSA)	2,480,607	-
Sanitary and cleansing Materials	245,000	205,450
Total medical/ clinical costs	4,715,805	1,293,240

Notes to the Financial Statements (Continued)

10. Employee Costs

Description	2024/2025	2023/2024
	Kshs	Kshs
Salaries, wages, and allowances	1,190,592	1,164,600
Contributions to pension schemes - (NSSF)	220,410	114,120
Salaries and wages –County Employees	43,100,173	-
Casuals Labor Paid by County	109,200	-
Staff medical expenses and Insurance cover - (SHIF)	39,426	55,600
Other employee costs - Locum	240,500	-
Employee costs	44,900,221	1,334,320

11. Repairs and Maintenance

Description	2024/2025	2023/2024
	Kshs	Kshs
Property- Buildings	100,000	296,455
Office equipment	-	112,350
Furniture and fittings	-	226,700
Maintenance of Electricity	-	48,600
Motor vehicle expenses	65,200	126,250
Repair of Mortuary – Spare Parts	1,200,000	-
Maintenance of Plant and Machinery	581,105	-
Refined Fuel	-	1,340,000
Total repairs and maintenance	1,946,305	2,150,355

Notes to the Financial Statements (Continued)

12. General Expenses

Description	2024/2025	2023/2024
	Kshs	Kshs
Catering expenses	30,000	26,700
Bank charges	9,527	3,262
Electricity expenses	5,000	65,000
Travel and accommodation allowance	564,550	395,800
Printing and stationery	233,248	323,155
Water and sewerage costs	50,000	158,500
Postal Charges	15,000	-
Other fuel	12,950	-
Refined Fuel	1,080,000	-
Telephone and mobile phone services	236,000	233,150
Total General Expenses	2,236,274	1,205,567

13. Transfer to County Revenue Fund

Description	2024/2025	2023/2024
	KShs	KShs
SHA reimbursement	4,292,117	1,582,658
Mpesa	3,888,745	3,506,865
Total	8,180,862	5,089,523

Notes to the Financial Statements (Continued)

14. Cash and Cash Equivalents

Description	2024/2025	2023/2024
	KShs	KShs
Current account	4,224	28,342
Revenue account	363,684	-
Total cash and cash equivalents	367,908	28,342

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

Description	Account number	2024/2025	2023/2024
		KShs	KShs
a) Current account			
Kenya Commercial bank	1219303062	4,224	28,342
Kenya Commercial bank	1141810402200	363,684	-
Grand total		367,908	28,342

15. Receivables from Exchange Transactions

Description	2024/2025	2023/2024
	KShs	KShs
Medical services receivables	2,384,194	661,703
Total receivables	2,384,194	661,703

Notes to the Financial Statements (Continued)

15 (a). Analysis of Receivables from Exchange Transactions

Description	2024/2025		2023/2024	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	-	%	-	%
Between 1- 2 years	2,384,194	100%	661,703	100%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (a+b)	2,384,194	%	661,703	%

16. Inventories

Description	2024/2025	2023/2024
	KShs	KShs
Pharmaceutical supplies	1,407,410	1,782,652
Food supplies	19,378	-
Linen and clothing supplies	-	-
Cleaning materials supplies	39,600	-
General supplies	62,075	-
Total	1,528,463	1,782,652

Notes to the Financial Statements (Continued)

Detailed disclosure on inventories

	2024/2025	2023/2024
Opening balance	1,782,652	-
Additional Inventory in the year	2,480,607	-
Inventory expensed in the year	2,734,797	-
Write-downs in the year	-	-
Others specify	-	-
Closing balance	1,528,463	1,782,652

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Notes to the Financial Statements (Continued)

17. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (specify)	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh	Ksh
Cost									
At 1 July 2023 (previous year)	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-
Disposals	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Transfers/adjustments	-	-	-	-	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-	-	-	-
At 30th Jun 2024	-	-	-	-	-	-	-	-	-
At 1 July 2024 (current year)	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	1,215,770	195,200	-	-	1,410,970
Disposals	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Transfer/adjustments	-	-	-	-	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-	-	-	-
At 30th June 2025	-	-	-	-	1,215,770	195,200	-	-	1,410,970
Depreciation and impairment									
At 1 July 2025 (previous year)	-	-	-	-	-	-	-	-	-
Depreciation for the year	-	-	-	-	-	-	-	-	-

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Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (specify)	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh	Ksh
Disposals		(-)	(-)	(-)	(-)	(-)	(-)	-	(-)
Impairment		(-)	(-)	(-)	(-)	(-)	(-)	-	(-)
At 30 June 2024		-	-	-	-	-	-	-	-
At July 2025 (current year)		-	-	-	-	-	-	-	-
Depreciation		-	-	-	-	-	-	-	-
Disposals		(-)	(-)	(-)	(-)	(-)	(-)	-	(-)
Impairment		(-)	(-)	(-)	(-)	(-)	(-)	-	(-)
Transfer/adjustment		-	-	-	-	-	-	-	-
At 30th June 2025		-	-	-	-	-	-	-	-
Net book values									
At 30 th June 2024 (previous)	-	-	-	-	-	-	-	-	-
At 30 th June 2025 (current)	-	-	-	-	1,215,770	195,200	-	-	1,410,970

(Valuation of the hospital assets has not been done yet)

Notes to the Financial Statements (Continued)

18. Trade and other Payables

Description	24/25		23/24	
	KShs		KShs	
Trade payables	2,292,854		1,715,275	
Employee dues	183,132		116,600	
Third-party payments (e.g. unremitted payroll deductions)	-		-	
Total trade and other payables	2,475,986		1,831,875	
Ageing analysis:	24/25	% of the Total	2023/24	% of the total
Under one year	1,175,116	47%	531,005	29%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	1,300,870	53%	1,300,870	71%
Total	2,475,986	100%	1,831,875	100%

(Under one-year debt of Ksh. 1,175,116 that was outstanding as at 30th June 2025, Ksh.898,274 was paid in 1st August (June Monthly allocation was received late)

Notes to the Financial Statements (Continued)

19. Cash Generated from Operations

Description	2024/2025	2023/2024
	KShs	KShs
Surplus for the year before tax	2,574,727	608,221
Adjusted for:		
Non-cash grants received	(1,410,970.00)	
Working Capital adjustments		
Increase in inventory	254,189	-
Increase in receivables	(1,722,191)	-
Increase in deferred income	-	-
Increase in payables	647,111	-
Increase in payments received in advance	-	-
Net cash flow from operating activities	339,566	608,221

Notes to the Financial Statements (Continued)

20. Financial Risk Management

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

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

➤ **Credit risk**

The entity has no exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the hospital's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2024(previous year)	661,703	661,703		
Receivables from exchange transactions	-	-	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	28,342	28,342	-	-
Total	690,045	690,045	-	-
At 30 June 2025 (current year)				
Receivables from exchange transactions	2,384,194	2,384,194	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	367,908	367,908	-	-
Total	2,752,102	2,752,102	-	-

Notes to the Financial Statements (Continued)

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the hospital has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The entity has no significant concentration of credit risk on amounts due. The board of management sets the hospital's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(ii) Liquidity risk management

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024				
Trade payables	-	-	1,300,870	1,300,870
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	1,300,870	1,300,870
At 30 June 2025				
Trade payables	-	1,175,116	-	1,175,116
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	1,175,116	1,300,870	2,475,986

Notes to the Financial Statements (Continued)

(iii) Market risk

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

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

➤ **Foreign currency risk**

The entity has no transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The carrying amount of the entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

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

Foreign currency sensitivity analysis

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

b) Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

Using the end of the year figures, the sensitivity analysis indicates no impact on the statement of financial performance.

iv) Capital Risk Management

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

Description	2024/2025	2023/2024
	Kshs	Kshs
Revaluation reserve	-	-
Retained earnings	1,804,579	640,822
Capital reserve	-	-
Total funds	-	-
Total borrowings	-	-
Less: cash and bank balances	(367,908)	(28,342)
Net debt/ (excess cash and cash equivalents)	-	-
Gearing	%	%

Notes to the Financial Statements (Continued)

21. Related Party Balances

Nature of related party relationships

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

Kitui County Government is the principal shareholder of the Mutomo Level 4 Hospital, holding 100% of the Mutomo level 4 Hospital equity interest. The National Government of Kenya has provided full guarantees to all long-term lenders of the entity, both domestic and external. The related parties include:

- a) The National Government;
- b) The County Government;
- c) Board of Directors;
- d) Key Management

22. Segment Information

There is no segment reporting in preparation of the financial statements.

23. Contingent Liabilities

There were no capital commitments during this reporting period.

24. Capital Commitments

There were no commitments during this financial year other than the pending bills disclosed

25. Events after the Reporting Period

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

26. Ultimate and Holding Entity

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

27. Currency

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

20. Appendices

Appendix 1: Progress on Follow Up of Auditor Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Non-disclosure of Property, Plant and equipment	The hospital has some ownership documents like the land title deed, other assets are donation and their ownership documents are kept by the donor or were never provided to the hospital management Medical equipment and other machinery were bought by the county through the ministry of health and ownership is at county level e.g. logbook. Valuation of all the assets has not been done	Not resolved	
2	Unsupported Trade and Other Payables/ Long Outstanding Trade and Other Payables	Old debt (up to 2020/2021) amounting to Ksh. 1,300,890 was forwarded to the County Pending Bills Verification Committee. Some of it might be written off in future due to lack of complete supporting documents. The	Resolved	Continuing

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		new debt is due to pending monthly allocation. Some of which was disbursed to hospital account and the bill paid in FY 24/25.		
3	Budgetary Control and performance	Statement of comparison of budget vs actual is at par with resources received and implementation of budget is at 100% except for the month where the hospital did not receive monthly allocation from the ministry of health.	Resolved	
4	Deficiencies in Implementation of Universal Health Coverage (UHC)	So many factors at play, but the county through the ministry of health and sanitation is working on improving the quality of health care.	Not resolved	No time frame – continuous exercise
5	Lack of Hospital Management Board	The County Committee Executive of Health is working on gazetting hospital boards	Not resolved	
6	Lack of Internal Audit Function and an Audit Committee of the board	The county ministry of finance has an internal audit unit which is supposed to conduct internal audit function to the hospital. New board will be guided on how to form Audit Committee	Resolved	
7	Lack of an Approved Staff Establishment	The hospital administrator shares staff returns to the County Ministry of Health HR department on monthly	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		basis for the purpose of establishing a gaps and action. Also, it is important to note that all human resource records are kept at county level and not at the hospital level. Hospital management is only in charge of Casuals staff.		

Guidance Notes:

1. Use the same reference numbers as contained in the external audit report.
2. Obtain the “Issue/Observation” and “management comments”, required above, from the final external audit report that is signed by Management.
3. Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for the implementation of each issue.

4. Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.



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Appendix II: Projects Implemented by The Entity

Projects

Projects implemented by the Hospital Funded by development partners

Project title	Project Number	Donor	Period/duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1	SUPPLY AND INSTALLATION OF NETWORK PERIPHERALS AND DESKTOP COMPUTER FOR MUTOMO LEVEL IV HOSPITAL	Kitui County	FY 24/25	Project done	Yes	No
2	PROCUREMENT OF ONE CPAP MACHINES FOR NEWBORN UNIT	Kitui County	FY 24/25	Project done	Yes	No
3	PROCUREMENT OF MUTOMO MORTUARY SPAREPARTS	Kitui County	FY 24/25	Project done	Yes	No

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Status of Projects completion

SN	Project	Total project Cost	Total expended to date	Completion to date	Budget	Actual	Sources of funds
1	SUPPLY AND INSTALLATION OF NETWORK PERIPHERALS AND DESKTOP COMPUTER FOR MUTOMO LEVEL IV HOSPITAL	1,215,770	30/06/2025	100%	1,280,381	1,215,770	County Government – Ministry of Health and Sanitation
2	PROCUREMENT OF ONE CPAP MACHINE FOR NEWBORN UNIT	196,429	30/06/2025	100%	196,429	195,200	County Government – Ministry of Health and Sanitation
3	PROCUREMENT OF MUTOMO MORTUARY SPAREPARTS	1,200,000	30/06/2025	100%	1,200,000	1,169,550	County Government – Ministry of Health and Sanitation

(Mutomo Level 4 Hospital received 1 CPAP Machines for Newborn Unit; to get the cost for the 1 machine, divide total cost by 14)

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Appendix III: Inter-Entity Confirmation Letter

Name of Transferring entity: Kitui County Ministry of Health and Sanitation

Name of Beneficiary entity: Mutomo Level 4 Hospital

Confirmation of amounts received by Mutomo Level 4 Hospital as at 30th June 2025.					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
0001103715 KI	16/08/2024	500,000	-	500,000	July AIE Allocation
0001104418 KI	4/10/2024	500,000	0	500,000	August AIE Allocation
0001105463 KI	7/10/2024	500,000	0	500,000	Sept AIE Allocation
KE/NAIROBI/KE/NAI	5/11/2024	500,000	0	500,000	October AIE Allocation
KE/NAIROBI/KE/NAI	27/11/2024	990,000	0	990,000	May & June Pending AIE Allocation
KE/NAIROBI/KE/NAI	31/12/2024	500,000	0	500,000	Nov AIE Allocation
KE/NAIROBI/KE/NAI	31/12/2024	500,000	0	500,000	Dec AIE Allocation
KE/NAIROBI/KE/NAI	31/12/2024	500,000	0	500,000	Jan AIE Allocation
KE/NAIROBI/KE/NAI	5/3/2025	500,000	0	500,000	Feb AIE Allocation
KE/NAIROBI/KE/NAI	4/4/2025	500,000	0	500,000	March AIE Allocation
Total		5,490,000		5,490,000	

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

Head of Accounts Department - Disbursing Entity:

Name Alfred Mue Sign He Date 22/10/25

Head of Accounts Department - Beneficiary Entity:

Name Barca K. Agaga Sign [Signature] Date 22/10/2025



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Appendix IV Reporting of Climate Relevant Expenditures

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

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Appendix V: Disaster Expenditure Reporting Template

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