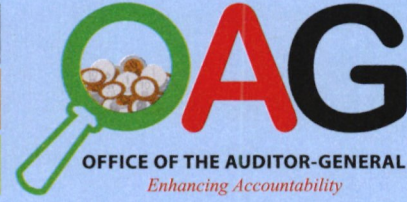
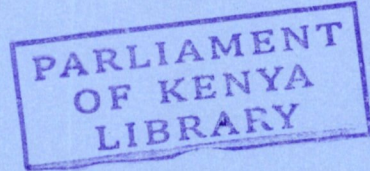


REPUBLIC OF KENYA



**REPORT**



**OF**

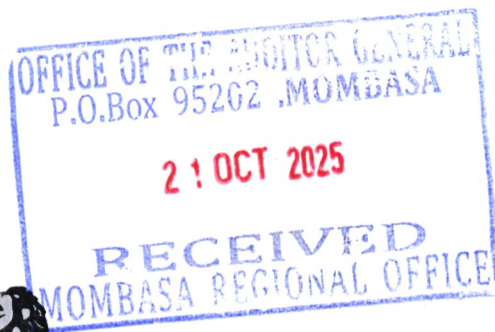
**THE AUDITOR-GENERAL**

**ON**

**TAITA-TAVETA COUNTY FACILITIES  
IMPROVEMENT FUND**

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

	PAPERS LAID
DATE	26.11.25
TABLED BY	S.M.W
COMMITTEE	-
CLERK AT THE TABLE	Belinda



Revised 30<sup>th</sup> June 2025



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**COUNTY GOVERNMENT OF TAITA TAVETA**  
**TAITA-TAVETA COUNTY FACILITIES IMPROVEMENT FUND**

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

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

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***Taita-Taveta County Facilities Improvement Fund***  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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**1. Acronyms and Definition of Key Terms**

**A. Acronyms**

BOM	Board of Management
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
Kshs	Kenya Shillings
CECM	County Executive Committee Member
CHMT	County Health Management Team
SCHMT	Sub County Health Management Team

**B. Definition of Key Terms**

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

**Comparative Year-** Means the prior period.

## **2. Key Entity Information and Management**

### **a) Background information**

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

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

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

### **b) Principal Activities**

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

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

### **c) Board of Trustees/Fund Administration Committee**

<b>Ref</b>	<b>Name</b>	<b>Position</b>
1	Davies Mwangi Mwailemi	Chairperson of the Board
2	Lenjajo Jacob Jumanne	Vice chair of the board
3.	Kalema Abeid Philip	Member of the board
4.	Emily Mwamburi Kituri	Member of the board
5.	Dr Catherine Kijala Mwamuzi	Member of the board
6.	Tecla Mwangage	Member of the board
7.	Noel Mnjalla mwachofi	Member of the board
8	Vitals Musa kangere	Member of the board

**Taita-Taveta County Facilities Improvement Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

9	Amina Suleieman	Fund administrator
---	-----------------	--------------------

**Key Entity and Management (Continued)**

**d) Key Management team**

Ref	Name	Position
1	CPA Elijah Mwazo	County Executive Committee Member – Finance & Economic Planning
2	Violet Mkamburi	County Chief Officer – Health Services
3	CPA Amina Suleiman	Fund Administrator
4	Elvis Mwandawiro	Director health services department
5	Silas Njongwa	Fund accountant

**e) Fiduciary Oversight Arrangements**

SN	Position	Name
1	Internal Audit	Directorate of Internal Audit
2	Audit Committee	County Executive Audit Committee
3		

**f) Registered Offices**

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

**g) Fund Contacts**

Telephone: 0432030745/6  
E-mail: [ttvhealthservices@gmail.com](mailto:ttvhealthservices@gmail.com)

**h) Fund Bankers**

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

**Key Entity and Management (Continued)**

**i) Independent Auditors**

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


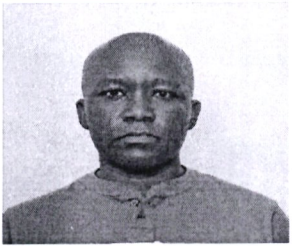


**j) Principal Legal Adviser**


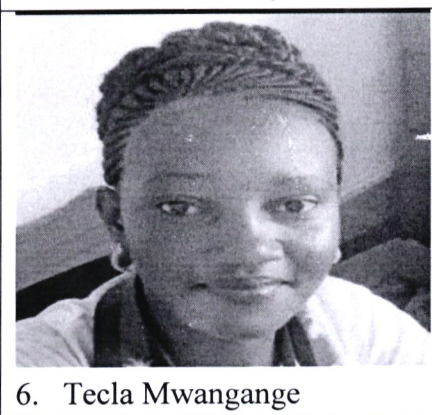
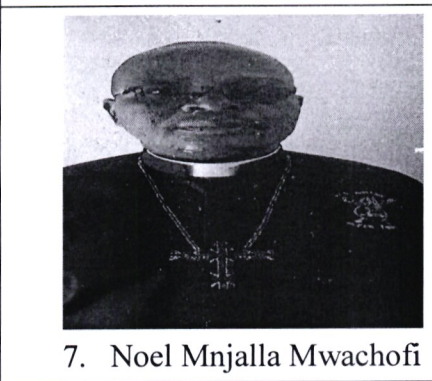
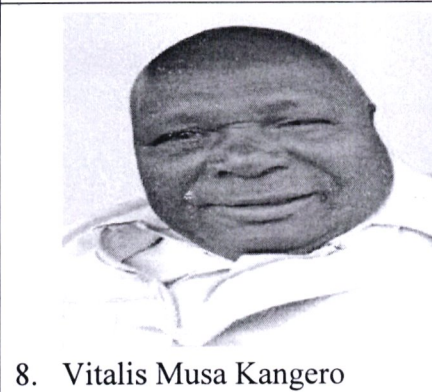
The Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya

**k) County Attorney**

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

**3. Board of Trustees/ Fund Administration Committee**

Name	Details of qualifications and experience
 <p>1. Davies Mwangi Mwailemi</p>	<p>Chairperson of the board</p> <p>He is a graduate of bachelor of education Arts from the university of Nairobi.</p> <p>He has worked in various in education field the latest one being provincial education officer.</p>
 <p>2. Lenjajo Jacob jumanne</p>	<p>Lenjajo Jacob Jumanne is a member of the County health management Board. He was born on 22nd August 1977</p> <p>He is a graduate of bachelor of science in health system management and holds a diploma in clinical medicine and surgery. He has worked in various medical fields in NGOs as a clinical improvement specialist and clinical manager. He is an independent board member</p>
 <p>3. Kalema Abeid Philip</p>	<p>Kalema Abeid Philip is a member of the county health management Board. He was born on 23rd sep 1968. He has a diploma in clinical medicine and surgery. He has worked in various positions in the medical field. He is an independent board member</p>
 <p>4. .Emily mwamburi kituri</p>	<p>Emily Kituri is a member of the board. She has graduated with a Bachelor of Arts Education from the University of Nairobi. She has worked as a curriculum support officer and early childhood officer in the Teachers service commission.</p>

	<p>Dr Katherine Mwamuzi is a member of the county health management board. She has a degree in Bachelors of Pharmacy. She has worked in various areas as a pharmacist in the medical field</p>
<p>5. Dr katherine Kijala Mwamuzi</p>	<p>A member of county health management board CPA part 2 section iv Diploma in accountancy Currently working as a finance manager in baraka hotel in Nairobi.</p>
	<p>A member of the Board. Masters of arts in leadership and management. Bachelor of divinity Diploma in Theology He is working as a priest to date. He is also a BOM chair in Mwanyambo Primary school.</p>
	<p>A member of the Board. Born on 12<sup>th</sup> July 1948, has a higher diploma in medical education and medical laboratory sciences. He is an expertise in medical laboratory sciences with an emphasis on hematology and blood transfusion</p>
	

*Taita-Taveta County Facilities Improvement Fund*

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

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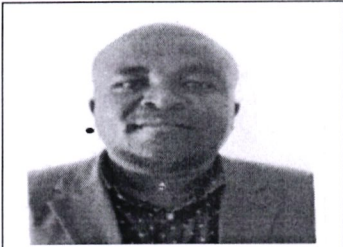



9. Amina Suleiman

Fund Administrator

CPA-k

Masters of Business Administration (finance Option).

**4. Management Team**

Name	Details of qualifications and experience
 <p>1. CPA Elijah Mwazo</p>	<p>Position: CECM Finance &amp; Planning                      Date of Birth: 1980                      Academic: Doctorate (BA) on-going, MBA-Finance, BCom –Accounting                      Professional: CPA(K)                      Experience: Vast Expertise in Both Finance &amp; Accounting</p>
 <p>2. Violet Mkamburi</p>	<p>Violet Mkamburi is the County Chief Officer – Health Services. She has a Bachelor of Science degree in Nursing and Public Health. She has been in the nursing administration and program coordinator in Reproductive Health and Gender Based Violence.</p>
 <p>3. Elvis Mwandawiro</p>	<p>County Director health services                      Masters in health system management.                      Bsc in public health                      Diploma in clinical medicine and surgery                      He is an experienced project health coordinator with a demonstrated history of working in the medical practice industry.</p>
 <p>4. CPA Amina Suleiman</p>	<p>Fund Administrator                      CPA-k                      Masters of Business Administration (finance Option).                      Bachelors in Business Administration (accounting option)                      Vast experience in both finance and accounting.</p>

***Taita-Taveta County Facilities Improvement Fund***  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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**5. Board/Fund Chairperson's Report**

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


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

During the financial year ended 30<sup>th</sup> June 2025, the fund received a total of Kshs 84,568,310 (Eighty-Four Million Five Hundred and Sixty-Eight Thousand Three Hundred and Ten). The fund was able to expend Kshs 90,833,385 (Ninety Million Eight Hundred and Thirty-Three Thousand Three Hundred and Eighty-Five).

The Facility Improvement Fund has in place the Facilities Improvement Fund Operation and Supervision Manuals. The implementation of this manual has greatly improved the collection of revenue, use of funds and enhanced patient and staff satisfaction for services received and rendered.

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

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

Name DAVIS MWALEMI Signature  Date 16/10/2025

Chairperson of the Board/Fund

## **6. Report of The Fund Administrator**

I am greatly honoured to present the Taita-Taveta County Facilities Improvement Fund Financial Statements for the year ended 30 June 2025. The financial statements present the financial performance of the fund during the period.

The Taita-Taveta County Facilities Improvement Fund receives revenue (user fees) from eight Health facilities. These are Moi County Referral Hospital, Mwatate Sub County Hospital, Taveta Sub County Hospital, Wesu Sub County Hospital, Voi Public Health, Mwatate Public Health, Taveta Public Health and Wundanyi Public Health.

During the financial year ended 30th June 2025, the fund received a total of Kshs 84,568,310 (Eighty-Four Million Five Hundred and Sixty-Eight Thousand Three Hundred and Ten). The fund was able to expend Kshs 90,833,385 (Ninety Million Eight Hundred and Thirty-Three Thousand Three Hundred and Eighty-Five).


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

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

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

The performance of the fund has significantly improved having in place the Improvement Fund Operation and Supervision Manuals. The manuals have enhanced collection of revenue, use of funds and improved patient and staff satisfaction for services received and rendered. The manuals also capture risk management.

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

.....

Name: Amina Suleiman

Fund Administrator

*Taita-Taveta County Facilities Improvement Fund*

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

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**7. Statement of Performance Against the County Fund’s Predetermined Objectives**

**Introduction**

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

The key development objectives of the Fund as per the strategic plan for 2023-2027 are to:

- a) *Provide quality physical infrastructure in the County*
- b) *Improve health care financing*

**Progress on attainment of Strategic development objectives**

Below we provide the progress on attaining the stated objectives:

<b>Program</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
Health Financing	Increase budgetary allocation to health from 20% to 35% of the total county budget	The health facilities will have sufficient and adequate resources.	The health facilities are able to utilise their own revenue	<b>Improved quality of services rendered</b>
Health financing	To improve efficiency in health expenditure and reduce financial wastage to 20%	Improved efficiency in funds utilization	Reduction in financial wastage	Financial prudence.

## **8. Corporate Governance Statement**

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

The County Health Management Board was gazetted on 20th September 2024. The Board is responsible for among other functions;

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

The board shall consist of:

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

The Board shall meet at least four times but not more than eight meetings in each financial year. The term of office of the members unless ex-officio shall be three years which may be renewed for one term.

The Hospital Management Board was gazetted on 20th September 2024. The Board is responsible for among other functions;

- Providing oversight to the hospital management team to improve the health status of the community
- Providing necessary checks and balances for use of all resources available to the hospital
- Making decisions that will improve the hospital, ensure continuity while keeping in line with county government policies
- Overseeing the prudent utilization and reporting of all resources under their responsibility.

The board shall consist of:

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

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

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

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

**Taita-Taveta County Facilities Improvement Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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**9. Management Discussion and Analysis**

Operational and Financial Performance

The core operation activity of the fund is to disburse funds to Health facilities. During the financial year, the Taita-Taveta County Facilities Improvement Fund managed to get revenue from user fees totalling Kshs 84,568,310 (Eighty Four Million Five Hundred and Sixty Eight Thousand Three Hundred and Ten) from health facilities..

<b>FACILITY</b>	<b>PARTICULARS</b>	<b>AMOUNT</b>
MOI COUNTY REFERRAL HOSPITAL	USER FEES	46,206,862
MWATATE SUB COUNTY HOSPITAL	USER FEES	8,546,081
TAVETA SUB COUNTY HOSPITAL	USER FEES	11,789,225
WESU SUB COUNTY HOSPITAL	USER FEES	5,629,105
VOI PUBLIC HEALTH	USER FEES	3,805,475
MWATATE PUBLIC HEALTH	USER FEES	3,616,831
TAVETA PUBLIC HEALTH	USER FEES	3,060,201
WUNDANYI PUBLIC HEALTH	USER FEES	1,914,530
	<b>TOTAL</b>	<b>84,568,310</b>

## **10. Environmental and Sustainability Reporting**

Health facilities in the county are committed to incorporating sustainable practices into its operations. The health facilities sustainability strategy is driven by the recognition of the broader political and macroeconomic trends that influence healthcare delivery, such as climate change, regulatory frameworks, and public health policies. The management, led by the accounting officer, has emphasized the importance of environmental sustainability within the hospital's daily operations, aligning with both national and international best practices in healthcare sustainability. While significant strides have been made, such as water conservation measures, the hospital still faces challenges. One such challenge is the limited budget for implementing more comprehensive sustainability initiatives, which has at times hindered broader efforts. However, the health facilities remain committed to overcoming these barriers by exploring partnerships and government support for sustainability programs

### ***i) Environmental performance***

The health facilities have adopted an environmental policy to guide its operations, focusing on reducing the environmental footprint of its healthcare services. The policy emphasizes energy conservation, waste management, and the reduction of water consumption. The health facilities waste management policy includes segregating waste into recyclable, biohazard, and general waste, with a focus on minimizing medical waste through better management of pharmaceuticals and medical supplies. The hospital's environmental successes include a significant reduction in water usage by adopting water-saving technologies, such as low-flow taps and dual-flush toilets. However, challenges persist in managing medical waste more efficiently, especially in rural areas where disposal infrastructure is lacking. The health facilities have also made efforts to improve biodiversity by planting trees and maintaining green spaces around the premises. These efforts align with the hospital's commitment to reducing its environmental impact and promoting sustainability

### ***i) Employee welfare***

***Taita-Taveta County Facilities Improvement Fund***  
***Annual Report and Financial Statements for the year ended June 30, 2025***

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*Give an account of the policies guiding the hiring process and whether they take into account the gender ratio (male, female, youth) and PWD, whether they take in stakeholder engagements, and how often the policies are improved. Explain efforts made in improving skills and managing careers, appraisal and reward systems. The organization should also disclose their policy on safety and compliance with Occupational Safety and Health Act of 2007, (OSHA. Include a review of work-related injuries and evidence of efforts to minimize this.*

**ii) Market place practices-**

The organization should outline its efforts to:

**a) Responsible competition practice.**

*Explain how the organization ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition-open tendering and respect for competitors or outline how the entity ensures improved service delivery practices (e.g. Service charter information, Service automation-self-service, Anti-corruption-reporting, brand protection mechanism, cashless payment, public sensitization/outreach, etc.)*

**b) Responsible Supply chain and supplier relations**

*Explain how the organisation maintains good business practices, treats its own suppliers responsibly by honouring contracts, respecting payment practices and allowing competitive procurement of services.*

**c) Responsible marketing and advertisement or Responsible engagement with the citizens.**

*Outline efforts to maintain ethical marketing practices (e.g. avoiding false or exaggerated promises, avoiding anti-social advertisement, giving adequate information, respecting consumers) Or discuss how the entity's efforts in ensuring its outreach and sensitization practices are ethical and responsible (regular media, website briefs, holding consultative forums, avoiding false or exaggerated promises, giving adequate information, respecting diversity)*

**d) Product stewardship or Awareness creation**

*Outline efforts to safeguard consumer rights and interests issues include protection of health and safety, providing adequate product information, dispute resolution and redress, consumer data and privacy protection) or how the entity safeguards citizens' rights and interests (Providing adequate service information e.g. NHIF, NSSF, application of licenses, ID, Passport, logbook, connection to power, water, right to representation when arrested/ bail, right to peaceful demonstration, dispute resolution and redress, whistle blowers rights, citizen data and privacy protection)*

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

*(The report discusses the details of Corporate Social Responsibility (CSR) activities carried out in the reporting period and the impact to the society.) The activities should be limited to the co-mandate of the entity. For example, Kenya Forest Services could report social investments arising from partnering with communities to propagate seedlings and then they buy back, agroforestry where the community is allowed to farm and take care of seedlings or an initiative supporting a community to use energy savings Jikos. Provide evidence of community engagement including charitable giving (cash and material), Corporate Social Investment (e.g. schools, dams, roads, boreholes, health facilities etc.) and other forms of community engagements (e.g. tree planting, free clinics, scholarships and bursaries awarded etc.). Or evidence of public participation, sensitization and civic education (e.g. in Law and by-laws formulation, budget making processes, community consultation on proposed development projects in their areas)*

**11. Report of The Trustees**

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2025 which show the state of the Fund affairs.

**Principal activities**

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

**Results**

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

**Trustees**

The members of the Board of Trustees who served during the year are shown on page vi ). The changes in the Board during the financial year are as shown below:

**Auditors**

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

By Order of the Board

  
.....

**Chair of the Board/Fund Administration Committee**

**Date:** 16/10/2025  
.....

**12. Statement of Management’s Responsibilities**

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


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

The Administrator of the Fund accepts responsibility for the Fund’s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Taita-Taveta County Health Services Act 2021. The Administrator of the Fund is of the opinion that the Fund’s financial statements give a true and fair view of the state of Fund’s transactions during the financial year ended June 30, 2025, and of the Fund’s financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund’s financial statements as well as the adequacy of the systems of internal financial control.

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

**Approval of the financial statements**

The Fund’s financial statements were approved by the Board on 30th June 2025 and signed on its behalf by:

.....  


**Administrator of the County Public Fund**

# REPUBLIC OF KENYA

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



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

## REPORT OF THE AUDITOR-GENERAL ON TAITA TAVETA COUNTY FACILITIES IMPROVEMENT FUND FOR THE YEAR ENDED 30 JUNE, 2025

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### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Opinion

I have audited the accompanying financial statements of Taita Taveta County Facilities Improvement Fund set out on pages 1 to 43, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of

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

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

### **Basis for Opinion**

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

### **Emphasis of Matter**

#### **Budgetary Control and performance**

The statement of comparison of budget and actual amounts reflects final revenue budget and actual amounts on comparable basis of Kshs.250,000,000 and Kshs.84,568,310 respectively resulting in an under-funding of Kshs.165,431,690 or 66% of the budget.

The under-funding may have affected implementation of planned activities and impacted negatively on service delivery to the citizens.

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

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

### **Other Matter**

#### **Unresolved Prior Year Audit Issues**

In the audit report of the previous year, several issues as listed below were raised under the Report on the Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources as indicated below. However, although Management has indicated that the issues have been resolved, no evidence was provided in support of this position.

1. Undisclosed revenue
2. Irregular transfer of funds to revenue collection account
3. Failure to operationalize county health management board

### **Other Information**

The Management is responsible for the Other Information set out on page iii to xxii which comprise of Key Entity Information and Management, Fund Administration Committee, Management Team, Fund Chairpersons report, Report of the Fund administrator, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the trustees, Statement of Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

### **REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES**

#### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

#### **Basis for Conclusion**

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

### **REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

#### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

## **Basis for Conclusion**

The audit was conducted in accordance with 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 Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

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

## **Auditor-General's Responsibilities for the Audit**

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards 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


14 November, 2025


**Taita-Taveta County Facilities Improvement Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

**14. Statement of Financial Performance for the Year Ended 30<sup>th</sup> June 2025**

Description	Note	2024 - 2025	2023 - 2024
		Kshs	Kshs
<b>Revenue From Non-Exchange Transactions</b>			
User Fees	6	83,701,048	93,081,575
User Fees - Mpesa	31	867,262	1,174,052
Fines, Penalties and Other Levies		-	-
		<b>84,568,310</b>	<b>94,255,627</b>
<b>Revenue From Exchange Transactions</b>			
Interest Income		-	-
Other Income		-	-
		-	-
<b>Total Revenue</b>		<b>84,568,310</b>	<b>94,255,627</b>
<b>Expenses</b>			
Transfer of Funds	11	(90,807,412)	(92,397,422)
General Expenses	12	(25,973)	(525,652)
Depreciation and Amortization Expense	13	(30,445)	(40,884)
Finance Costs		-	-
<b>Total Expenses</b>		<b>(90,863,830)</b>	<b>(92,963,959)</b>
<b>Other Gains/Losses</b>			
Gain/Loss on Disposal of Assets		-	-
Gain /Loss on fair value of investments		-	-
<b>Surplus/(Deficit) for the Period</b>		<b>(6,295,520)</b>	<b>1,291,668</b>

*(The notes set out on pages 8 to 42 form an integral part of these Financial Statements)*

.....  
  
**Name: Amina Suleiman**  
**Administrator of the Fund**

.....  
  
**Name:**  
**Fund Accountant**  
**ICPAK Member Number: 15011**

16/07/2025

*Taita-Taveta County Facilities Improvement Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2025**


**15. Statement of Financial Position As at 30 June 2025**


Description	Note	2024 - 2025	2023 – 2024
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	17	3,329,754	9,594,829
Current Portion of Long- Term Receivables from Exchange Transactions		-	-
Prepayments		-	-
Inventories		-	-
Investments in financial assets		-	-
<b>Total current assets</b>		<b>3,329,754</b>	<b>9,594,829</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	22	113,646	144,090
Intangible Assets		-	-
Long Term Receivables from Exchange Transactions		-	-
Investment Property		-	-
<b>Total non- current assets</b>		<b>113,646</b>	<b>144,090</b>
<b>Total Assets (A)</b>		<b>3,443,399</b>	<b>9,738,919</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables from Exchange Transactions		-	-
Current Provisions		-	-
Current Portion of Borrowings		-	-
Employee Benefit Obligations		-	-
Social benefit liabilities		-	-
<b>Total current liabilities</b>		<b>-</b>	<b>-</b>
<b>Non-Current Liabilities</b>			
Non-Current Provisions	26	-	-
Long Term Portion of Borrowings	27	-	-
Non-Current Employee Benefit Obligation	28	-	-
Social benefit liabilities	29	-	-
<b>Total Liabilities (B)</b>		<b>-</b>	<b>-</b>

**Taita-Taveta County Facilities Improvement Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

Description	Note	2024 - 2025	2023 - 2024
		Kshs	Kshs
Net Assets (A-B)		3,443,399	9,738,919
<b>Represented By:</b>			
Revolving Fund		-	-
Reserves		-	-
Accumulated Surplus		3,443,399	9,738,919
<b>Net Assets</b>		<b>3,443,399</b>	<b>9,738,919</b>

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

  
 .....  
**Name: Amina Suleiman**  
**Administrator of the Fund**

  
 .....  
**Name:**  
**Fund Accountant**  
**ICPAK Member Number: 15011**

18/10/2025

**Taita-Taveta County Facilities Improvement Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

**16. Statement of Changes in Net Assets for the year ended 30<sup>th</sup> June 2025**

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
<b>Balance As At 1 July 2023</b>	-	-	8,447,251	<b>8,447,251</b>
Surplus/(Deficit) For the Period	-	-	1,291,668	<b>1,291,668</b>
Funds Received During the Year	-	-		-
Transfers	-		-	
Revaluation Gain	-	-	-	-
<b>Balance As At 30 June 2024</b>	-	-	<b>9,738,919</b>	<b>9,738,919</b>
<b>Balance As At 1 July 2024</b>	-	-	<b>9,738,919</b>	<b>9,738,919</b>
Surplus/(Deficit) For the Period		-	(6,295,520)	(6,295,520)
Funds Received During the Year	-	-	-	-
Transfers	-		-	-
Revaluation Gain	-	-	-	-
<b>Balance As At 30 June 2025</b>	-	-	<b>3,443,399</b>	<b>3,443,399</b>

**Taita-Taveta County Facilities Improvement Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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

Description	Note	2024 - 2025	2023 - 2024
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
User fees	6	83,701,048	93,081,575
User Fees - Mpesa	31	867,262	1,174,052
Interest received		-	-
Receipts from other operating activities		-	-
<b>Total receipts</b>		<b>84,568,310</b>	<b>94,255,627</b>
<b>Payments</b>			
Fund administration expenses		-	-
General expenses	12	(25,973)	(366,302)
Finance cost		-	-
Transfer of Funds	11	(90,807,412)	(92,397,422)
Other payments		<b>(90,833,385)</b>	<b>(92,763,724)</b>
<b>Net cash flows from operating activities</b>		<b>(6,265,075)</b>	<b>1,491,903</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and Intangible assets		-	-
Proceeds from sale of property, plant & equipment		-	-
Proceeds from loan principal repayments		-	-
Loan disbursements paid out		-	-
<b>Net cash flows used in investing activities</b>		<b>-</b>	<b>-</b>
<b>Cash flows from financing activities</b>			
Proceeds from revolving fund receipts		-	-
Additional borrowings		-	-
Repayment of borrowings		-	-
<b>Net cash flows used in financing activities</b>		<b>-</b>	<b>-</b>
<b>Net increase/(decrease) in cash &amp; cash Equivalents</b>		<b>(6,265,075)</b>	<b>1,491,903</b>
Cash and cash equivalents at 1 July	17	9,594,829	8,202,276
Prior year adjustment		-	(99,350)
<b>Cash and cash equivalents at 30 June</b>	17	<b>3,329,754</b>	<b>9,594,829</b>

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

**Taita-Taveta County Facilities Improvement Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

**18. Statement Of Comparison Of Budget And Actual Amounts For The Period 2025**

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
Budget carryovers from the previous year*	-	-	-	-	-	%
<b>Receipts</b>						
User Fees	250,000,000	-	250,000,000	84,568,310	165,431,690	33%
Transfers From County Govt.						
Interest Income	-	-	-	-	-	%
Other Income	-	-	-	-	-	%
<b>Total Income</b>	<b>250,000,000</b>	<b>-</b>	<b>250,000,000</b>	<b>84,568,310</b>	<b>165,431,690</b>	<b>%</b>
<b>Expenses</b>						
Fund Administration Expenses	-	-	-	-	-	%
General Expenses	25,973	-	25,973	25,973	-	100%
Finance Cost	-	-	-	-	-	%
Other Grants & Transfers	249,974,027		249,974,027	90,807,412	159,166,615	36%
<b>Total Expenditure</b>	<b>250,000,000</b>	<b>-</b>	<b>250,000,000</b>	<b>90,833,385</b>	<b>159,166,615</b>	<b>%</b>
<b>Capital expenditure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Surplus For the Period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(6,265,075)</b>	<b>6,265,075</b>	

**Taita-Taveta County Facilities Improvement Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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**Budget notes**

1. *The National Health Insurance Fund reimbursements were utilised from the Hospital Account*
2. *Provide an explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)*

**Budget Reconciliation**

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	A
1	Reason for differences	-
2	Reason for differences	-
3	Reason for differences	-
4	Reason for differences	-
	Closing Cash and Cash Equivalent as per the statement of Cash flows	-

**19. Notes to the Financial Statements**

**Significant Accounting Policies**

**1. General Information**

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

**2. Statement of compliance and basis of preparation**

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

**3. Adoption of new and revised standards**

*(When an IPSAS becomes effective on 1<sup>st</sup> January 2025, it is applicable in Kenya from 1<sup>st</sup> July 2025)*

*(i) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025*

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

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

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

**Taita-Taveta County Facilities Improvement Fund**  
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<p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
<p>IPSAS 45: Property Plant and Equipment</p>	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
<p>IPSAS 46: Measurement</p>	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b> The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS.</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
<p>IPSAS 47: Revenue</p>	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b> 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</p>

**Taita-Taveta County Facilities Improvement Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

	of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.
IPSAS 48: Transfer Expenses	<b><i>Applicable 1<sup>st</sup> January 2026</i></b> 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.
IPSAS 49: Retirement Benefit Plans	<b><i>Applicable 1<sup>st</sup> January 2026</i></b> 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.
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<b><i>Applicable 1<sup>st</sup> January 2027</i></b> The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires: <ul style="list-style-type: none"> <li>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li> <li>ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.</li> <li>iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.</li> </ul>

**(i) 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**

##### **a) Revenue recognition**

##### **i. Revenue from non-exchange transactions**

###### **Transfers from other government entities**

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

##### **ii. Revenue from exchange transactions**

###### **Interest income**

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

###### **Dividends**

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

###### **Rental income**

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

##### **b) Budget information**

The original budget for FY 2025 was approved by the County Assembly in June 2025. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded no additional appropriations for the FY 2025 budget following the governing body's approval.

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

**Summary of Significant Accounting Policies (Continued)**

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

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

**c) Property, plant and equipment**

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

**a) Intangible Assets**

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

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

**b) Investment property**

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

**Summary of Significant Accounting Policies (Continued)**

**c) Financial instruments**

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

**Financial assets**

**Classification of financial assets**

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

**Subsequent measurement**

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

**Summary of Significant Accounting Policies (Continued)**

**Amortized cost**

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

**Fair value through net assets/ equity**

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

**Fair value through surplus or deficit**

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

**Trade and other receivables**

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

**Impairment**

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

**Summary of Significant Accounting Policies (Continued)**

**Financial liabilities**

**Classification**

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

**d) Inventories**

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

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

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

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

**e) Provisions**

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

**f) Social Benefits**

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

**Summary of Significant Accounting Policies (Continued)**

**g) Contingent liabilities**

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

**Contingent assets**

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

**h) Nature and purpose of reserves**

The Entity creates and maintains reserves in terms of specific requirements. *Entity to state the reserves maintained and appropriate policies adopted.*

**i) Changes in accounting policies and estimates**

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

**j) Employee benefits – Retirement benefit plans**

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

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

**Summary of Significant Accounting Policies (Continued)**

**k) Foreign currency transactions**

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

**l) Borrowing costs**

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

**m) Related parties**

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

**n) Cash and cash equivalents**

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

**o) Comparative figures**

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

**Summary of Significant Accounting Policies (Continued)**

**5. Significant judgments and sources of estimation uncertainty**

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

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

**a) Estimates and assumptions –**

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

**b) Useful lives and residual values**

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

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

**c) Provisions**

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

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

**Taita-Taveta County Facilities Improvement Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

**Notes To the Financial Statements Continued**

**6. User Fees**

Description	2024 – 2025	2023 - 2024
	Kshs	Kshs
Moi (Voi) County Referral Hospital	45,607,585	52,984,088
Mwatate Sub County Hospital	8,506,086	8,050,743
Taveta Sub County Hospital	11,716,585	13,634,027
Wesu Sub County Hospital	5,529,955	7,564,683
Voi Public Health	3,802,275	3,365,598
Mwatate Public Health	3,584,131	2,957,237
Taveta Public Health	3,047,401	2,598,217
Wundanyi Public Health	1,907,030	1,926,982
<b>Total</b>	<b>83,701,048</b>	<b>93,081,575</b>

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

**7. Transfers from County Government**

Description	2024 – 2025	2023 - 2024
	Kshs	Kshs
Transfers From County Govt. –Operations	-	-
Payments By County On Behalf Of The Entity	-	-
Unconditional Development grants	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**8. Fines, penalties and other levies**

Description	2024 – 2025	2023 - 2024
	Kshs	Kshs
Late Payment Penalties	-	-
Fines	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**9. Interest income**

Description	2024 – 2025	2023 - 2024
	Kshs	Kshs
Interest Income from Mortgage Loans	-	-
Interest Income From Car Loans	-	-

**Taita-Taveta County Facilities Improvement Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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Interest Income From Investments in financial assets	-	-
Interest Income On Bank Deposits	-	-
<b>Total Interest Income</b>	-	-

*(Provide brief explanation for this revenue)*

**Taita-Taveta County Facilities Improvement Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

**10. Other income**

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

**11. Transfer of Funds**

Description	2024 – 2025	2023 - 2024
	Kshs	Kshs
Moi (Voi) County Referral Hospital	34,350,016	20,519,406
Mwatate Sub County Hospital	6,423,621	3,293,415
Taveta Sub County Hospital	8,985,368	4,899,798
Wesu Sub County Hospital	4,384,071	2,579,771
Voi Sub County Public Health	2,837,599	1,703,984
Mwatate Sub County Public Health	2,459,499	1,168,875
Taveta Sub County Public Health	2,059,947	1,467,299
Wundanyi Sub County Public Health	1,413,905	925,565
County Health Management Team	10,811,774	6,365,950
Voi Sub County Health Management Team	3,145,403	1,827,908
Mwatate Sub County Health Management Team	3,145,403	1,827,908
Taveta Sub County Health Management Team	3,145,403	1,827,908
Wundanyi Sub County Health Management Team	3,145,403	1,827,908
Revenue Collection Account	-	42,161,727
TTVT County Treasury Imprest Ac	4,500,000	-
<b>Total</b>	<b>90,807,412</b>	<b>92,397,422</b>

**12. General Expenses**

Description	2024 – 2025	2023 - 2024
	Kshs.	Kshs.
General Office Expenses	-	36,300
Bank Charges	25,973	21,922

**Taita-Taveta County Facilities Improvement Fund**  
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Description	2024 – 2025	2023 - 2024
	Kshs.	Kshs.
Domestic Subsistence Allowance	-	213,080
Boards and Conferences	-	50,000
Fuel and Lubricants	-	25,000
Telephone And Communication Expenses	-	20,000
Other	-	159,350
<b>Total</b>	<b>25,973</b>	<b>525,652</b>

**13. Depreciation and Amortization Expenses**

Description	2024 – 2025	2023 - 2024
	Kshs.	Kshs.
Property Plant and Equipment	30,445	40,884
Intangible Assets	-	-
<b>Total</b>	<b>30,445</b>	<b>40,884</b>

**14. Administration Cost**

Description	2024 – 2025	2023 - 2024
	Kshs	Kshs
Fund Administration Expenses	1,376,870	1,959,899
<b>Total</b>	<b>1,376,870</b>	<b>1,959,899</b>

Administration was expensed through the County Health Management Team KCB Account No. 1297801679.

**Taita-Taveta County Facilities Improvement Fund**  
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**15. Gain/(loss) on disposal of assets**

Description	2024 – 2025	2023 - 2024
	Kshs	Kshs
Property, Plant and Equipment	-	-
Intangible Assets	-	-
<b>Total</b>	-	-

**16. Gain/ (loss) on Fair Value Investments**

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

**17. Cash and cash equivalents**

Description	2024 – 2025	2023 - 2024
	Kshs	Kshs
Bank Account	2,462,492	8,420,777
Mpesa	867,262	1,174,052
Fixed Deposits Account	-	-
On – Call Deposits	-	-
Current Account	-	-
Others ( <i>Specify</i> )	-	-
<b>Total Cash and Cash Equivalents</b>	<b>3,329,754</b>	<b>9,594,829</b>

**Taita-Taveta County Facilities Improvement Fund**  
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Detailed analysis of the cash and cash equivalents are as follows:

Financial Institution	Account number	2024 – 2025	2023 – 2024
		Kshs	Kshs
<b>a) Bank Account</b>			
Kenya Commercial Bank	1293040819	2,462,492	8,420,777
<b>Sub- Total</b>		<b>2,462,492</b>	<b>8,420,777</b>
<b>Mpesa</b>			
<b>b) Cash Held in Mpesa</b>		867,262	1,174,052
<b>Sub- Total</b>		<b>867,262</b>	<b>1,174,052</b>
<b>Grand Total</b>		<b>3,329,754</b>	<b>9,594,829</b>
<b>c) Current Account</b>			
Kenya Commercial Bank		-	-
Bank B		-	-
<b>Sub- Total</b>		-	-
<b>d) Others(Specify)</b>			
Cash In Transit		-	-
Cash In Hand		-	-
<b>Sub- Total</b>		-	-
<b>Grand Total</b>		<b>3,329,754</b>	<b>9,594,829</b>

**18. Receivables from exchange transactions**

Description	2024 – 2025	2023 – 2024
	Kshs	Kshs
<b>Current Receivables</b>		
Interest Receivable	-	-
Current Loan Repayments Due	-	-
Other Exchange Debtors	-	-
Less: Impairment Allowance	-	-
<b>Total Current Receivables</b>		
<b>Non-Current Receivables</b>		
Long Term Loan Repayments Due	-	-
<b>Total Non- Current Receivables</b>	-	-
<b>Total Receivables From Exchange Transactions</b>	-	-

**Taita-Taveta County Facilities Improvement Fund**  
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**Additional disclosure on interest receivable**

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

**19. Prepayments**

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

**20. Inventories**

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

**Taita-Taveta County Facilities Improvement Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

Detailed disclosure on inventories

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

**21. Investments in financial assets**

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

**Movement of Equity Investments**

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

**Taita-Taveta County Facilities Improvement Fund**

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

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**e) Shareholding in other entities**

*For investments in equity share listed above, list down the equity investments under the following categories:*

Name of Entity where investment is held	No of shares			Nominal value of shares	Fair value of shares	Fair value of shares
	Direct shareholding	Indirect shareholding	Effective shareholding		Current year	Prior year
	%	%	%	Kshs	Kshs	Kshs
Entity A	-	-	-	-	-	-
Entity B	-	-	-	-	-	-
Entity C	-	-	-	-	-	-
	-	-	-	-	-	-

**Taita-Taveta County Facilities Improvement Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

**22. Property, plant, and equipment**

	Land	Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Rate	%	%	%	12.5%	30%	
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
<b>At 1<sup>st</sup> July 2023</b>	-	-	-	-	-	-
Additions	-	-	-	83,475	101,500	184,975
Disposals	-	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-
<b>At 30<sup>th</sup> June 2024</b>	-	-	-	73,011	71,050	144,091
<b>At 1<sup>st</sup> July 2024</b>	-	-	-	73,011	71,050	144,091
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-
<b>At 30<sup>th</sup> June 2025</b>	-	-	-	-	-	-
<b>Depreciation And Impairment</b>						
At 1 <sup>st</sup> July 2023	-	-	-	-	-	-
Depreciation	-	-	-	10,434	30,450	(40,884)
Impairment	-	-	-	-	-	-
<b>At 30<sup>th</sup> June 2024</b>	-	-	-	10,434	30,450	(40,884)
<b>At 1<sup>st</sup> July 2025</b>	-	-	-	10,434	30,450	(40,884)
Depreciation	-	-	-	9,130	21,315	(30,445)
Disposals	-	-	-	-	-	-
Impairment	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-	-
<b>At 30<sup>th</sup> June 2025</b>	-	-	-	<b>19,564</b>	<b>51,765</b>	<b>(71,329)</b>
<b>Net Book Values</b>						
<b>At 30<sup>th</sup> June 2024</b>	-	-	-	<b>73,041</b>	<b>71,050</b>	<b>144,091</b>

*Taita-Taveta County Facilities Improvement Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2025**

	Land	Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
<b>Rate</b>		%	%	12.5%	30%	
<b>At 30<sup>th</sup> June 2025</b>	-	-	-	63,911	49,735	113,646

**Taita-Taveta County Facilities Improvement Fund**  
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**23. Intangible assets**

Description	2024 – 2025	2023 - 2024
	Kshs	Kshs
<b>Cost</b>		
<b>At Beginning of The Year</b>	-	-
Additions	-	-
<b>At End of The Year</b>	-	-
<b>Amortization And Impairment</b>		
<b>At Beginning of The Year</b>	-	-
Amortization	-	-
<b>At End of The Year</b>	-	-
Impairment Loss	-	-
<b>At End of The Year</b>	-	-
<b>NBV</b>	-	-

**24. Investment Property**

Description	2024 – 2025	2023 - 2024
	Kshs	Kshs
<b>At beginning of the year</b>	<b>144,090</b>	<b>184,975</b>
Additions	-	-
Disposal during the year	-	-
Depreciation	(30,445)	(40,884)
Impairment	-	-
Gain/(loss) in fair value (if fair value is elected)	-	-
<b>At end of the year</b>	<b>113,646</b>	<b>144,090</b>

**Taita-Taveta County Facilities Improvement Fund**  
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**25. Trade and other payables from exchange transactions**

Description	2024 – 2025		2023 - 2024	
	Kshs		Kshs	
Trade Payables	-		-	
Refundable Deposits	-		-	
Accrued Expenses	-		-	
Other Payables	-		-	
<b>Total Trade and Other Payables</b>	<b>-</b>		<b>-</b>	
<b>Ageing analysis (Trade and other payables)</b>	<b>Current FY</b>	<b>% of the Total</b>	<b>Comparative FY</b>	<b>% of the Total</b>
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total (tie to above total)</b>	<b>-</b>		<b>-</b>	

**26. Provisions**

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

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**27. Borrowings**

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

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

Description	2024 - 2025	2023 - 2024
	Kshs	Kshs
<b>External Borrowings</b>		
Dollar Denominated Loan From 'X Organization'	-	-
Sterling Pound Denominated Loan From 'Y Organization'	-	-
Euro Denominated Loan from Z Organization'	-	-
<b>Domestic Borrowings</b>		
Kenya Shilling Loan From KCB	-	-
Kenya Shilling Loan from Barclays Bank	-	-
Kenya Shilling Loan from Consolidated Bank	-	-
Borrowings From Other Government Institutions	-	-
<b>Total Balance at End of The Year</b>	-	-

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

Description	2024 – 2025	2023 - 2024
	Kshs	Kshs
Short Term Borrowings (Current Portion)	-	-
Long Term Borrowings	-	-
<b>Total</b>	-	-

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**28. Employee benefit obligations**

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

**29. Social Benefit Liabilities**

Description	2024 – 2025	2023 - 2024
	Kshs	Kshs
Health social benefit scheme	-	-
Unemployment social benefit scheme	-	-
Orphaned and vulnerable benefit scheme	-	-
Elderly social benefit scheme	-	-
Bursary social benefits	-	-
<b>Total</b>	-	-
Current social benefits	-	-
Non- current social benefits	-	-
<b>Total (tie to totals above)</b>	-	-

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**30. Cash generated from operations.**

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

**31. Related party balances**

**a) Nature of related party relationships**

Entities and other parties related to the Fund include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members. The fund/scheme is related to the following entities:

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

**b) Related party transactions**

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

**c) Key management remuneration**

Description	2024 – 2025	2023 - 2024
	Kshs	Kshs
Board Of Trustees	-	-
Key Management Compensation	-	-
<b>Total</b>	-	-

**d) Due from related parties**

Description	2024 – 2025	2023 - 2024
	Kshs	Kshs
Due From Parent Ministry	-	-
Due From County Government	-	-
<b>Total</b>	-	-

**e) Mpesa Balances**

Health facilities collect their user fees through Mpesa Paybills. The balances at 30<sup>th</sup> June 2025 are as follows are shown below. Swiping of the funds from Mpesa to FIF Fund is done on a weekly basis.

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

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<b>Financial Institution</b>	<b>Paybill Account No.</b>	<b>Kshs</b>	<b>Kshs</b>
<b>Cash Held in Mpesa</b>			
Moi County Referral Hospital	593856	599,277	799,534
Mwatate Sub County Hospital.	593948	39,995	78,218
Taveta Sub County Hospital.	593863	72,640	123,620
Wesu Sub County Hospital	593858	99,150	137,980
Voi Sub-County Public Health	4087137	3,200	6,100
Mwatate Sub-County Public Health	4087141	32,700	15,100
Taveta Sub-County Public Health	4087139	12,800	3,000
Wundanyi Sub-County Public Health	4087135	7,500	10,500
	<b>Total</b>	<b>867,262</b>	<b>1,174,052</b>

**f) Other Receipts**

<b>Description</b>	<b>HEALTH FACILITY</b>			
	<b>Moi County Referral Hospital</b>	<b>Mwatate Sub County Hospital</b>	<b>Taveta Sub County Hospital</b>	<b>Wesu Sub County Hospital</b>
National Health Insurance Fund	79,393,897	15,044,529	40,472,773	9,813,011
Global Fund Malaria	51,724	-	51,724	-
<b>Total</b>	<b>79,445,621</b>	<b>15,044,529</b>	<b>40,524,497</b>	<b>9,813,011</b>

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

**Other Disclosures Continued**

**g) Due to related parties**

Description	2024 – 2025	2023 – 2024
	Kshs	Kshs
Due To Parent Ministry	-	-
Due To County Government	-	-
Due To Key Management Personnel	-	-
<b>Total</b>	-	-

**32. Contingent assets and contingent liabilities**

Contingent Liabilities	2024 – 2025	2023 – 2024
	Kshs	Kshs
Court Case Against the Fund	-	-
Bank Guarantees	-	-
<b>Total</b>	-	-

*(Give details)*

### 33. Financial risk management

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

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

#### a) Credit risk

The Fund has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity'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
<b>At 30 June 2022</b>				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 30 June 2021</b>				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
<b>Total</b>	-	-	-	-

(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)

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 entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The entity has significant concentration of credit risk on amounts due from xxxx

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

**b) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the Fund Administrator, who has built an appropriate liquidity risk management framework for the management of the 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 Fund under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June (Current FY)</b>				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 30 June (Comparative FY)</b>				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
<b>Total</b>	-	-	-	-

**c) Market risk**

The board 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 Fund's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies.

There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

**i. Foreign currency risk**

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

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

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

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

**Foreign currency sensitivity analysis**

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

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

**ii. 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 entity's interest rate risk arises from bank deposits. This exposes the Fund to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Fund's deposits.

***Management of interest rate risk***

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

***Sensitivity analysis***

The Fund analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs xxx (20xx: Kshs xxx ). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs xxx (20xx – Kshs xxx).

**d) Capital risk management.**

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

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

**34. Events after the reporting period**

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

**35. Ultimate and Holding Entity**

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

The financial statements are presented in Kenya Shillings (Kshs)

**20. Annexes**

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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

**Guidance Notes:**

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

Fund Manager/Accounting Officer (enter title of head of Fund)

Date.....

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**Annex II: Inter-Fund Confirmation Letter-[Insert your Letterhead]**

*Taita-Taveta County Facilities Improvement Fund  
[Insert Address]*

The *[insert XXX name here]* wishes to confirm the amounts disbursed to you as at 30<sup>th</sup> June 20xx as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by <i>[insert name of beneficiary Fund]</i> as at 30 <sup>th</sup> June 20xx							
Reference Number	Date Disbursed	Amounts Disbursed by <i>[CC/SAGA/Fund]</i> (Kshs) as at 30 <sup>th</sup> June 20xx				Amount Received by <i>[beneficiary Fund]</i> (KShs) as at 30 <sup>th</sup> June 20xx (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
<b>Total</b>							

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

**Head of Accountants department of beneficiary Fund:**

Name ..... Sign .....Date .....

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**Annex III: Reporting of Climate Relevant Expenditures**

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

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**Annex IV: Reporting on Disaster Management Expenditure**

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