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REPORT

OF

THE AUDITOR-GENERAL

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NUU LEVEL 4 HOSPITAL

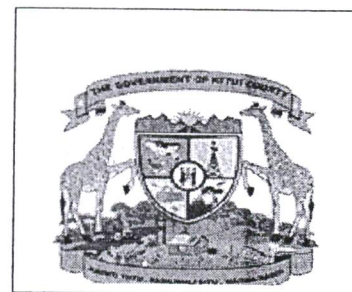
FOR THE YEAR ENDED  
30 JUNE, 2025

COUNTY GOVERNMENT OF KITUI

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**NUU Level 4 HOSPITAL  
(Kitui County Government)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 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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**1. Acronyms &Glossary of Terms**

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

## 2. Key Hospital Information and Management

### (a) Background information

Nuu Hospital is a level (4) hospital established under gazette notice number Vol.CXXII-No.24 and is domiciled in Kitui County under the Health Department. The hospital is governed by a Board of Management.

### (b) Principal Activities

The principal activity/mission/ mandate of the hospital is to provide health services to the people of Kitui and Government of Kenya as a whole.

### (c) Key Management

The management is under the following key organs:

- County department of health
- Board of Management
- Accounting Officer/ Medical Superintendent
- Management

### (d) Fiduciary Management

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2025 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	CECM Finance	Peter Kilonzo
2.	CECM Health and sanitation.	Ruth Koki
3.	Chief Officer Finance	CPA. John Makau
4.	Chief Officer Medical Services	Dr Berson Musyoka
5.	Medical Superintendent	Dr.Arnold Mutai

### (e) Fiduciary Oversight Arrangements

- Kitui county assembly Public Investment and Accounts Committee.
- Kitui County Assembly County Budget and Appropriation Committee.
- Kitui County Assembly Finance and Economic Planning Committee
- Kitui County Budget and Economic Forum.
- Parliamentary committees
- Other oversight committees

**Key Hospital Information and Management (continued)**

**(f) NuU Level IV Headquarters**

P.O. Box 16-90400  
NUU  
MWINGI, KENYA

**(g) NuU Level IV Contacts**

Telephone: (+254) 736114288  
E-mail: nuusdh@gmail.com  
Website: www.kitui.go.ke

**(h) NuU Level IV Bankers**

*Cooperative Bank*

**(i) Independent Auditors**

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

**(j) Principal Legal Adviser**

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




**(k) County Attorney**

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





### **3. The Board of Management**

The hospital did not have the Board of Management in the financial 24/25

**4. Key Management Team**

Ref	Management	Details
1	 Dr. Arnold Mutai	Medical Superintendent YOB.1991 Exepirence.10 Qualifications: MBchB
2	 Mary Musili.	Head of Administration YOB.1987 Experince.11 Years Qualifications; Qualifications – Bachelor of Commerce (Finance)
3	 CPA. Charles Kariuki.	Head of Finance YOB :1987 Experience :12 years Qualifications – Bachelor of Commerce (Finance) -Certified Public Accountant(CPAK)

*Nuu level 4 Hospital (Kitui County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

1.	 Irene Muthoni	Head of Nursing YOB.1991 Experience.7 years Qualifications.Bscn.
5	 Shadrack Mutuku.	Head of Supply Chain. YOB :1993 Experience :6 years Qualifications – Bachelor's Degree Procurement and Supply Chain Management
6	 Alex kanui	Head of Laboratory. YOB :1993 Experience :8 years Qualifications – Diploma in Medical imaging sciences
7	 Vincent Mutuku	Head of Radiology YOB :1993 Experience :8 years Qualifications – Diploma in Medical imaging sciences.
8	Peter Ukungu	Head of Clinical Department
9	Erastus Syengo	Head of Nutrition
10	Brian Mwanza.	Head of Records

**5. Chairman's Statement**

The hospital did not have the Board of Management in the financial 24/25

## 6. Report of The Medical Superintendent

Dear Members of the Governing Body,

I am honored to present the Medical Superintendent's Report for the year 2024/2025. This report provides an overview of the hospital's activities, highlights our achievements, outlines the challenges we encountered, and gives a brief update on our financial position.

### Key Activities and Achievements

During the year under review, the hospital continued to make significant strides in fulfilling its mandate of delivering quality healthcare to our community. Some of the notable milestones include:

- **Clinical Services:** Our medical teams recorded marked improvements in patient outcomes, with reduced waiting times, improved surgical success rates, and strengthened diagnostic capacity.
- **Operational Improvements:** Through the streamlining of processes, we enhanced patient flow, reduced duplication of services, and optimized resource use.
- **Community Engagement:** The hospital worked closely with local leaders and health stakeholders to enhance preventive and promotive health interventions.

### Challenges

Despite the progress, the hospital continues to face a number of challenges:

- **Financial Constraints:** Limited budget allocations and delays in reimbursements from SHA and other insurers continue to strain cash flow.
- **Supply Chain Gaps:** Occasional stock-outs of essential medicines and supplies disrupted smooth service delivery.
- **Infrastructure Limitations:** Some departments are overstretched due to rising patient numbers and inadequate space.
- **Staff Welfare:** Limited numbers of specialized personnel
- 

### Financial Performance

The hospital's financial situation has remained fragile. While prudent financial management and cost-control measures have helped to sustain operations, we continue to experience pressure from rising operational costs, delayed reimbursements, and growing supplier payables. Nonetheless, with support from the County Government, we have managed to maintain financial stability and ensure service continuity.


## **Future Outlook**

Looking ahead, the hospital will prioritize:

- Strengthening internal revenue collection systems and reducing revenue leakages.
- Advocating for increased funding and timely reimbursements from stakeholders.
- Expanding partnerships with private sector actors and development partners to bridge resource gaps.
- Improving infrastructure and technology to keep pace with the growing demand for services.

## **Conclusion**

In conclusion, while the hospital continues to face significant financial and operational challenges, our commitment to patient-centered care remains unwavering. With the support of the County Government, staff, and community, we are confident that the hospital will overcome these challenges and continue to grow in its mission of delivering quality and accessible healthcare.



.....  
**Name: Arnold Mutai.**

**Secretary to the Board**

## 7. Statement of Performance Against Predetermined Objectives

Section 164 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the County Government Hospital's performance against predetermined objectives.

NUU Level IV Hospital has 2 strategic pillars and objectives within the current Strategic Plan for the FY 2024- 2025

These strategic pillars:

**Pillar 1: Provide Reliable and accessible Medical services to all citizen.**

**Pillar 2: To provide services to all patients Satisfactory.**

NUU level IV Hospital develops its annual work plans based on the above pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Hospital achieved its performance targets set for the FY 2024/2025 period for its 2 strategic pillars, as indicated in the diagram below:

<b>Strategic Pillar/Theme/Issues</b>	<b>Objective</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
Provide Reliable and accessible Medical services to all citizen	To improve access to healthcare services for the community.	Reduce the waiting time for medical consultation by 15%.	Regular monitoring and evaluation of consultation time.	Waiting time for medical consultation was reduced by 20%, surpassing the goal.
To provide services to all patients Satisfactory.	To enhance the quality of healthcare services and patient satisfaction	Achieve a patient satisfaction score of 90%.	Regular monitoring and evaluation of medical processes	Patient satisfaction score reached 92%, exceeding the target

**8. Corporate Governance Statement**

The hospital did not have a hospital board in the financial year.

## 9. Management Discussion and Analysis

Clinical/Operational Performance:

Indicator	FY 2022/2023	FY 2023/2024	FY 2024/2025
Bed Capacity	17beds	17beds	30beds
Overall Patient Attendance	8,645	9,567	10,741
Accident and Emergency Attendance	-	-	0
Specialized Clinic Attendance	7,199	8,244	7,439
Avg. Length of Stay (in days)	5days	5days	3
Bed Occupancy Rate	0.16%	0.16%	6.03%
Mortality Rate	-	-	0
Surgical Theatre Utilization	-	-	0

Clinical/Operational Performance Trends:

Our bed capacity has gradually increased over the three years, accommodating more patients.

Overall patient attendance has steadily risen, reflecting increased demand for our services.

Specialized clinic attendance has also remain stable, demonstrating increased utilization of specialized services.

The average length of stay has not changed much despite the increase in patient, suggesting enhanced efficiency in patient care.

Bed occupancy rates have increased

No mortality rate .

Financial Performance:

Utilization of Funds:

We have consistently invested in upgrading our medical equipment and facilities, which has improved patient care.

Financial Performance Trends:

Our revenue has grown steadily over the three years, primarily due to increased government support and patient fees.

We have prudently managed our funds, allocating them to critical areas of need to improve our healthcare services.

Key Projects and Investments:

Proper record maintenance for efficient patient data management.

Compliance with Statutory Requirements:

NUU HOSPITAL has consistently complied with all statutory requirements, including financial reporting, tax obligations, and adherence to healthcare regulations.

Major Risks Facing the Organization:

*Nuu level 4 Hospital (Kitui County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

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Dependency on county government: A reduction in county government funding poses a risk to our operations.

Staffing challenges: Staff are deployed from county government and as such having medical professionals remains a concern.

Healthcare regulatory changes: Adapting to evolving healthcare policies and regulations requires ongoing vigilance.

In conclusion, Nuu Hospital has made significant strides in improving both clinical/operational and financial performance over the years. We are committed to maintaining high standards of healthcare, enhancing our facilities, and fostering strategic partnerships for the benefit of our community. This MD&A reflects our dedication to transparency and accountability in delivering quality healthcare services

## **10. Environmental And Sustainability Reporting**

Nuu Hospital exists to transform lives. It's what guides us to deliver our strategy, putting the client/Citizen first, delivering health services, and improving operational excellence. Below is an outline of the organisation's policies and activities that promote sustainability.

### ***Sustainability strategy and profile.***

At Nu Hospital, our primary mission is to transform lives by placing our clients and citizens at the forefront of our strategy. We are committed to delivering health services while striving for operational excellence. Our sustainability efforts are aligned with this mission. Here is an overview of our sustainability strategy and profile.

#### ***Environmental performance***

our waste management initiatives have resulted in a significant decrease in landfill waste.

#### ***Employee welfare***

Our commitment to employee welfare is demonstrated through the following policies and practices. Hiring Process Kitui County Government hiring process is designed to be inclusive and considers gender ratios, diversity, and stakeholder engagement in decision-making.

Skills Development: We invest in continuous skills development for our employees through training programs and opportunities for career advancement. Appraisal and Rewards: Kitui County Government maintains appraisal and reward systems which are designed to recognize and incentivize employees for their contributions to sustainability and overall performance.

Occupational Safety and Health Act: We are fully compliant with the Occupational Safety and Health Act ensuring a safe and healthy working environment for our employees

#### ***i) Market place practices-***

**a)** We uphold responsible competition practices by adhering to anti-corruption policies, engaging in ethical political involvement, promoting fair competition, and respecting our competitors.

**b) Responsible Supply chain and supplier relations** We maintain ethical business practices and honor our contracts with suppliers. We ensure fair payment practices and foster positive supplier relationships

#### ***c) Responsible marketing and advertisement***

Our marketing practices are guided by ethical standards, and transparency,

#### ***d) Product stewardship***

**e)** We are committed to safeguarding consumer rights and interests by providing safe and high-quality services.

#### ***ii) Corporate Social Responsibility / Community Engagements***

We actively engage with our communities and practice corporate social responsibility through healthcare initiatives. Healthcare access, and overall community well-being.

**11. Report of The Board of Management**

The board members submit their report together with the audited financial statements for the year that ended June 30, 2025, which show the state of the *hospital's* affairs.

**Principal activities**

The principal activities of Nuu Hospital is to provide quality Health care.

**Results**

The results of the Hospital for the year ended June 30 2025 are set out on pages ...1.to ...5..

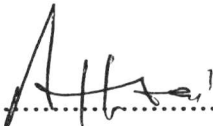
**Board of Management**

The Hospital did not have members of the Board during the year.

**Auditors**

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

By Order of the Board



.....

**Name; Arnold Mutai.**

**Secretary to the Board**

## 12. Statement of Board of Management’s Responsibilities

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

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

The Board of Management accepts responsibility for the Hospital 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. The Board members are of the opinion that Nuu Level IV Hospital financial statements give a true and fair view of the state of the Hospital transactions during the financial year ended June 30, 2025, and that of the Hospital financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the Hospital, which have been relied upon in the preparation of the Hospital financial statements as well as the adequacy of the systems of internal financial control.

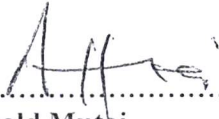
In preparing the financial statements, the Directors have assessed the Fund’s ability to continue as a going concern

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

### Approval of the financial statements

The Hospital’s financial statements were approved by the Board on 30/10/25 and signed on its behalf by:

.....  
Name:  
Chairperson  
Board of Management

  
.....  
Name: Arnold Mutai.  
Accounting Officer

# REPUBLIC OF KENYA

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

## REPORT OF THE AUDITOR-GENERAL ON NUU LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 - COUNTY GOVERNMENT OF KITUI

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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.

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Nuu Level 4 Hospital - County Government of Kitui 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, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Nuu Level 4 Hospital 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 County Governments Act, 2012, the Health Act, 2017 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Non-Disclosure of Property, Plant and Equipment**

The statement of financial position reflects a Nil balance of property, plant and equipment. However, review of the Hospital's records and physical verification in October, 2025 revealed assets including land, buildings, motor vehicles, furniture, computers and equipment which were not disclosed in the financial statements. Further, ownership documents for land were not provided for audit review.

In the circumstances, the accuracy, completeness and ownership of a Nil balance of property, plant and equipment could not be confirmed.

#### **2. Unsupported Trade and Other Payables**

The statement of financial position reflects trade and other payables balance of Kshs.1,315,673 as disclosed in Note 23 to the financial statements. However, the supporting documents such as invoices, Local Purchase Orders (LPO) and delivery Notes were not provided for audit review. In addition, the balance includes trade and other payables amounting to Kshs.546,000 which have been outstanding for more than three (3) years. Although Management indicated that the payables had been outstanding for long due to financial constraints, no measures had been put in place to clear the payables.

In the circumstances, the accuracy and completeness of trade and other payables balance of Kshs.1,315,673 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Nuu Level 4 Hospital - County Government of Kitui Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

## **Emphasis of Matter**

### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.10,144,069 and Kshs.8,648,869 respectively, resulting to under-funding of Kshs.1,495,200 or approximately 15% of the budget.

The underfunding affected the planned activities and may have impacted negatively on service delivery to the public.

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. Except for the effect of the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

### **Other Information**

The Management is responsible for the Other Information set out on pages iii to xvii which comprise of Key Hospital Information and Management, The Board of Management, Key Management Team, Chairman's Statement, Report of the Medical Superintendent, Statement of Performance Against predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Board of Management and Statement of Board of Management's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

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

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I

confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

## Basis for Conclusion

### 1. Deficiencies in Implementation of Universal Health Coverage (UHC)

Review of the Hospital's records and interviews on verification of services offered, equipment used and medical specialists in the Hospital as at the time of audit in October, 2025 revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to staff deficits by ninety-four (94) or approximately 93% of the authorized establishment.

Staff Requirements	Level 4 Standard	Number in Hospital	Variance	Percentage %
Medical Officers	16	1	15	94
Anesthesiologists	2	0	2	100
General Surgeons	2	0	2	100
Gynecologists	2	0	2	100
Pediatrics	2	0	2	100
Radiologists	2	0	2	100
Kenya Registered Community Health Nurses	75	6	69	92
<b>Total</b>	<b>101</b>	<b>7</b>	<b>94</b>	<b>93</b>

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

Equipment and Machines	Level 4 Standard	Number in Hospital	Variance	Percentage %
Beds	150	30	120	80
Resuscitaire (2 in Labor & 1 in Theatre)	2	1	1	50
New Born Unit incubators	5	4	1	20
New Born Unit Cots	5	0	5	100
Functional ICU Beds	6	0	6	100
High Dependency Unit (HDU) Beds	6	0	6	100
Renal Unit with at least 5 Dialysis Machines	5	0	5	100
Two Functional Operational Theatres - Maternity & General	2	0	2	100

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

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

## **2. Irregular Engagement of Casual Workers**

The statement of financial performance and as disclosed in Note 10 to the financial statements reflect employee costs of Kshs.1,459,852 in respect to casual workers who were engaged for more than three months. This is contrary to Section B.16(1) of the County Public Service Human Resource Manual of May, 2013. which states that (1) Casual workers shall be engaged only on urgent short-term tasks with the approval of the County Public Service Board and they shall not be engaged for more than three months as stipulated in the Employment Act, 2007.

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

## **3. Failure to Retain Facilities Improvement Funds (FIF) at the Hospitals**

Review of revenue records revealed that the Hospital collected a total Kshs.3,228,869 towards the Health Facilities Improvement which include a total of Kshs.1,448,998 that was transferred to County Revenue Fund. This is contrary to Section 5(1) of the Facilities Improvement Financing Act, 2023 which requires that monies raised or received by or on behalf of Public Health Facilities be retained by the Facility and be paid into a separate Facility Improvement Financing Account.

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

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

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Lack of Hospital Management Board**

Review of records revealed that during the year under review, the Board of Management that is supposed to direct the Hospital in achieving its strategic objectives had not been constituted. In addition, the annual report and the financial statements for the year ended 30 June, 2025 were not signed by the chairman of the Hospital Board.

In the circumstances, the Hospital may not be able to achieve its strategic objectives and goals.

## **2. Expired Medical Supplies**

The statement of financial position and as disclosed in Note 18 to the financial statements reflect inventories balance of Kshs.750,132. Review of the stores' records on pharmaceuticals and non-pharmaceuticals supplies revealed that one thousand four hundred and six (1,406) units of various drugs valued at Kshs.103,752 had expired.

In the circumstances, the effectiveness of internal controls on management of pharmaceutical and non-pharmaceutical supplies could not be confirmed.

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

### **Responsibilities of the Management and those Charged with Governance**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Hospital's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

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

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

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

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

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

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

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

01 December, 2025


*Nuu Level 4 Hospital (Kitui County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

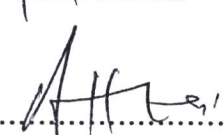
**14. Statement of Financial Performance for The Year Ended 30 June 2025**

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from the County Government	6	5,420,000	5,084,800
In-kind contributions from the County Government	7	33,649,703	30,175,694
		<b>39,069,703</b>	<b>35,260,494</b>
<b>Revenue from exchange transactions</b>			
Rendering of services- Medical Service Income	8	3,228,869	2,144,035
<b>Revenue from exchange transactions</b>		<b>3,228,869</b>	<b>2,144,035</b>
<b>Total revenue</b>		<b>42,298,572</b>	<b>37,404,529</b>
<b>Expenses</b>			
Medical/Clinical costs	9	1,591,360	1,252,840
Employee costs	10	1,459,852	1,412,000
Repairs and maintenance	11	1,312,940	1,111,530
General expenses	12	2,678,687	1,962,730
Transfer to county	13	1,448,998	1,142,894
In Kind contributions Expense	14	33,649,703	30,175,694
<b>Total expenses</b>		<b>42,141,540</b>	<b>37,057,688</b>
<b>Net Surplus / (Deficit) for the year</b>		<b>157,032</b>	<b>346,841</b>

The Hospital's financial statements were approved by the Board on 30/10/25 and signed on its behalf by:

.....  
**Chairman**  
**Board of Management**

  
.....  
**CPA. Charles Kariuki**  
**Head of Finance**  
**ICPAK No:31306**

  
.....  
**Dr. Arnold Mutai**  
**Medical Superintendent**

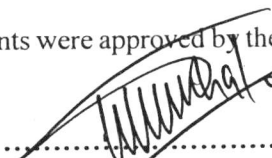
*Nuu Level 4 Hospital (Kitui County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*


**15. Statement of Financial Position As At 30<sup>th</sup> June 2025**

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	15	598,757	480,316
Receivables from exchange transactions	16	630,413	81,688
Receivables from non-exchange transactions	17	-	915,200
Inventories	18	750,132	477,218
<b>Total Current Assets</b>		<b>1,979,302</b>	<b>1,954,422</b>
<b>Non-current assets</b>			
Property, plant, and equipment	19	-	-
<b>Total Non-current Assets</b>		<b>-</b>	<b>-</b>
<b>Total assets (A)</b>		<b>1,979,302</b>	<b>1,954,422</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	20	1,315,673	1,447,825
<b>Total Current Liabilities</b>		<b>1,315,673</b>	<b>1,447,825</b>
<b>Non-current liabilities</b>		<b>-</b>	<b>-</b>
<b>Total Liabilities (B)</b>		<b>1,315,673</b>	<b>1,447,825</b>
<b>Net assets (A-B)</b>		<b>663,629</b>	<b>506,597</b>
<b>Represented by:</b>			
Revaluation reserve		-	-
Accumulated surplus/Deficit		663,629	506,597
Capital Fund		-	-
<b>Net Assets</b>		<b>663,629</b>	<b>506,597</b>

The Hospital's financial statements were approved by the Board on 30/10/25 and signed on its behalf by:

.....  
**Chairman**  
**Board of Management**

  
.....  
**CPA. Charles Kariuki**  
**Head of Finance**  
**ICPAK No:31306**

  
.....  
**Dr. Arnold Mutai**  
**Medical Superintendent**

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

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
<b>As at July 1, 2023</b>	-	<b>159,756</b>	-	<b>159,756</b>
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	346,841	-	346,841
Capital/Development grants	-	-	-	-
<b>As at June 30, 2024</b>	-	<b>506,597</b>	-	<b>506,597</b>
				-
<b>At July 1, 2024</b>	-	<b>506,597</b>	-	<b>506,597</b>
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	157,032	-	157,032
Capital/Development grants	-	-	-	-
<b>At June 30, 2025</b>	-	<b>663,629</b>	-	<b>663,629</b>

*Nuu Level 4 Hospital (Kitui County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 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>			
Transfers from the County Government		5,420,000	5,584,800
Rendering of services- Medical Service Income		2,598,456	2,144,035
<b>Total Receipts</b>		<b>8,018,456</b>	<b>7,728,835</b>
<b>Payments</b>			
Medical/Clinical costs		1,509,520	1,427,840
Employee costs		1,288,980	1,532,200
Repairs and maintenance		1,150,540	1,111,530
General expenses		2,501,977	2,343,144
Refunds paid out		1,448,998	1,142,894
<b>Total Payments</b>		<b>7,900,015</b>	<b>7,557,608</b>
<b>Net cash flows from operating activities</b>	21	<b>118,441</b>	<b>171,227</b>
<b>Cash flows from investing activities</b>			
<b>Net cash flows used in investing activities</b>		-	-
<b>Cash flows from financing activities</b>			
<b>Net cashflows used in financing activities</b>		-	-
<b>Net increase/(decrease)in cash and cash equivalents</b>		<b>118,441</b>	<b>171,227</b>
Cash and cash equivalents as at 1 July	15	480,316	309,090
<b>Cashandcashequivalentsasat30 June</b>	15	<b>598,757</b>	<b>480,316</b>

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget carryovers from the previous year	915,200	-	915,200		915,200	
<b>Receipts</b>						
Transfers from the County Government	6,000,000	-	6,000,000	5,420,000	580,000	90%
Rendering of services- Medical Service Income	3,228,869	-	3,228,869	3,228,869	-	100%
<b>Total receipts</b>	<b>10,144,069</b>	<b>-</b>	<b>10,144,069</b>	<b>8,648,869</b>	<b>1,495,200</b>	<b>-</b>
<b>Payments</b>						
Medical/Clinical costs	1,500,000	-	1,550,360	1,509,520	40,840	97%
Employee costs	1,460,000	-	1,460,000	1,288,980	171,020	88%
Repairs and maintenance	1,315,000	-	1,315,000	1,150,540	164,460	87%
General expenses	2,640,200	-	2,589,840	2,501,977	87,863	97%
Refunds	3,228,869	-	3,228,869	1,448,998	1,779,871	45%
<b>Total Operational Expenditure paid</b>	<b>10,144,069</b>	<b>-</b>	<b>10,144,069</b>	<b>7,900,015</b>	<b>2,244,054</b>	
Capital Expenditure paid	-	-	-	-	-	-
<b>Surplus</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>748,854</b>	<b>(748,854)</b>	<b>-</b>

*Nuu Level 4 Hospital (Kitui County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

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**Budget Reconciliation**

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	748,854
2	<b>Accrued revenues</b> ( from SHIF and NUU Boys) that were recognized but had not been received in cash by year-end.	(630,413)
	Closing Cash and Cash Equivalent as per the statement of Cash flows	118,441

## **19. Notes to the Financial Statements**

### **1. General Information**

Nuu Level IV Hospital is established by and derives its authority and accountability from the county Government Act. The Hospital is wholly owned by the Kitui County Government and is domiciled in Kitui County in Kenya. The Hospital's principal activity is provision of Health Services

### **2. Statement of Compliance and Basis of Preparation**

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

**3. Adoption of New and Revised Standards**

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

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

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

<b>Standard</b>	<b>Effective date and impact:</b>
IPSAS 43	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Hospital.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
IPSAS 45- Property Plant and Equipment	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously</p>

Standard	Effective date and impact:
	<p>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></p> <p>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></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an Hospital shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>

Standard	Effective date and impact:
IPSAS 48- Transfer Expenses	<p><i>Applicable 1<sup>st</sup> January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
IPSAS 49- Retirement Benefit Plans	<p><i>Applicable 1<sup>st</sup> January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p><i>Applicable 1<sup>st</sup> January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ol style="list-style-type: none"> <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 Hospital'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> </ol>

*iii) Early adoption of standards*

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

**4. Summary of Significant Accounting Policies**

**a. Revenue recognition**

**i) Revenue from non-exchange transactions**

**Transfers from other Government entities**

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

**ii) Revenue from exchange transactions**

**Rendering of services**

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

**b. Budget information**

Board did not approve the original budget for FY 2024-2025. 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 Hospital upon receiving the respective approvals in order to conclude the final budget. Accordingly, the *Hospital* recorded additional appropriations of the FY 2024-2025 budget following the Board's approval. The *Hospital* budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also

made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

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

**c. Taxes**

**Sales tax/ Value Added Tax**

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

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

*Notes to the Financial Statements (Continued)*

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

*Notes to the Financial Statements (Continued)*

**Financial assets**

**Classification of financial assets**

The Hospital 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 Hospital'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 Hospital 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 Hospital classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

**Amortized cost**

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

*Notes to the Financial Statements (Continued)*

**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 Hospital 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.

*Notes to the Financial Statements (Continued)*

**Financial liabilities**

**Classification**

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

**e. Inventories**

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

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

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

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

**f. Provisions**

Provisions are recognized when the Hospital 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 Hospital 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.

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The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

*Notes to the Financial Statements (Continued)*

**g. 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 Hospital 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 Hospital will incur in fulfilling the present obligations represented by the liability.

**h. Contingent liabilities**

The Hospital 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.

**i. Contingent assets**

The Hospital 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 Hospital 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.

**j. Nature and purpose of reserves**

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

**k. Changes in accounting policies and estimates**

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

*Notes to the Financial Statements (Continued)*

**l. Employee benefits**

**Retirement benefit plans**

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

**m. Foreign currency transactions**

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

**n. Related parties**

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

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**o. Service concession arrangements**

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

**p. 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.

**q. Comparative figures**

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

**r. Subsequent events**

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

*Notes to the Financial Statements (Continued)*

**5. Significant Judgments and Sources of Estimation Uncertainty**

The preparation of the Hospital's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates

could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

**Estimates and assumptions.**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Hospital 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 Hospital. Such changes are reflected in the assumptions when they occur. (IPSAS 1.140)

**Useful lives and residual values**

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

- The condition of the asset based on the assessment of experts employed by the Hospital.
- 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.

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

Notes to Financial Statements Continued

6. Transfers from the County Government

Description	2024-2025	2023-2024
	KShs	KShs
<b>Unconditional grants</b>		
Operational grant	5,420,000	5,084,800
<b>Total government grants and subsidies</b>	<b>5,420,000</b>	<b>5,084,800</b>

6b Transfers from The County Government

Name of the Hospital sending the grant	Amount recognized to Statement of financial performance*	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year	Comparative Period
			KShs	KShs	KShs
Kitui County Government	5,420,000	-	-	5,420,000	5,084,800
<b>Total</b>	<b>5,420,000</b>	<b>-</b>	<b>-</b>	<b>5,420,000</b>	<b>5,084,800</b>

7. In Kind Contributions from The County Government

Description	2024/2025	2023/2024
	KShs	KShs
Salaries and wages	29,315,778	27,196,183
Medical supplies-Drawings Rights (KEMSA)		
Pharmaceuticals and Non-Pharmaceutical Supplies	4,333,925	2,979,512
<b>Total grants in kind</b>	<b>33,649,703</b>	<b>30,175,695</b>

Notes to Financial Statements Continued

8. Rendering of Services-Medical Service Income

Description	2024-2025	2023-2024
	Kshs	Kshs
Pharmaceuticals	815,670	615,783
Laboratory	457,285	281,529
Radiology	-	74,600
Orthopedic and Trauma Technology	-	34,240
Registration	457,000	290,383
Reproductive health	475,680	375,250
Farewell home services	566,250	472,250
Other medical services income ( <i>specify</i> )	456,984	-
<b>Total revenue from the rendering of services</b>	<b>3,228,869</b>	<b>2,144,035</b>

Notes to the Financial Statements (Continued)

9. Medical/ Clinical Costs

Description	2024-2025	2023-2024
	Kshs	Kshs
Laboratory chemicals and reagents	74,300	67,200
Food and Ration	681,740	587,070
Dressing and Non-Pharmaceuticals	135,870	141,500
Pharmaceutical supplies	54,100	60,000
Health information stationery	81,500	-
Sanitary and cleansing Materials	563,850	338,070
X-Ray/Radiology supplies	-	59,000
<b>Total medical/ clinical costs</b>	<b>1,591,360</b>	<b>1,252,840</b>

10. Employee Costs

Description	2024-2025	2023-2024
	Kshs	Kshs
Salaries, wages, and allowances	1,303,600	1,260,000
Contributions to pension schemes	128,580	102,000
Staff medical expenses and Insurance cover	27,672	50,000
<b>Employee costs</b>	<b>1,459,852</b>	<b>1,412,000</b>

Notes to the Financial Statements (Continued)

11. Repairs And Maintenance

Description	2024-2025	2023-2024
	Kshs	Kshs
Property- Buildings	1,080,290	670,530
Medical equipment	-	65,000
Office equipment	-	185,500
Furniture and fittings	67,000	90,000
Motor vehicle expenses	165,650	100,500
<b>Total repairs and maintenance</b>	<b>1,312,940</b>	<b>1,111,530</b>

Notes to the Financial Statements (Continued)

12. General Expenses

Description	2024-2025	2023-2024
	Kshs	Kshs
Bank charges	5,577	6,780
Electricity expenses	295,000	239,000
Fuel and Lubricants	587,350	304,655
Travel and accommodation allowance	976,150	693,200
Printing and stationery	389,400	376,745
Office running expenses	-	116,000
Water and sewerage costs	24,000	-
Telephone and mobile phone services	176,610	136,350
Internet expenses	30,000	-
Other Fuels	194,600	90,000
<b>Total General Expenses</b>	<b>2,678,687</b>	<b>1,962,730</b>

Notes to the Financial Statements (Continued)

**13. Transfer to County Government**

Description	2024/2025	2023/2024
	KShs	KShs
Transfer to County Government	1,448,998	1,142,894
<b>Total transfer to county government</b>	<b>1,448,998</b>	<b>1,142,894</b>

**14. In Kind Contributions Expense**

Description	2024/2025	2023/2024
	KShs	KShs
Salaries and wages	29,315,778	27,196,183
Medical supplies-Drawings Rights (KEMSA)		
Pharmaceuticals and Non-Pharmaceutical Supplies	4,333,925	2,979,512
<b>Total grants in kind</b>	<b>33,649,703</b>	<b>30,175,695</b>

**15. Cash And Cash Equivalents**

Description	2024-2025	2023-2024
	KShs	KShs
Current accounts	598,757	480,316
<b>Total cash and cash equivalents</b>	<b>598,757</b>	<b>480,316</b>

**Notes to the Financial Statements (Continued)**

**15(a). Detailed Analysis of Cash and Cash Equivalents**

Description		2024-2025	2023-2024
Financial institution	Account number	KShs	KShs
a) Current account			
Cooperative Bank	01141399535301	598,757	480,316
<b>Total</b>		<b>598,757</b>	<b>309,090</b>

**16. Receivables From Exchange Transactions**

Description	2024-2025	2023-2024
	KShs	KShs
Medical services receivables	630,413	81,688
<b>Total receivables</b>	<b>630,413</b>	<b>81,688</b>

**Analysis of Receivables From Exchange Transactions**

Description	2024-2025		2023-2024	
	Kshs		Kshs	
	2024-2025	% of the total	2023-2024	% of the total
Less than 1 year	630,413	100%	81,688	100%
Between 1- 2 years	-	-	-	-
Between 2-3 years	-	-	-	-
Over 3 years	-	-	-	-
<b>Total (a+b)</b>	<b>630,413</b>	<b>100%</b>	<b>81,688</b>	<b>100%</b>

**17. Receivables From Non-Exchange Transactions**

Description	2024-2025	2023-2024
	KShs	KShs
Transfers from the County Government	-	915,200
<b>Total</b>	-	<b>915,200</b>

**Analysis of Receivables From Non-Exchange Transactions**

Description	2024-2025		2023-2024	
	Kshs		Kshs	
	2024-2025	% of the total	2023-2024	% of the total
Less than 1 year	-	0%	915,200	100%
Between 1- 2 years	-	-	-	-
Between 2-3 years	-	-	-	-
Over 3 years	-	-	-	-
<b>Total (a+b)</b>	-	<b>0%</b>	<b>915,200</b>	<b>100%</b>

**18. Inventories**

Description	2024-2025	2023-2024
	KShs	KShs
Pharmaceutical supplies	750,132	335,301
Maintenance supplies		141,912
<b>Total</b>	<b>750,132</b>	<b>477,213</b>

**Detailed disclosure on inventories**

	2024-2025	2023-2024
Opening balance	477,218	
Additional Inventory in the year	4,333,925	
Inventory expensed in the year	4,061,011	
Closing balance	750,132	477,218

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*Notes to the Financial Statements (Continued)*

**19. Property, Plant and Equipment**

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
<b>Cost</b>								
At 1 July 2023 (previous year)	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-
<b>At 30<sup>th</sup> Jun 2024</b>	-	-	-	-	-	-	-	-
At 1 July 2024 (current year)	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfer/adjustments		-	-	-	-	-	-	-
<b>At 30<sup>th</sup> Jun 2025</b>	-	-	-	-	-	-	-	-
<b>Depreciation and impairment</b>								
At 1 July 2023 (previous year)		-	-	-	-	-	-	-
Depreciation for the year		-	-	-	-	-	-	-

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Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
<b>At 30 June 2024</b>	-	-	-	-	-	-	-	-
At July 2024 (current year)	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-	-	-	-
<b>At 30<sup>th</sup> June 2025</b>	-	-	-	-	-	-	-	-
<b>Net book values</b>								
At 30 <sup>th</sup> Jun 2024	-	-	-	-	-	-	-	-
At 30 <sup>th</sup> Jun 2025	-	-	-	-	-	-	-	-

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Notes to the Financial Statements (Continued)

20. Trade and other Payables

Description	2024-2025		2023-2024	
	KShs		KShs	
Trade payables	1,315,673		1,447,825	
Employee dues			-	
			-	
<b>Total trade and other payables</b>	<b>1,315,673</b>		<b>1,447,825</b>	
<b>Ageing analysis:</b>	<b>2024-2025</b>	<b>% of the Total</b>	<b>2023-2024</b>	<b>% of the total</b>
Under one year	769,673	58.50%	901,825	62%
1-2 years	-	-	-	-
2-3 years	-	-	-	-
Over 3 years	546,000	41.50%	546,000	37%
<b>Total</b>	<b>1,315,673</b>	<b>100%</b>	<b>1,447,825</b>	<b>100%</b>

21. Cash Generated from Operations

Description	2024-2025		2023-2024	
	KShs		KShs	
Surplus for the year before tax	157,032		424,909	
<b>Adjusted for:</b>				
Contribution to impairment allowance	-		-	
<b>Working Capital adjustments</b>				
Increase in inventory	(272,914)		171,403	
Increase in receivables	366,475		(411,580)	
Increase in payables	(132,152)		(13,505)	
Increase in payments received in advance	-		-	
<b>Net cash flow from operating activities</b>	<b>118,441</b>		<b>171,227</b>	

**Notes to the Financial Statements (Continued)**

**22. Financial Risk Management**

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

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

**(i) Credit risk**

The Hospital 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 hospital's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the Hospital's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024				
Receivables from exchange transactions	81,688	81,688	-	-
Receivables from –non-exchange transactions	915,200	915,200	-	-
Bank balances	480,316	480,316	-	-
<b>Total</b>	<b>1,477,204</b>	<b>1,477,204</b>	-	-
At 30 June 2025				
Receivables from exchange transactions	630,413	630,413	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	598,757	598,757	-	-
<b>Total</b>	<b>1,229,170</b>	<b>1,229,170</b>	-	-

**Notes to the Financial Statements (Continued)**

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the hospital has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Hospital has significant concentration of credit risk on amounts due from The board of management sets the hospital's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

**(ii) Liquidity risk management**

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2024</b>				
Trade payables	-	-	1,447,825	1,447,825
<b>Total</b>	-	-	<b>1,447,825</b>	<b>1,447,825</b>
<b>At 30 June 2025</b>				
Trade payables	-	769,673	546,000	1,315,673
<b>Total</b>	-	<b>769,673</b>	<b>546,000</b>	<b>1,315,673</b>

**Notes to the Financial Statements (Continued)**

**(iii) Market risk**

The hospital has put in place an internal audit function to assist it in assessing the risk faced by the Hospital 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 Hospital's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

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

**Sensitivity analysis**

The Hospital 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

**Notes to the Financial Statements (Continued)**

**23. Related Party Balances**

**Nature of related party relationships**

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

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

- i) The National Government;
- ii) The County Government;
- iii) Board of Directors;
- iv) Key Management

Description	2024/2025	2023/2024
	Kshs	Kshs
<b>Transactions with related parties</b>		
<b>a) Services offered to related parties</b>		
Services to other Hospitals	-	-
<b>Total</b>	-	-
<b>b) Grants from the Government</b>		
Grants from County Government	5,024,000	5,084,800
Grants from the National Government Entities	-	-
<b>Total</b>	<b>5,024,000</b>	<b>5,084,800</b>
<b>Total</b>	<b>5,024,000</b>	<b>5,084,800</b>

**24. Events after the Reporting Period**

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

**25. Ultimate and Holding Hospital**

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

**26. Currency**

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

**20. Appendices**

**Appendix 1: Progress on Follow Up of Auditor Recommendations**

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Variances between the financial statements and supporting schedules	The hospital management is engaging the hospital management in office then and the accountant who prepared the financial statement to assist in providing the payment vouchers and expenditure schedules used to prepare the financial statements so that we can reconcile the variances.	Not resolved	June 2024
2	Unsupported expenditure on Employee costs	The hospital management agrees the auditors' findings and commits to ensure i. All the payment vouchers are pre-numbered ii. The payroll data is approved/Authorized by a senior officer iii. All the payroll data and supporting documents are well kept	Not resolved	June 2024
3	Unsupported standing imprest	The hospital management will provide the supporting documents for the imprest claims for audit review.	Not resolved	June 2024

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4	Unsupported General Expenses	The Hospital management is liaising with the previous hospital management to assist in providing all the payment vouchers that will help in updating the cash book, preparations of ledgers and trial balance.	Not resolved	June 2024
5	Unsupported cash and cash Equivalents	The hospital management agrees with the auditors finding that we did not carry board of survey as it is required. The hospital management did not have the capacity and resources to carry the board of survey but we have engaged the Kitui county government which is currently assisting. Bank reconciliations for the financial year will be prepared and the cash book will be updated to reflect the correct financial positions. The correct and authentic bank balances were presented for audit.	Not resolved	June 2024
6	Unexplained transactions in the revenue Account	The Nuu revenue account-01141399535300 is not the same as the Kitui County revenue account-1140752855. The hospital is doing a follow up with the bank to understand the nature of the transactions that happened during the period.	Not resolved.	June 2024
8	Undisclosed property, plant and equipment other Payables	Management acknowledges that there have been deficiencies in terms of maintaining an updated fixed asset register and valuation of assets. The hospital received all its assets from the county government and not in possession of documents used to acquire the assets thus difficult to ascertain the cost of the assets. The hospital management do not have the capacity to carry out the assets valuation. We have started the process of engaging the county government to assist us with personnel and resources that can assist us in valuations of the assets The	Not resolved	June 2024

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		hospital management is also currently doing a follow up on the process of acquiring the hospital land ownership documents.		
9	Undisclosed trade and other Payables	The hospital management acknowledges omission of the pending bills in the preparation of financial statements since at the time of preparation the pending bills were under review by the county pending bills committee which was sitting at the time. The hospital management commits to disclose the pending bills as required by the law.	Not resolved	June 2024
10	Non-Disclosure of Property, Plant and Equipment	We are looking forward to request the county government to provide personnel and resources to assist in asset valuations. Once's this is done the values of the hospital assets will be properly disclosed in the financial statements	Not resolved	June 2026
11	Expiry of Medical Supplies	The hospital management acknowledges the auditors findings and commits to maintain stocks at reasonable levels to avoid expiries	Not resolved	June 2026
12	Unutilized Medical Equipment	The hospital management acknowledges the auditors' findings and will take the necessary measures to repair and ensures the equipment are operationalized	Not resolved	June 2026
12	Other Payables Long Trade and Outstanding	Management acknowledges the audit finding regarding the trade payables of Kshs 546,000 that have remained outstanding for more than three years without supporting documentation such as invoices, local purchase orders (LPOs), and delivery notes. Efforts have been underway to locate the necessary supporting documents through coordination with relevant departments and	Not resolved	June 2026

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			vendors. However, if the required evidence cannot be obtained, management will evaluate the payables for possible write-off in accordance relevant accounting standards		
13		<b>Lack of Hospital Management Board</b>	The hospital management acknowledges the auditors' findings regarding the inactive status of the hospital management committee. However, the management is fully committed to ensuring its functionality. It's important to note that the committee was degazetted on October 6th, 2023. The hospital management will engage the county government for the appointment of a new board and ensure that the committee plays an active role in overseeing administration of funds, promoting development, and approving plans, programs, and estimates once a new committee is gazetted	Not resolved	June 2026
14		<b>Failure to Maintain Fixed Assets Register</b>	The hospital has provided an asset register, although it doesn't have values. However, the hospital management is committed to furnishing a comprehensive asset register once we receive the requested support from the county government. This register will include details such as the nature of assets, dates of acquisition, costs, unique identification numbers, current values, current locations or users, accumulated depreciation, and net book values as per the auditors' recommendations	Not resolved	June 2026

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Accounting Officer

**Nuu Level 4 Hospital (Kitui County Government)**  
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**Appendix III: Inter- Hospital Confirmation Letter**  
 Name of Transferring Hospital... COUNTY GOVERNMENT OF KITUI -  
 Name of Beneficiary Hospital... NUU LEVEL 4 HOSPITAL

Confirmation of amounts received by NuU level IV Hospital as at 30 <sup>th</sup> June 2025					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
/REC/0001103700000006775217	16/08/2024	500,000		500,000	
COUNTY/REC/0001104405	03/10/2024	500,000		500,000	
REC/0001105449000007924983	07/10/2024	500,000		500,000	
/ROC/0001106579000008585701	05/11/2024	500,000		500,000	
/ROC/0001104972000009045929	27/11/2024	920,000		920,000	
/ROC/0001108759000009721723	31/12/2024	500,000		500,000	
ROC/0001108536000009723069	31/12/2024	500,000		500,000	
/ROC/0001110594000010297628	30/01/2025	500,000		500,000	
ROC/0001111990000010982676	05/03/2025	500,000		500,000	
ROC/0001113081000011622184	04/04/2025	500,000		500,000	
<b>Total</b>		<b>5,420,000</b>		<b>5,420,000</b>	

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

**Head of Accounts Department - Disbursing Hospital:**  
 Name Annastacia Karim Sign [Signature] Date 30/07/25

**Head of Accounts Department - Beneficiary Hospital:**  
 Name Charles Kariki Sign [Signature] Date 30/07/25