

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

MIGWANI LEVEL 4 HOSPITAL

**FOR THE YEAR ENDED
30 JUNE, 2024**

COUNTY GOVERNMENT OF KITUI



PAPERS LAID	
DATE	6/3/2025
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COMMITTEE	
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OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
MACHAKOS HUB.

31 DEC 2024

RECEIVED



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

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2024

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

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1. Acronyms & Glossary of Terms

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

2. Key Entity Information and Management

(a) Background information

Migwani 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 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 30th June 2024 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 Benson Musyoka
5.	Medical Superintendent	Dr . Benjamin Mwanza

(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 Entity Information and Management (continued)

(f) Migwani Level IV Headquarters

P.O. Box 3-90402
Migwani
MWINGI, KENYA

(g) Migwani Level IV Contacts

Telephone: (+254) 736114288
E-mail: migwanihospital2022@gmail.com
Website: www.kitui.go.ke

(h) Migwani Level IV Bankers

Kenya commercial Bank(KCB)

(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

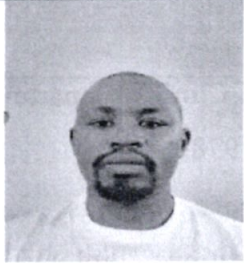
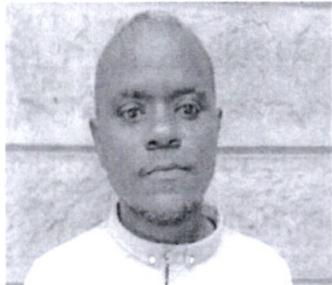


P.O. Box.33-90200
Kitui, Kenya

3. The Board of Management

Ref	Directors	Details
1.	Richard Musyoka	Chairperson.
2.	 Dr. Benjamin Mwanza	Board Secretary. YOB :1990 Experience :7 years Qualifications – MBCHB
3.	Joyce Mwendwa	Sub-County Administrator
4.	Johnson Mutemi.	Member representing business community
5.	Meshack Sila	Member Representing professional Groups
6.	Ann Kikuyu Mwanza	Member Representing Active Women Groups
7.	Fr Mathenge	Member Representing Faith Based Organizations
8.	Stephen Mwinzi Musyoka	Member Representing Youth.
9.	Irene Muthui	Member Representing people living with Disability

4. Key Management Team

Ref	Management	Details
1.	 Dr. Benjamin Mwanza	Medical Superintendent YOB :1990 Experience :7 years Qualifications – MBCHB
2.	 Simon Waita	Head of Administration YOB :1980 Experience :15 years Qualifications – Bachelor of Business Administration.
3.	 CPA.Charles Kariuki.	Head of Finance YOB :1987 Experience :12 years Qualifications – Bachelor of Commerce (Finance) -Certified Public Accountant(CPAK)
4.	 Susan Njiiri	Head of Nursing YOB :1977 Experience :23 years Qualifications – Higher Diploma in Comprehensive Reproductive Health.

5.	 Oscar Malombe	He YOB :1995 Experience :7 years Qualifications - 1. Master of science in procurement and logistics management 2. Bachelor of purchasing and supplies management.
6.	 Nicodemous Makau	Head of Laboratory. YOB :1986 Experience :9 years Qualifications - diploma in medical laboratory sciences
7.	 	Head Maintenance Department. YOB :1985 Experience :12 years Qualifications – Certificate in medical Engineering
8.	 Mercy Nduku	Head of Pharmacy. YOB :1993 Experience :6 years Qualifications – Bachelor of Pharmacy Certificate in leadership & management in Health Certificate in Monitoring and Evaluation.

Migwani Hospital (Kitui County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

9.	 Thomas Gichoni	Head of Clinical Department YOB :1978 Experience :21 years Qualifications - diploma in Clinical med & Surgery.
10.	 Faith Maluli	YOB :1993 Experience :6 years Qualifications – Bachelor degree in Human nutrition and Diebetics.
11.	 Irene Muthui	Head of Records YOB :1986 Experience :9 years Qualifications - diploma in medical laboratory sciences

5. Chairman’s Statement

I am pleased to present the annual report for the financial year 2023-2024 on behalf of Migwani Hospital. As the Chairman of the Board of Management, it is my honor to provide you with a summary of our key activities, successes, challenges, and the outlook for the future.

Throughout 2023 to 2024 Migwani Hospital has remained committed to its mission of providing high-quality healthcare services to our community. We have achieved several notable milestones:

1. Patient Care Excellence: We have continued to focus on delivering exceptional patient care. Our dedicated medical and administrative teams have worked tirelessly to ensure the well-being and comfort of our patients.

Challenges:

Despite our achievements, we have encountered certain challenges:

2. Resource Management: Like many healthcare institutions, we faced resource constraints, including shortages of medical supplies and increased demand for healthcare services.

The Way Forward - Future Outlook:

Looking ahead, we are optimistic about the future of the Hospital.

3. Adaptation and Resilience: We will continue to adapt to evolving healthcare landscapes and unforeseen challenges.

4. Expanded Services: The Hospital plans to open and operationalize our theatre and expand our medical specialties, and reach out to underserved areas to fulfil our commitment to comprehensive healthcare accessibility.

5. Patient-Centric Approach: Our focus will remain on putting patients at the centre of our efforts. We will enhance patient experience, improve communication, and provide personalized care tailored to individual needs.

In conclusion, I extend my sincere gratitude to our dedicated staff, loyal patients, stakeholders, and the community for their unwavering support. The Hospital will continue to be a beacon of healthcare excellence, dedicated to improving lives through compassionate, quality care.

.....

Name

Chairman to the Board

6. Report of The Medical Superintendent
Dear Members of the Governing Body,

I am pleased to present the Report of the Chief Executive Officer for 2023-2024 annual report. This report provides a more detailed overview of the hospital's performance and key activities over the past year, including an overview of our financial performance.

Key Activities and Achievements: Building upon the Chairman's statement, I would like to delve deeper into some of our key activities and accomplishments:

1. **Clinical Excellence:** Our hospital's clinical teams have continued to deliver exceptional care across a wide range of specialties. We have achieved significant milestones in patient outcomes, including reduced wait times, improved surgical success rates, and enhanced diagnostic accuracy.
2. **Operational Efficiency:** Through rigorous process improvements and streamlined operations, we have optimized resource utilization, reduced costs, and improved patient flow. This has allowed us to provide high-quality care while maintaining financial sustainability.

Financial Performance: Despite the challenges of financial constraints, I am pleased to report that our hospital has maintained financial stability. While the healthcare industry has faced economic uncertainties, prudent financial management, cost control measures, and County government support programs have helped us weather the storm. Our financial reserves remain strong.

Looking Ahead: As we move forward, our focus will remain on delivering patient-centred care, and maintaining financial resilience. We are actively exploring opportunities for further collaboration with local healthcare providers and pursuing research initiatives that align with our mission.

In closing, I want to express my gratitude to our dedicated staff, whose unwavering commitment to our patients and community has been instrumental in our success. Together, we will continue to elevate our hospital's standards of excellence and ensure a healthier future for all



.....
Name Dr Benjamin Mwanza
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 entity's performance against predetermined objectives.

MIGWANI Level IV Hospital has 2 strategic pillars and objectives within the current Strategic Plan for the FY 2023- 2024 These strategic pillars:

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

Pillar 2: To provide services to all patients Satisfactory.

MIGWANI 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 2023/2024 period for its 2 strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
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

Migwani level 4 Hospital Health Facility Management Committee was established in accordance with the Kitui County health facilities management committee act, 2014 and was gazetted on 14th February 2022 under gazette notice number 3147

In the FY 2023/2024 the Board did not hold any meetings

Membership

The total membership of the committee is Nine (9) members who are nominated by the County Executive Committee Member for Health and Sanitation and forwarded to the Governor, Kitui County for approval.

The committee consists of: -

1. The chairperson who is nominated by the County Executive Committee Member for Health and Sanitation and approved by the Governor Kitui County
2. The secretary to the committee and ex-officio
3. The Sub-County Administrator-
4. The Business community representative
5. Representative of professional groups.
6. Representative of women's groups-
7. Representative of Faith based organisations
8. Representative of Youth through the National Youth council.
9. Representative of people living with disability with bias to gender rule based on other members of the committee

Succession

The succession to the facility health management committee is as follows: -

A member of the committee, apart from the ex-officio, shall hold office for a period of three years and shall be eligible for re- appointment for one further term based on the performance.

Funds of the Committee

The Hospital Management Committee shall manage all the hospital funds which consist of:

- Monies appropriated by the County Assembly;
- Grants or donations
- Monies received as user charges
- Income generated from the proceeds of the services
- Any other monies

Meetings of the Committee

- (a) The committee shall meet at least four times a year and shall maintain records for its deliberations and shall further allow room for emergency meetings in case of outbreaks or disasters.
- (b) The quorum for the meeting of the committee shall be five of all the members including the secretary.
- (c) The secretary shall maintain records for all committee deliberations.
- (d) The Committee shall, not later than twenty-eight (28) days after a meeting, submit copies of the minutes and reports of that meeting to the County Executive Committee Member and the committee members.
- (e) A meeting of a committee shall be held at the hospital in respect of which the committee is established.

- (f) The County Executive Committee Member may attend any meeting of a committee, provided the area members of the county assembly in the sub-county where the hospital is situated shall be at liberty to attend any meetings of the committee in furtherance of their oversight role.

Functions of the Hospital Management Committee

The committee shall –

- (a) Supervise and control the administration of the funds allocated to Migwani level 4 hospital
- (b) The hospital management committee shall through minutes' request for the authority to open and operate a bank account from the County Executive Committee Member
- (c) Prepare specific hospital work plans based on the estimated expenditure and drugs stocking levels based on usage.
- (d) Cause to be kept basic books of accounts
- (e) Cause to be kept records of accounts of income, expenditure, assets and liabilities of the hospital.
- (f) Prepare and submit to the Chief officer in the department of health and sanitation certified periodical financial and performance reports as prescribed
- (g) Cause to be kept a permanent record of all its deliberations
- (h) Ensure planning that is consistent with the National and County Government policies, laws and regulations.
- (i) Review and approve all hospital plans including but not limited to development plans, service delivery plans and activities plans
- (j) Provide oversight to the hospital
- (k) Approve and authorise hospital budgets and expenditure.

Core responsibilities of the Migwani level 4 hospital Management Committee

The responsibilities of the committee are outlined as follows: -

- (a) Overseeing hospital performance improvement
- (b) Participating in planning for the hospital
- (c) Mobilising resources for hospital improvement
- (d) Overseeing the financial operations of the hospital
- (e) Ensuring development of human resources
- (f) Ensuring compliance with environmental regulations and standards
- (g) Enhancing relationships and partnerships
- (h) Mitigating potential conflict of interest
- (i) Risk management
- (j) Regulatory compliance

Vacation of office and remuneration of the committee members.

A member of the Committee shall cease to hold office: -

- (a) if a member is absent from three consecutive meetings of the committee without permission from the chairperson
- (b) in the case of a member of a public benefits organization, the member ceases to hold the office by virtue of which his or her nomination was made
- (c) a member is convicted of a criminal offense and sentenced to a term of imprisonment of six months or more or a fine exceeding one hundred thousand Kenya shillings
- (d) a member ceases to reside or practice in the area of hospital jurisdiction
- (e) a member voluntarily resigns in writing from the committee formally

- (f) a member is found to be unfit to hold the position on medical grounds
- (g) a member dies
- (h) a member is involved in an act resulting to conflict of interest with the position held by the member
- (i) a member is guilty of gross misbehaviour or misconduct
- (j) a member is found to be incompetent to hold the position
- (k) a member is convicted of an offence involving dishonesty or fraud
- (l) a member is adjudged bankrupt or enters into a composition scheme of arrangement with his or her creditors or
- (m) a genuine petition from the public is lodged against the member.

Remuneration: -

The members' remuneration shall be determined by the Salaries and Remuneration Commission.

Relationship between the Hospital Management team and Hospital Management Committee

(1) The Hospital Management committee shall notify the hospital management team of all its meetings and ensure that the minutes and plans of every meeting are supplied to the hospital management team within seven (7) days of its meetings.

(2) The hospital management team shall ensure that the minutes received under this section are forwarded to the Chief officer in the county ministry of health and sanitation who shall in turn brief the County Executive Committee member on the minutes and plans.

9. Management Discussion and Analysis

Clinical/Operational Performance:

Indicator	FY 2022/2022	FY 2022/2023	FY 2023/2024
Bed Capacity	65beds	65beds	65beds
Overall Patient Attendance	11719	21077	18471
Accident and Emergency Attendance	Ns	Ns	NS
Specialized Clinic Attendance	21027	33636	18471
Avg. Length of Stay (in days)	3	4	5
Bed Occupancy Rate	11%	11%	12%
Mortality Rate	7%	7%	13%
Surgical Theatre Utilization	-	-	-

Clinical/Operational Performance Trends:

Financial Performance:

Utilization of Funds:

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

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.

Proper record maintenance for efficient patient data management.

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

Major Risks Facing the Organization:

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.



Dr. Benjamin Mwanza
Secretary to the Board



10. Environmental And Sustainability Reporting

Migwani 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 Migwani 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 ended June 30, 2024, which show the state of the *hospital's* affairs.

Principal activities

The principal activities of Migwani hospital is to provide quality Health care.

Results

The results of the hospital for the year ended June 30 2024 are set out on pages 1 to 5

Board of Management

The members of the Board served for only three months and were degazetted by the Country Government vide a gazette notice No.13546 dated 6 October,2023. No other, board has been appointed to date

Auditors

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

By Order of the Board



.....
Dr. Benjamin Mwanza

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 Migwani 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 Migwani 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, 2024. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the Hospital; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Board of Management accepts responsibility for the Hospital 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 Migwani 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, 2024, 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

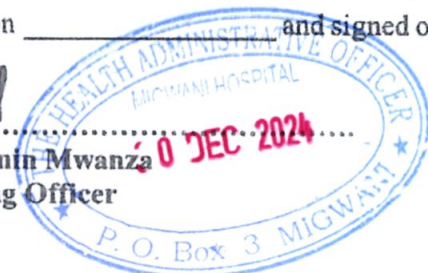
Nothing has come to the attention of the Board of management to indicate that the Migwani level IV Hospital will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

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

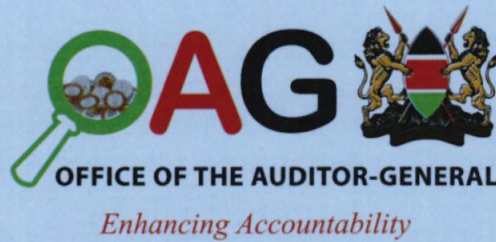
.....
Name:
Chairperson
Board of Management


Dr, Benjamin Mwanza
Accounting Officer



REPUBLIC OF KENYA

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



HEADQUARTERS
Anniversary Towers
Monrovia Street
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON MIGWANI LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2024 - COUNTY GOVERNMENT OF KITUI

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Migwani Level 4 Hospital - County Government of Kitui set out on pages 1 to 34 which comprise of the statement of

Report of the Auditor-General on Migwani Level 4 Hospital for the year ended 30 June 2024 - County Government of Kitui

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

In my opinion, except for the 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 Migwani Level 4 Hospital- County Government of Kitui as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the 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 Nil property, plant and equipment balance. However, review of Hospital records and physical verification revealed various assets including land, buildings, motor vehicles, furniture, computers and equipment which were not disclosed in the financial statements. Further, the ownership documents for land were not provided for audit review. In addition, the Hospital did not maintain a fixed asset register to control its assets. This is contrary to Regulation 136(1) of the Public Finance Management (County Governments) Regulations, 2015 which states that the Accounting Officer shall be responsible for maintaining a register of assets under his or her control or possession as prescribed by the relevant laws.

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

2. Unconfirmed Inventories Balance

The statements of financial position and as disclosed in Note 18 to the financial statements reflect inventories balance of Kshs.1,133,830. However, the stock take report provided for audit review reflected a balance of Kshs.1,333,075 resulting in unexplained variance of Kshs.199,245. Further non-pharmaceuticals amounting to Kshs.2,474,682 were not disclosed as part of the inventories for the year under review.

In the circumstances, the accuracy and completeness of the inventories balance of Kshs.1,133,830 could not be confirmed.

3. Non-Disclosure of Donated Drugs

The statement of financial performance reflects Nil amount on grants from donors and development partners. However, data provided for audit review revealed that the Hospital

received donations and program commodities drugs amounting to Kshs.8,754,511 which were not disclosed in the financial statements.

In the circumstances, the accuracy and completeness of grants from donors and development partners could not be confirmed.

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

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.27,841,840 and Kshs.25,038,690 respectively resulting to an under-funding of Kshs.2,803,150 or approximately 10% of the budget.

The under-funding may affect the planned activities and may impact 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 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 Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several paragraphs were raised. However, Management has not resolved all the prior year matters as prescribed in the reporting requirements set by the Public Sector Accounting Standards Board.

Other Information

The Management is responsible for the other information set out on pages iii to xvi which comprise of Key Entity Information and Management, The Board of Management, Key Management Team, Chairman's Statement, Report of the Medical Superintendent, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability

Reporting, Report of the Board of Management and Statement of Board of Management's Responsibilities. The other information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, 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. Failure to Dispose Unserviceable Assets

The statement of financial position reflects Nil property, plant and equipment balance. However, review of Hospital records and physical verification revealed that the hospital has three (3) vehicles that are unserviceable which have not been disposed of, the vehicles remain unutilized and continue to depreciate in value due to adverse weather conditions. This is contrary to Section 164 (1) of the Public Procurement and Asset Disposal Act, 2015 which states that the employee in charge of unserviceable, obsolete or surplus assets shall bring the matter to the attention of the Disposal Committee through the Head of the Procurement Function.

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

2. Deficiencies in Implementation of Universal Health Coverage (UHC)

Review of Hospital records and interviews on verification of services offered, equipment used and medical specialists in the Hospital as at the time of audit revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to staff deficits by eighty three (83) or approximately 82% of the authorized establishment.

Staff Requirements	Level 4 standard	Number in Hospital	Variance	Percentage
Medical officers	16	3	13	19%
Anesthesiologists	2	0	2	0%
General surgeons	2	0	2	0%
Gynecologists	2	0	2	0%
Pediatrics	2	0	2	0%
Radiologists	2	0	2	0%
Kenya Registered Community Health Nurses	75	15	60	20%
Total	101	18	83	18%

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

Service	Level 4 Hospital Standard	Actuals in the Hospital	Variance	Percentage
Beds	150	65	85	43%
Resuscitaire (2 in labor & 1 in theatre)	2	1	1	50%
New born unit incubators	5	3	2	60%
New born unit cots	5	5	0	100%
Functional ICU beds	6	0	6	0%
High Dependency Unit (HDU) Beds	6	0	6	0%
Renal Unit with at least 5 dialysis machines	5	0	5	0%
Two Functional operational theatres-Maternity & General	2	0	2	0%

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 may not be able to deliver on its mandate.

3. Lack of an Approved Budget

The statement of comparison of budget and actual amounts reflects revenue and expenditures budget of Kshs.27,841,840 and Kshs.25,038,690 respectively. However,

the Hospital Management did not prepare budget estimates during the year under review. This is contrary to Section 29 (1) of the Public Finance Management (County Governments) Regulations, 2025 which states that the Accounting Officer shall ensure that the draft estimates relating to her or his department are prepared in conformity with the Constitution, the Act and the Regulations.

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 and based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Internal Controls, Risk Management and Governance, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Lack of Internal Audit Function and an Audit Committee of the Board

The Hospital Management has not established an internal audit function and an Audit Committee of the Board. This is contrary to Regulation 167 of the Public Finance Management (County Governments) Regulations, 2015 which provides for the establishment of an Audit Committee of the Board. As such the Hospital did not benefit from the assurance and advisory services from the internal audit function as well as oversight from the Audit Committee. Although Management explained that the County Government undertakes regular internal audits, no internal audit was undertaken for the year under review.

In the circumstances, the effectiveness of the internal controls could not be confirmed.

2. Expiry of Medical Supplies

The statement of financial position reflects inventories balance of Kshs.1,133,830 as disclosed in Note 18 to the financial statements. Review of the store records and physical verification conducted on pharmaceuticals and non-pharmaceutical supplies revealed that 4,596 units of various drugs of undetermined value had expired during the year under review.

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

3. Lack of Hospital Board of Management

During the financial year under review, the Hospital Board had not been established. Management indicated and provided a copy of the Kitui Health Facilities Improvement Financing Bill, 2024 which is awaiting approval by the County Assembly to provide for the formation of the Hospital Management Board. As a result, the annual report and the financial statements for the year ended 30 June, 2024 have not been signed by the Chairman of the Hospital Board in accordance with the reporting framework prescribed for by the Public Sector Accounting Standards Board (PSASB).

In the circumstances, the Hospital may not achieve its strategic objectives.

4. Lack of Safeguards and Controls for Own Generated Revenue

The statement of financial performance and as disclosed in Note 8 to the financial statements reflect rendering of services – medical service income of Kshs.12,241,840. Included in the amount is revenue generated through MPESA payments totalling Kshs.2,906,737. However, there were no proper safeguards for revenue receipts made through MPESA as the revenue collection clerks were not able to validate payments made through the County MPESA pay bill due to lack of access to the MPESA validation rights. This is contrary to Regulation 63. (1 (a)) of the Public Finance Management (County Governments) Regulations, 2015 which states that an Accounting Officer and a Receiver of revenue are personally responsible for ensuring that— (a) adequate safeguards exist and are applied for the prompt collection and proper accounting for, all County Government revenue and other public moneys relating to their County departments or agencies.

In the circumstances, the effectiveness of measures put in place to safeguard own generated revenue 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 for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with 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 Gathangu, CBS
AUDITOR-GENERAL

Nairobi

10 January, 2025

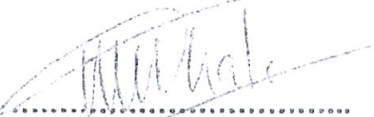
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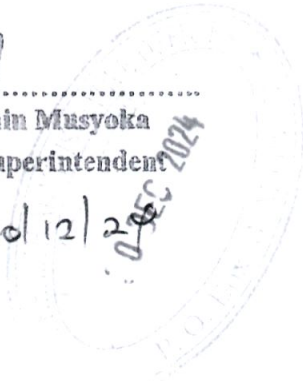
14. Statement of Financial Performance for The Year Ended 30 June 2024

Description	Note	2023-2024	2022-2023
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	12,796,850	15,152,985
In-kind contributions from the County Government	7	91,460,991	-
		104,257,841	15,152,985
Revenue from exchange transactions			-
Rendering of services- Medical Service Income	8	12,241,840	11,587,077
Revenue from exchange transactions		12,241,840	11,587,077
Total revenue		116,499,681	26,740,062
Expenses			
Medical/Clinical costs	9	5,101,360	5,893,447
Employee costs	10	2,147,800	1,968,060
Board of Management Expenses	11		26,000
Repairs and maintenance	12	512,820	1,121,977
Grants and subsidies	13	91,460,991	-
General expenses	14	5,057,885	5,252,432
Transfer to the county	15	12,187,631	11,587,077
Total expenses		116,468,487	25,848,993
Other gains/(losses)			-
Medical services contracts Gains/Losses		-	-
Gain on foreign exchange transactions		-	-
Total other gains/(losses)		-	-
Net Surplus / (Deficit) for the year		31,194	891,069

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

.....
 Chairman
 Board of Management


 Charles Kariuki
 Head of Finance
 ICPAK No: 61306
 30/12/2024


 Dr. Benjamin Musyoka
 Medical Superintendent
 30/12/2024


15. Statement of Financial Position As At 30th June 2024

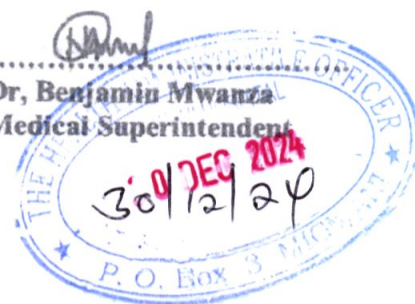
Description	Note	2023-2024	2022-2023
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	16	41,733	5,912
Receivables from non-exchange transactions	17	2,803,150	1,100,000
Inventories	18	1,133,830	-
Total Current Assets		3,978,713	1,105,912
Non-current assets			
Property, plant, and equipment	19	-	-
Total Non-current Assets		-	-
Total assets (A)		3,978,713	1,105,912
Liabilities			
Current liabilities			
Trade and other payables	20	3,324,323	482,716
Total Current Liabilities		3,324,323	482,716
Non-current liabilities			
Total non-current liabilities		-	-
Total Liabilities (B)		3,324,323	482,716
Net assets (A-B)		654,390	-
Represented by:			
Revaluation reserve		-	-
Accumulated surplus/Deficit		654,390	623,196
Net Assets		654,390	1,105,912

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

.....
Chairman
Board of Management

.....
Charles Kariuki.
Head of Finance
ICPAK No: 31306
 30/12/2024

.....
Dr, Benjamin Mwanza
Medical Superintendent



16. Statement of Changes in Net Asset for The Year Ended 30 June 2024

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2022	(267,873)	-	-	(267,873)
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	891,069	-	-	891,069
Capital/Development grants	-	-	-	-
As at June 30, 2023	623,196	-	-	623,196
				-
At July 1, 2023	623,196	-	-	623,196
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	31,194	-	-	31,194
Capital/Development grants	-	-	-	-
At June 30, 2024	654,390	-	-	654,390

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

Description	Note	2023-2024	2022-2023
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government		13,896,850	14,052,985
Grants from donors and development partners			-
Rendering of services- Medical Service Income		12,241,840	11,587,077
Revenue from rent of facilities		-	-
Total Receipts		26,138,690	25,640,062
Payments			
Medical/Clinical costs		5,234,760	5,893,447
Employee costs		2,313,160	1,968,060
Board of Management Expenses			26,000
Repairs and maintenance		972,390	1,121,977
Grants and subsidies		-	-
General expenses		5,394,928	4,769,716
Transfer to the county		-	-
Refunds paid out		12,187,631	11,587,077
Total Payments		26,102,869	25,366,277
Net cash flows from operating activities		35,821	273,785
Cash flows from investing activities			-
Purchase of property, plant, equipment		-	-
Net cash flows used in investing activities		-	-
Cash flows from financing activities			
Repayment of borrowings		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		35,821	273,785
Cash and cash equivalents as at 1 July	16	5,912	(267,873)
Cash and cash equivalents as at 30 June	16	41,733	5,912

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18. Statement of Comparison of Budget and Actual Amounts for Year Ended 30 Jun 2024

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	
Revenue						
Transfers from the County Government	15,600,000	-	15,600,000	12,796,850	2,803,150	82%
Rendering of services- Medical Service Income	12,241,840	-	12,241,840	12,241,840	-	100%
Total income	27,841,840	-	27,841,840	25,038,690	2,803,150	90%
Expenses						
Medical/Clinical costs	5,600,000	-	5,600,000	5,101,360	498,640	91%
Employee costs	3,000,000	-	3,000,000	2,147,800	852,200	72%
Repairs and maintenance	1,000,000	-	1,000,000	512,820	487,180	51%
General expenses	6,054,209	-	6,054,209	5,057,885	996,324	84%
Refunds	12,187,631	-	12,187,631	12,187,631	-	100%
Total expenditure	27,841,840	-	27,841,840	25,007,496	2,834,344	90%
Surplus for the period	-	-	-	31,194	(31,194)	
Capital expenditure	-	-	-	-	-	-

The under performance was as a result of the hospital not receiving all its yearly budget of ksh 15,600,000. The hospital received ksh 12,796,850 resulting to the under performance.

19. Notes to the Financial Statements

1. General Information

Migwani Level IV entity is established by and derives its authority and accountability from the county Government Act. The entity is wholly owned by the Kitui County Government and is domiciled in Kitui County in Kenya. The entity's principal activity is 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 entity'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 Migwani 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 2024

ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024.

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

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Standard	Effective date and impact:
	<p>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><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
<p>IPSAS 47- Revenue</p>	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
<p>IPSAS 48- Transfer Expenses</p>	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and</p>

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Standard	Effective date and impact:
	cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS 49- Retirement Benefit Plans	<i>Applicable 1st January 2026</i> 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.

iii) Early adoption of standards

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

4. Summary of Significant Accounting Policies

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

b. Budget information

Board did not approve the original budget for FY 2023-2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the hospital recorded additional appropriations of on the FY 2023-2024 budget following the Board's approval. The Hospital's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

Notes to the Financial Statements (Continued)

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.

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

Financial assets

Classification of financial assets

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified

dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held

Notes to the Financial Statements (Continued)

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Notes to the Financial Statements (Continued)

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

The entity 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 Entity.

f. Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

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

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 entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

Notes to the Financial Statements (Continued)

h. Contingent assets

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

i. Nature and purpose of reserves

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

j. Changes in accounting policies and estimates

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

k. Employee benefits

Retirement benefit plans

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

Notes to the Financial Statements (Continued)

l. Related parties

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

m. Service concession arrangements

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

n. Cash and cash equivalents

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

o. Comparative figures

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

Notes to the Financial Statements (Continued)

p. 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, 2024.

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

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

Notes to Financial Statements Continued

6. Transfers from the County Government

Description	2022/2023	2021/2022
	KShs	KShs
Unconditional grants		
Operational grant	12,796,850	15,152,985
	12,796,850	15,152,985
Total government grants and subsidies	12,796,850	15,152,985

6 b 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
Kitu County Government	12,796,850	-	-	12,796,850	15,152,985
Total	12,796,850	-	-	12,796,850	15,152,985

7. In-kind contributions from The County Government

Description	2023/2024	2022/2023
	KShs	KShs
Salaries and wages	84,531,874	
Medical supplies-Drawings Rights (KEMSA)	6,929,117	
Pharmaceuticals and Non-Pharmaceutical Supplies		
Total grants in kind	91,460,991	-

Notes to Financial Statements Continued

8. Rendering of Services-Medical Service Income

Description	2023-2024	2022-2023
	Kshs	Kshs
Pharmaceuticals	582,150	2,470,407
Laboratory	352,390	1,347,488
Radiology	82,250	365,409
Orthopaedic and Trauma Technology	11,700	102,954
Dental services	75,980	177,837
Reproductive health		149,570
Farewell home services	722,150	2,847,685
Nhif	9,335,103	
Other medical services income	1,080,117	4,125,727
Total revenue from the rendering of services	12,241,840	11,587,077

9. Medical/ Clinical Costs

Description	2023-2024	2022-2023
	Kshs	Kshs
Laboratory chemicals and reagents	1,068,350	1,129,800
Food and Ration	1,194,820	1,865,520
Dressing and Non-Pharmaceuticals	938,344	1,547,715
Uniform, clothing, and linen		57,420
Pharmaceutical supplies	128,500	-
Health information stationery	770,516	560,892
Sanitary and cleansing Materials	658,330	518,600
X-Ray/Radiology supplies	342,500	213,500
Total medical/ clinical costs	5,101,360	5,893,447

10. Employee Costs

Description	2023-2024	2022-2023
	Kshs	Kshs
Salaries, wages, and allowances	1,824,900	1,759,560
Staff medical expenses and Insurance cover	78,000	81,100
Contributions to pension schemes	244,900	127,400
Employee costs	2,147,800	1,968,060

Migwani Hospital (Kitui County Government)
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Notes to the Financial Statements (Continued)

11. Board of Management Expenses

Description	2023/2024	2022/2023
	Kshs	Kshs
Chairman's Honoraria	-	-
Sitting allowance	-	26,000
Airtime allowances	-	-
Total	-	26,000

12. Repairs And Maintenance

Description	2023-2024	2022-2023
	Kshs	Kshs
Property- Buildings	-	230,809
Office equipment	442,820	422,598
Furniture and fittings	-	249,570
Computers and accessories	70,000	-
Motor vehicle expenses	-	219,000
Total repairs and maintenance	512,820	1,121,977

13. Grants And Subsidies

Description	2023-2024	2022-2023
	Kshs	Kshs
Other grants and subsidies	91,460,991	
Total grants and subsidies	91,460,991	

Notes to the Financial Statements (Continued)

14. General Expenses

Description	2023-2024	2022-2023
	Kshs	Kshs
Bank charges	59,005	9,129
Office running expenses	1,094,190	1,398,990
Contracted services	981,280	778,640
Electricity expenses	360,000	540,000
Fuel and Lubricants	1,000,000	1,100,000
Travel and accommodation allowance	1,163,500	940,500
Other fuels (Charcoal, Firewood and Gas)	130,000	300,000
Printing and stationery	249,910	175,173
Water and sewerage costs	20,000	10,000
Total General Expenses	5,057,885	5,252,432

15. Transfer to County Government

Description	2023/2024	2022/2023
	Kshs	Kshs
Transfer to County Government	12,187,631	11,587,077
Total	12,187,631	11,587,077

16. Cash And Cash Equivalents

Description	2023-2024	2022-2023
	KShs	KShs
Current accounts	41,733	5,912
Total cash and cash equivalents	41,733	5,912

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

Description		2023-2024	2022-2023
Financial institution	Account number	KShs	KShs
a) Current account			
Kenya Commercial bank	1156714397	41,542	5,912
Kenya Commercial bank	1156714532	191	-
Sub- total		41,733	-
Grand total		41,733	5,912

Notes to the Financial Statements (Continued)

17. Receivables From Non-Exchange Transactions

Description	2023-2024	2022-2023
	KShs	KShs
Transfers from the County Government	2,803,150	1,100,000
Total	2,803,150	1,100,000

Analysis of Receivables From Non-Exchange Transactions

Description	2023-2024		2022-2023	
	Kshs		Kshs	
	2023-2024	% of the total	2022-2023 FY	% of the total
Less than 1 year	2,803,150	15.80%	1,100,000	7.30%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	0
Total (a+b)	2,803,150	15.80%	1,100,000	7.30%

18. Inventories

Description	2023-2024	2022-2023
	KShs	KShs
Pharmaceutical supplies	1,133,830	
Maintenance supplies		
Food supplies		
Linen and clothing supplies		
Cleaning materials supplies		
General supplies		
Total	1,133,830	

Migwani Hospital (Kitui County Government)
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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
Cost								
At 1 July 2022 (previous year)	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-
At 30th Jun 2023	-	-	-	-	-	-	-	-
At 1 July 2023 (current year)	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfer/adjustments		-	-	-	-	-	-	-
At 30th Jun 2024	-	-	-	-	-	-	-	-
Depreciation and impairment								

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At 1 July 2022 (previous year)	-	-	-	-	-	-	-
Depreciation for the year	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-
At 30 June 2023	-	-	-	-	-	-	-
At July 2023 (current year)	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-	-	-
At 30th June 2024	-	-	-	-	-	-	-
Net book values							
At 30 th Jun 2023 (previous)	-	-	-	-	-	-	-
At 30 th Jun 2024 (current)	-	-	-	-	-	-	-

Migwani Hospital (Kitui County Government)
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Notes to the Financial Statements (Continued)

20. Trade and other Payables

Description	2023-2024		2022-2023 FY	
	KShs		KShs	
Trade payables	3,324,323		1,105,912	
Employee dues				
Third-party payments (e.g. unremitted payroll deductions)				
Total trade and other payables	3,324,323		1,105,912	
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the total
Under one year	3,047,547	91%		%
1-2 years	276,776	9%		%
2-3 years		%		%
Over 3 years		%		%
Total	3,324,323	100%		%

21. Cash Generated from Operations

Description	2023-2024		2022-2023	
	KShs		KShs	
Surplus for the year before tax	31,194		891,069	
Adjusted for:				
Depreciation				
Non-cash grants received				
Working Capital adjustments				
Increase in inventory	(1,133,830)		-	
Increase in receivables	(1,703,150)		(1,100,000)	
Increase in payables	2,841,607		482,716	
Net cash flow from operating activities	35,821		273,785	

Notes to the Financial Statements (Continued)

22. Financial Risk Management

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

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

(i) Credit risk

The entity 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 entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2023				
Receivables from exchange transactions	-	-	-	-
Receivables from –non-exchange transactions	1,100,000	1,100,000	-	-
Bank balances	5,912	5,912	-	-
Total	1,105,912	1,105,912	-	-
At 30 June 2024	-			
Receivables from –non-exchange transactions	2,803,150	2,803,150	-	-
Bank balances	41,733	41,733	-	-
Total	2,844,883	2,844,883	-	-

Notes to the Financial Statements (Continued)

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

(ii) Liquidity risk management

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2023				
Trade payables			482,716	482,716
Current portion of borrowings				
Provisions				
Deferred income				
Employee benefit obligation				
Total			482,716	482,716
At 30 June 2024				
Trade payables			3,324,323	3,324,323
Current portion of borrowings				
Provisions				
Deferred income				
Employee benefit obligation				
Total			3,324,323	3,324,323

Notes to the Financial Statements (Continued)

(iii) Market risk

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

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

Sensitivity analysis

The entity analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year

23. Related Party Balances

Nature of related party relationships

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

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

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

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iv) Key Management

Notes to the Financial Statements (Continued)

Description	2023/2024	2022/2023
	Kshs	Kshs
Transactions with related parties		
a) Services offered to related parties		
Services to other Hospitals	-	-
Total	-	-
b) Grants from the Government		
Grants from County Government	12,796,850	15,152,985
Grants from the National Government Entities	-	-
Total	12,796,850	15,152,985
Total	12,796,850	15,152,985

24. Events after the Reporting Period

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

25. Ultimate and Holding Entity

The Hospital a Semi- Autonomous Government Agency under the Department of Health. 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	Inaccurate Cash and Cash Equivalent balances	Authentic bank reconciliations to be availed by the relevant office management is in consultation with the office	Not Resolved	June 2024
2	Unsupported Expenditure	All supporting documents are under treasury and management is in the process of liaising with the persons in the office during this financial period to avail the supportive documents	Not Resolved	June 2024
3	Undisclosed Revenue from Exchange Transactions	The financial statements will be amended to capture the revenue collected and remitted to county government.	Not Resolved	June 2024

Migwani Hospital (Kitui County Government)

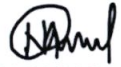
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
4	Failure to maintain an asset Register.	We have started the process of engaging the county government to assist us with personnel and resources that can assist us in valuations of the assets.	Not Resolved	June 2024
6	Non-compliance with the requirement of Universal Health Care	We concur with the recommendation. Migwani Hospital management remains committed to complying with the Kenya Quality Model for Health and providing all services offered by a level 4 hospital. Our biggest challenge is lack of enough health workers and the Migwani Hospital has no capacity and resources to engage more health workers and thus we continue to rely on health workers hired and deployed by the county government of Kitui. We will continue engaging the County government and we believe, when appropriately staffed and funded, will be able to optimally operationalize the hospital theatre as well as provide other services expected in a level 4 hospital.	Not Resolved	June 2024

Migwani Hospital (Kitui County Government)
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
7.	Undisclosed Inventories Balances		Not resolved	
8.	Lack of Disaster Recovery Plan	We are in the process of customizing the disaster recovery plan by the ministry of Health	Not resolved	
9.	Failure to Establish Audit Committee and Operations of Internal Audit Unit	The hospital is seeking to establish Audit committee and operationalize internal Audit unit.	Not resolved	

Migwani Hospital (Kitui County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024



.....
Dr. Benjamin Mwanza
Accounting Officer



XX Hospital (XX County Government)

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Appendix II: Inter-Entity Confirmation Letter

Name of Transferring entity.....

Name of Beneficiary entity.....

Confirmation of amounts received by Migwani level iv hospital Hospital as at 30 th June 2024							
	Amounts Disbursed by County Treasury (Kshs) as at 30th June 2024					Amount Received by Hospital (KShs) as at 30th June 2024	Differences (KShs) (F)=(D-E)
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
REC/0001090106	14-Aug-24	1,200,000	-	-	1,200,000		-
REC/0001091133	13-Sep-24	1,150,000	-	-	1,150,000		-
REC/0001091945	29-Sep-24	1,150,000	-	-	1,150,000		-
REC/0001093325	27-Oct-24	1,300,000	-	-	1,300,000		-
REC/0001094656	1-Dec-24	1,300,000	-	-	1,300,000		-
REC/0001095880	4-Jan-24	1,300,000	-	-	1,300,000		-
REC/0001097618	2-Feb-24	1,300,000	-	-	1,300,000		-
REC/0001098969	8-Mar-24	1,300,000	-	-	1,300,000		-
REC/0001099826	4-Apr-24	1,300,000	-	-	1,300,000		-
REC/0001100628	16-May-24	1,300,000			1,300,000		
REC/0001102172	10-Jun-24	196,850	-	-	196,850		-
Total		12,796,850	-	-	12,796,850	-	-

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

Head of Accounts Department - Disbursing Entity:

XX Hospital (XX County Government)

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Name Sign Date

Head of Accounts Department -- Beneficiary Entity:

Name Charles KOSUYKI Sign

..... Date

