

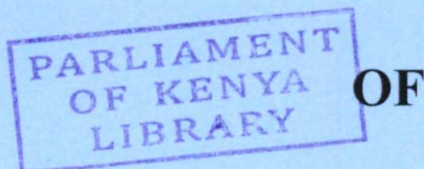
REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**

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**THE AUDITOR-GENERAL**

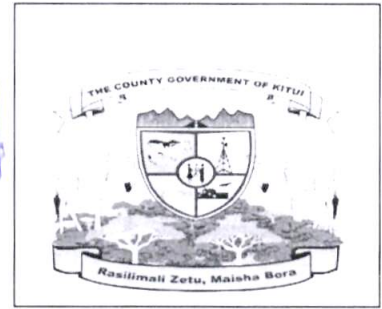
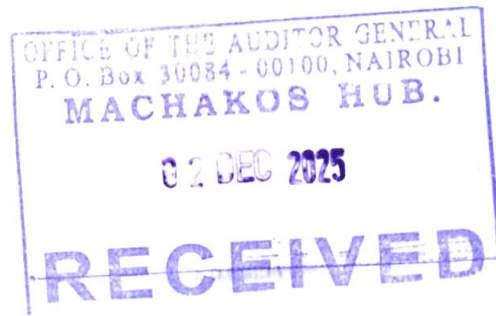
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**KITUI COUNTY REFERRAL  
LEVEL 4 HOSPITAL**

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

**COUNTY GOVERNMENT OF KITUI**

120



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# **KITUI COUNTY REFERRAL HOSPITAL-Level 4 Hospital (Kitui County Government)**

**AMMENDED ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2025**

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

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

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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.
KCRH	Kitui County Referral Hospital

*(This list is an indication of the common acronyms and glossary of terms; the entity should include all from the annual report and financial statements prepared)*

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

### **(a) Background information**

Kitui County Referral Hospital is a licensed public health facility by Kenya Medical Practitioners' and Dentist Council (KMPDC) registration number GK-014107 and is domiciled in Kitui County under the County ministry of Health and Sanitation. The facility is located along Kitui-Kibwezi Road in Kitui town, Kitui Central Constituency and serves a catchment population of 199,273 (KHIS 2024) and also serves as The County Referral Hospital.

The hospital is governed by a Board of Management comprising of nine (9) members drawn from various professional backgrounds. The Chairperson of the board is a public health officer with twenty-seven (27) years of experience while the secretary is the Medical Superintendent who holds a master's degree in internal medicine with twenty (27) years of experience.

### **(b) Principal Activities**

The Hospital key mandate is to offer Quality health care, improve clinical outcomes, improve on the procedures and systems and strengthen health promotion and disease prevention.

We have a bed capacity of 248 with an outpatient workload of 220,409(KHIS 2024).

We offer outpatient, inpatient and specialized services such as Oncology/Cancer, Urology, paediatrics, general surgery, orthopaedic surgery, Radiology, gynaecology and obstetrics, ophthalmology, ENT, pathology & Specialized Laboratory tests, ICU care, Kidney dialysis, psychiatry, maxillofacial surgery among others.

**Our Vision** is to be the leading County Hospital in provision of quality client-centred health care services in Kenya.

**Our Mission** is to provide accessible and affordable quality health care services to all and facilitate training, research and policy development.

**Our Core values** include; - Customer focus, teamwork, professionalism, integrity, Equity & equality, commitment and safety.

**Our Strategic objectives** include; - to improve clinical outcomes, improve on procedures & systems, strengthen health promotion and disease prevention practices, enhance empowerment & commitment of human resource and participate in health planning & policy formulation

### **(c) Key Management**

The hospital's management is under the following key organs:

- a. County Department of Health and sanitation
- b. Board of Management
- c. Hospital Management Team
- d. Medical Superintendent

### **(d) Fiduciary Management**

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

No.	Designation	Name
1.	Medical Superintendent	<b>Dr. Mungai John</b>
2.	Chief Officer- Medical services	<b>Dr. Benson Musyoka</b>
3.	Chief Officer-Drugs and medical supplies	<b>Aggrey Kamba</b>
4.	Chief Officer-Public health and sanitation	<b>Dr. Lynn Kitwan</b>
5.	Chief Officer Finance	<b>Cpa John Makau</b>
6.	CECM Health	<b>Dr. Ruth koki</b>
7.	CECM Finance	<b>Peter Mwikya Kilonzo</b>

**(e) Fiduciary Oversight Arrangements**

These includes; -

- Office of the Auditor General.
- County Assembly of Kitui.
- County Assembly of Kitui Committee for Health.
- Kitui County Assembly Public Investment and Accounts Committee.
- Kitui County Assembly County Budget and Appropriation Committee
- Kitui County Assembly Finance and Economic Planning Committee and Kitui County Budget and Economic Forum.

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

**(f) Entity Headquarters**

P.O. Box 22-90200  
Hospital grounds.  
Kitui, KENYA

**(g) Entity Contacts**

Telephone: (+254) 710409696  
E-mail: dmsokitui@gmail.com  
Website: www.kitui.go.ke

**(h) Entity Bankers**

CO-OPERATIVE BANK OF KENYA  
KITUI BRANCH

**(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	DIRECTOR	REPRESENTATIVE	QUALIFICATIONS	YEAR OF BIRTH	EXPERIENCE	DESIGNATION
1	<b>CHARLES MULANDI</b>	Diplomat	Public Health Officer	1963	27 years	-The chairperson of the Board. Member of Audit sub-committee
2	<b>JOB MUISYO</b>	Town Administration				-Member -Chairperson of Audit sub-committee
3	<b>AGNES MWIKALI KYALO</b>	Special groups	BSc Nursing	1961	34 years	-Vice Chairperson -Chairperson of Quality of health sub-committee
4	<b>KIVUIO DAVID</b>	Business Community	Business man			-Member. -Member of finance and general-purpose sub-committee.
5	<b>MUNAH AHMED</b>	Active Women Groups	PARALEGAL Project officer	1961	23Years	-Member

						-Member of Audit and Quality of Health Sub-committees
6	<b>JOSEPH KIMANZI</b>	Dominant faith-based organizations.	Pastoral	1974	26 years	-Member. -Member of finance and general-purpose sub-committee.
8	<b>MONICA MUENI SYANDA</b>	People living with disabilities (PLWD)	Project Management	1989		-Member -Chairperson of Finance and general-purpose sub committee
9	<b>DR. MUNGAI JOHN</b>	Kitui County Referral Hospital	Physician	1970	27	-Board secretary -Medical Superintendent

#### 4. Key Management Team

Ref	Management			Details
Ref	PERSONAL NUMBER	DESIGNATION	PROFESSIONAL QUALIFICATIONS	NAME AND PASSPORT PHOTO
1.	1997078183	Medical Superintendent	Master of Medicine (Internal Medicine) Preceptor Certificate in Renal Dialysis.	 <b>DR. JOHN MUNGAI</b>

2.	2014018281	Deputy Medical Superintendent	Medical Specialist- Paediatrics and child health.	 <b>DR. JOSPHAT MBUVI CHAMIA</b>
3.	20160013927	Health Administrative Officer	Bachelor of Business Management (Accounting Option).	 <b>BARNABAS KYALO KINEENE</b>
4.	20220144452	Hospital Accountant	Certified Public Accountant, Kenya.	 <b>CPA CEPHAS MUTEMI KIMWELE</b>

5.	20150025406	Supply Chain Management Officer	Msc. Procurement and logistics.	 <b>MERCY MWENDE MWEMA</b>
6.	1994058558	Nursing officer in charge	Kenya Registered Community Health Nurse (KRCHN).	 <b>BEATRICE NGOMO</b>

**5. Chairman’s Statement**

As the chairman of Kitui County Referral Hospital I am honoured to release our annual report for the year ended 30<sup>th</sup> June 2025 noting improvement in key performance areas. This guarantees to all stakeholders that their interests are met and value for money achieved.

**Operating Environment**

As we are aware there have been numerous challenges facing our country especially the climate change hence during the financial year there was generally slowed economic growth which affected all sectors of the economy and generally capital investment was lower than expected. The demand for our services has continued to rise and we have various strategies to ensure that all our customers have services which satisfies their needs. We continued to engage with our stakeholders to ensure all their concerns are addressed. The environments we operate in require constant networking and research in health care to guarantee sustainability of our business.

As a board we have ensured that we operate in a socially responsible manner. This includes a continued focus on operational efficiency, resources availability and responding to the needs of our customers.

**Expansion Programmes**

Various programmes have been initiated to expand our entity, to ensure we produce more services which will reach more customers here in Kenya. Notably plans are underway to upgrade the facility to Level 5.

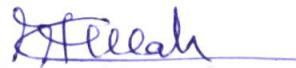
**Future Plans**

Our future can only be brighter depending on our ability to figure out the future by anticipating and responding to various changes. Looking ahead, the board will continue to support investment in new projects to ensure the continued growth of the facility and progress towards achieving the facility’s main objectives that of delivering quality health care to its customers. The year ended in a promising position and having all enabling policies and right frameworks we will be able to achieve our entire plans and realize our vision and mission as we fulfil our mandate to all stakeholders.

Thank you.

CHARLES MULANDI

SIGN



*CHAIRMAN*

## **6. Report of The Medical Superintendent**

I am delighted to report our Annual Performance for the period ended 30th June 2025.

The Hospital's performance has been impressive despite the challenges experienced this year like prolonged Industrial labour withdrawal by Doctors, Clinical officers and Laboratory Officers during the months of January to June 2025.

The Hospital Out Patient Department (OPD) workload has increased rapidly from 294,917 to 396,560 a 34.7% increase.

This reflects increased public confidence in our services

This has resulted into increased revenue collection from Ksh 255,093,539 in 2023/2024 to Ksh 420,976,396 in 2024/2025, translating to 65% revenue increase.

The Hospital has also successfully implemented The New Social Health Insurance (SHA) for both outpatients (PHC-Primary Health Care) and inpatient clients (SHIF (Social Insurance Fund) despite some challenges like non-activation of Ambulance referral and ECCIF (Emergency, Chronic and Critical Illness) modules.

New Health Care Services such as Cancer care, ICU care, Computerized Tomography (CT Scan), Echocardiography, Haemophilia Care as well as School friendly clinic have been introduced to the benefits of our clients.

Telemedicine has been introduced and regular staff CMEs hence improving the Quality of Care

We are in the process of upgrading our New Born Care, Oxygen supply systems, Drug Storage facilities, Blood Transfusion services as well as Mortuary services.

Uninterrupted Internet network connectivity has been achieved thus reducing Digital service (HMIS) disruptions.

Regards

I take this opportunity to sincerely thank the Board of Directors for their strategic and Policy Guidance during the concluded financial year ended 2024/2025.

The Management and entire Staff Members of KCRH have continued to discharge their mandate with commitment and dedication.

I have Full Confidence that we have the necessary skills and determination to continue implementation of The Universal Health Coverage (UHC) Programme to the benefits of our clients.



Kind regards

Dr. Mungai John

Medical Superintendent/ Board Secretary

**7. Statement of Performance Against Predetermined Objectives**

Kitui County Referral Hospital (KCRH) has 3 strategic pillars and objectives within the current Strategic Plan for the FY 2024- FY 2025. These strategic pillars/ themes/ issues are as follows:

Pillar 1: Increased revenue

Pillar 2: Increased customer satisfaction

Pillar 3: Enhance institutional capacity

KGRH develops its annual work plans based on the above 3 pillars. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The corporation achieved its performance targets set for the FY 2024/2025 period for its 3 strategic pillars, as indicated in the diagram below:

<b>Strategic Pillar/Theme/Issues</b>	<b>Objective</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
Pillar 1: Increase revenue	To Increase our sales	-timely collection of revenue from patients -Increase customers -increased services	- Increased revenue	- improvement in collection efficiency
Pillar 2: Increased customer satisfaction	Good customer relations	-Less customer complaints Prompt handling of customer issues -Increased customer/ stakeholder participation	-Good Customer care services - Implement an effective feedback mechanism for customers -Enhance collaborations between customers and stakeholders	-Good customer relations

Pillar 3: Enhance institutional capacity	To attract and retain qualified staff  -To increase funding to KCRH	-High productivity -improved performance -increased performance -increased staff motivation and productivity  -timely collection of revenue Adequate financial planning	-Ensure optimal staff complement -Enhance staff training - Performance management and reward  -Improve revenue collection efficiency -Enhance effective financial management	-Job Evaluation being done  -Collection efficiency is much enhanced
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**8. Corporate Governance Statement**

Corporate governance is the process and structure used to direct and manage business affairs of the facility towards enhancing prosperity and corporate accounting with the ultimate objective of realizing stakeholder's long-term value.

The facility conducts its operations in accordance with the principles of good corporate governance.

**Board of Directors**

The composition of the board is compliant with good corporate governance practices. The roles of the Chairman and the Chief Executive Officer are segregated. The Med Superintendent is in charge of the day to day running of the business of the company. A non-executive director acts as the Chairman of the board.

The current board is composed of the Med Sup. and directors drawn from various stakeholders. The board is therefore composed of committed individuals with diverse and complementary skills to ensure that there is sufficient wealth of experience at board level.

**Board Meetings**

Board meetings are held every quarter and in exceptional circumstances as dictated by demand and exigencies of operations.

**Process of appointment and removal of directors**

The persons appointed shall be by name and by notice in the Gazette. The person appointed shall hold office for a term of three years, but shall on the basis of satisfactory performance be eligible for re-appointment for one further term of three years. A board member can cease to be a member if he/she is judged a bankrupt.

**Induction and training**

After every Annual general meeting, the directors undergo an induction and training.

**Ethics and conduct of directors**

To show commitment of proper utilization and management of public resources and proper running of corporation affairs, KCRH has developed a code of ethics to be signed by all board members. A code of ethics provides guidance and direction in the manner in which members of the board of directors are expected to conduct themselves when handling matters relating to the company.

### **9. Management Discussion and Analysis**

The current Hospital bed capacity is 320.

The Overall patient attendance is 396,650 (Outpatient) and 12,880 (In patient). The Hospital's accident and emergency attendance data is noted in general out-patient data.

The Hospital specialized clinic attendance stands at 144,546.

The Hospital Average length of stay for in-patient is 7 days.

The Hospital's bed occupancy rate is 99% while mortality rate stands at 8.8% while the number of operations/surgical theatre utilisation is 5,524.

#### **Financial performance that includes;**

- Revenue sources in the facility include; Consultation Charges, Laboratory charges, Radiology charges, E.N.T department charges, Eye Unit charges, In-patient/Maternity charges, Medical Exam charges, Medical Records charges, Mortuary charges, Occupational Therapy charges, Plaster department charges, Orthopaedic Technology charges, Out-patient charges, Physiotherapy charges, Dental department charges, Theatre charges, Gynaecology charges, Renal charges and Drugs charges.

Kitui county referral hospital revenue streams includes; NHIF, Social Health Authority (SHA), AON-MAKL, BRITAM, CORPORATE insurances, M-PESA, EXEMPTIONS and WAIVERS

- The Hospital is funded by County government of Kitui through monthly disbursement of Facility improvement funds (FIF) and all the spending is guided by the Authority to Incur Expenditure (AIE).



*Dr. Mungai John*  
*MEDICAL SUPERITENDENT.*

*SIGN*

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

Kitui County referral hospital exists to provide accessible and affordable quality health care services to all and facilitate training, research and policy development. Below is an outline of the organisation's policies and activities that promote sustainability.

### ***i) Sustainability strategy and profile***

Health care provision is driven by educated workforce, availability of medical products & technology, Information Management, healthcare financing and strong leadership.

### ***ii) Environmental performance.***

The facility is in the process of putting up an insulator machine that burns down all the hospital waste material and has planted trees within the facility

### ***iii) Employee welfare.***

The facility ensure adherence to the stipulated Human Resource guidelines as directed by the Kitui county public service board more specifically on hiring casuals at facility level.

### ***iv) Market place practices-***

Kitui Referral Hospital is committed to ensuring fair competition, responsible supply chain and supplier relations, responsible marketing and advertisement and proper product

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

Kitui County Referral Hospital in time to time do carry out CSR activities to give back to the community during the financial year and look forward to organizing the same in the future.

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

The Board members submit their report together with the Audited Financial Statements for the period ended 30<sup>th</sup> June, 2025, which show the state of the Kitui county referral hospital affairs.

### **Principal activities**

The principal activities of the entity are health care to improve clinical outcomes, improve on procedures, strengthen health promotion and disease prevention practices, enhance empowerment and commitment of human resource, participate in health planning and policy formulation.

### **Results**

The results of the entity for the period ended June 30th 2025 are set out on page i to 22

### **Board of Management**

The members of the Board who served during the year are shown on pages v & vi.

### **Auditors**

The Auditor General is responsible for the statutory audit of the Kitui County Referral hospital in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the period ended 30<sup>th</sup> June 2025

By Order of the Board



Dr. Mungai John  
Med Sup.

## **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 Kitui county referral hospital, which give a true and fair view of the state of affairs of the Kitui county referral hospital at the end of the financial year/period and the operating results of the Kitui county referral hospital for that year/period. The Board of Management is also required to ensure that the Kitui county referral hospital keeps proper accounting records which disclose with reasonable accuracy the financial position of the Kitui county referral hospital. The council members are also responsible for safeguarding the assets of the Kitui county referral hospital.

The Board of Management is responsible for the preparation and presentation of the Kitui county referral hospital financial statements, which give a true and fair view of the state of affairs of the Kitui county referral hospital for and as at the end of the financial period ended on June 30<sup>th</sup>, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the Kitui county referral 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 Kitui county referral 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 the Kitui county referral hospital financial statements give a true and fair view of the state of Kitui county referral hospital transactions during the financial period ended 30<sup>th</sup> June 2025 and of the Kitui county referral hospital financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the Kitui county referral hospital, which have been relied upon in the preparation of the Kitui county referral hospital financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Board of management to indicate that the Kitui county referral 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 28-08-2025 and signed on its behalf by:



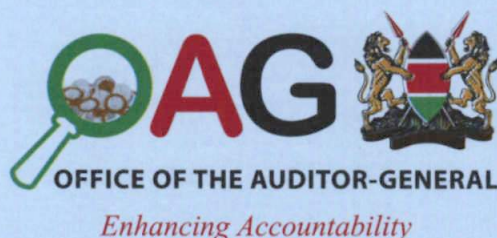
.....  
**Name: Charles Mulandi**  
**Chairperson**  
**Board of Management**



.....  
**Name: Dr. Mungai John**  
**Accounting Officer**

# REPUBLIC OF KENYA

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



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

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

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### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Kitui County Referral Level 4 Hospital - County Government of Kitui set out on pages 1 to 48, which comprise of the

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

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

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

### **Basis for Qualified Opinion**

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

The statement of financial position reflects a Nil balance of property, plant and equipment and intangible assets. However, physical verification revealed that the Hospital has assets including land, buildings, motor vehicles, furniture, computers and equipment which were not disclosed in the financial statements. Further, the Hospital pays monthly instalments of Kshs.100,000 to a software vendor. However, the terms of engagement and control could not be confirmed as the contract documents do not indicate whether full ownership and control had been transferred to the Hospital.

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

#### **2. Irregular Adjustment in Cash Flows**

The statement of cash flows and as disclosed in Note 16 to the financial statements reflect net cash flows from operating activities of Kshs.20,755,691. Included in Disclosure Note 16 is Kshs.63,629,767 being an adjustment for increase in capital fund which is irregular.

In the circumstances, the accuracy of net cash flows from operating activities of Kshs.20,755,691 could not be confirmed.

#### **3. Un-Supported Receivables from Exchange Transactions**

The statement of financial position and as disclosed in Note 11 to the financial statements reflect a balance of Kshs.136,492,021 in respect to receivables from exchange transactions. However, supporting schedules for the opening balance of receivables, receivables for the current year, bills paid during the year and closing balances were not provided for audit review. Further, the balance excludes Kshs.68,735,093 being receivable from National Hospital Insurance Fund (NHIF) as at 31 December, 2024.

In the circumstances, the accuracy of receivables from exchange transactions of Kshs.136,492,021 could not be confirmed.

#### 4. Inaccuracies in the Statement of Changes in Net Assets

The statement of changes in net assets reflects a balance of Kshs.63,629,767 in respect to additions to capital fund whose support documents were not provided for audit review.

In the circumstances, the accuracy of the statement of changes in net assets could not be confirmed.

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

#### Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the effect of the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

#### Other Matter

#### Unresolved Prior Year Audit Matters

In the prior years' audit report several issues were raised under Report on Financial Statements, Lawfulness and Effectiveness in Use of Public Resources, and Effectiveness of Internal Controls, Risk Management and Governance, respectively. Review of the status during audit of Kitui County Referral Level Hospital in 2024/2025 revealed that the following matters remained unresolved.

No.	Financial Year	Audit Issue
1	2023/2024	Failure to Maintain Fixed Assets Register
2	2023/2024	Failure to Dispose Unserviceable Assets
3	2023/2024	Long Outstanding Trade and other Payables
4	2023/2024	Long Outstanding Receivables from Exchange Transactions

#### Other Information

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

Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

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

### Conclusion

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

### Basis for Conclusion

#### 1. Deficiencies in Implementation of Universal Health Coverage

Review of the Hospital's records and interviews on verification of services offered, equipment used and medical specialists in the Hospital as at the time of audit in September, 2025 revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to staff deficits of forty-nine (49) or approximately 49% of the authorized establishment.

Staff Requirements	Level Standard 4	Number in Hospital	Variance	Percentage (%)
Medical Officers	16	12	4	25
Anaesthesiologists	2	1	1	50
General Surgeons	2	1	1	50
Gynaecologists	2	4	0	0
Paediatrics	2	3	0	0
Radiologists	2	3	0	0
Kenya Registered Community Health Nurses	75	31	44	59
<b>Total</b>	<b>101</b>	<b>55</b>	<b>49</b>	<b>49</b>

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

<b>Service</b>	<b>Level 4 Hospital Standard</b>	<b>Actuals in the Hospital</b>	<b>Variance</b>	<b>Percentage (%)</b>
Beds	150	320	0	0
Resuscitaire (2 in labor & 1 in Theatre	3	4	0	0
New Born Unit Incubators	5	6	0	0
New Born Unit Cots	5	30	0	0
Functional ICU Beds	6	2	4	67
High Dependency Unit (HDU) Beds	6	1	5	83
Renal Unit with at least 5 Dialysis Machines	5	5	0	0
Two Functional Operational theatres - Maternity & General	2	2	0	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 Management will not be able to deliver on its mandate and Universal Health Care Services may not be effectively delivered at the Hospital.

## **2. Irregular Engagement of Casuals**

Review of records revealed that Management contracted six (6) casual workers who were engaged for more than three months contrary to Section B.16 (1) of the County Public Service Human Resource Manual, 2013 which states that casual workers shall be engaged only on urgent short-term tasks with the approval of the County Public Service Board. Casual workers shall not be engaged for more than three months, as stipulated in the Employment Act, 2007.

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

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.

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

Review of revenue records revealed that the Hospital collected a total Kshs.420,976,396 towards the health facilities improvement. Out of this amount, a total of Kshs.246,496,984 was transferred to County Revenue Fund. This is contrary to Section 5(1) of the Facilities Improvement Financing Act, 2023 which requires that monies raised or received by or on behalf of Public Health Facilities be retained by the facility and be paid into a separate facility improvement financing account.

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

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **Expired Medical Supplies and Stock-Outs**

The statement of financial position and as disclosed in Note 13 to the financial statements reflect inventories balance of Kshs.112,137,493. However, the pharmaceutical store records revealed various expired drugs of determined value. Further, the stock cards from the main pharmacy indicated that the Hospital experienced stock-outs of surgical gloves, 10ml and 5ml syringes, ceftriaxone 1g injection, metronidazole 500mg injection, tramadol injection and ketorolac injection.

In the circumstances, the effectiveness of internal controls on Management of medical supplies could not be confirmed.

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

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material

misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Hospital's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Hospital or 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.

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

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

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

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

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions

and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015. Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

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

  
FCPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

**Nairobi**

**05 December, 2025**

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

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


Description	Note	2024/2025	2023/2024
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from the County Government	1	213,738,721	166,608,449
In-kind contributions from the County Government	2	921,138,480	742,175,320
Grants from donors and development partners	3	-	46,300,000
Transfers from other Government entities		-	-
Miscellaneous Income-Opening balance		356	
		<b>1,134,877,557</b>	<b>955,083,769</b>
<b>Revenue from exchange transactions</b>			
Rendering of services- Medical Service Income	4	420,976,396	255,093,539
Revenue from rent of facilities	-	-	-
Finance /Interest Income	-	-	-
Miscellaneous Income			-
<b>Revenue from exchange transactions</b>		<b>420,976,396</b>	<b>255,093,539</b>
<b>Total revenue</b>		<b>1,555,853,953</b>	<b>1,210,177,308</b>
<b>Expenses</b>			
Medical/Clinical costs	5	40,543,781	43,078,998
Employee costs	6	119,414,511	78,897,578
Board of Management Expenses	7	-	201,900
Depreciation and amortization expense		-	-
Repairs and maintenance	8	8,402,792	8,595,794
Grants and subsidies		-	-
General expenses	9	37,976,408	35,902,839
Finance costs		-	-
In kind contributions	2	921,138,480	742,175,320
Transfers to County government Revenue Fund		246,496,984	255,093,539
Waivers and exemptions		11,452,391	

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

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Transfers to Hospital operations account		26,535,000	
Grants from donors and development partners	3		46,300,000
<b>Total expenses</b>		<b>1,411,960,347</b>	<b>1,210,245,968</b>
<b>Other gains/(losses)</b>			
Gain/Loss on disposal of non-Current assets		-	-
Unrealized gain on fair value of investments		-	-
Medical services contracts Gains/Losses		-	-
Impairment loss		-	-
Gain on foreign exchange transactions		-	-
<b>Total other gains/(losses)</b>		<b>-</b>	<b>-</b>
<b>Net Surplus / (Deficit) for the year</b>		<b>143,893,606</b>	<b>(68,660)</b>

*(The notes set out on pages 10 to 19 form an integral part of the Annual Financial Statements.)*

The Hospital's financial statements were approved by the Board on 28-08-2025 and signed on its behalf by:

  
 .....

**Chairman**

**Board of Management**

  
 .....

**CPA CEPHAS  
 KIMWELE  
 Head of Finance  
 ICPAK No: 31991**

  
 .....

**DR. MUNGAI JOHN  
 Medical Superintendent**

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

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	10	20,756,022	331
Receivables from exchange transactions	11	136,492,021	50,521,536
Receivables from non-exchange transactions	12	21,790,980	-
Inventories	13	112,137,493	45,686,245
<b>Total Current Assets</b>		<b>291,176,516</b>	<b>96,208,112</b>
<b>Non-current assets</b>			
Property, plant, and equipment		-	-
Intangible assets		-	-
Investment property		-	-
<b>Total Non-current Assets</b>		<b>-</b>	<b>-</b>
<b>Total assets (A)</b>		<b>291,176,516</b>	<b>96,208,112</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	15	4,104,374	16,659,343
Refundable deposits from customers/Patients <sup>4</sup>	-	-	-
Provisions	-	-	-
Finance lease obligation	-	-	-
Current portion of deferred income	-	-	-
Current portion of borrowings	-	-	-
Social Benefits	-	-	-
<b>Total Current Liabilities</b>		<b>4,104,374</b>	<b>16,659,343</b>
<b>Non-current liabilities</b>			
Provisions	-	-	-
Non-Current Finance lease obligation	-	-	-
Non-Current portion of deferred income	-	-	-
Non - Current portion of borrowings	-	-	-

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

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Service concession Arrangements	-	-	-
Social Benefits	-	-	-
<b>Total non-current liabilities</b>		-	-
<b>Total Liabilities (B)</b>		<b>4,104,374</b>	<b>16,659,343</b>
<b>Net assets (A-B)</b>		<b>287,072,142</b>	<b>79,548,769</b>
<b>Represented by:</b>			
Revaluation reserve		-	-
Accumulated surplus/Deficit		160,984,376	17,090,770
Capital Fund		126,087,766	62,457,999
<b>Net Assets</b>		<b>287,072,142</b>	<b>79,548,769</b>

*(The notes on pages 10 to 19 form an integral part of the Annual Financial Statements.)*

The Hospital's financial statements were approved by the Board on 28-08-2025 and signed on its behalf by:

  
.....

**Chairman**

**Board of Management**

  
.....

**CPA CEPHAS  
KIMWELE  
Head of Finance  
ICPAK No: 31991**

  
.....

**DR. MUNGAI JOHN  
Medical Superintendent**

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

<b>17. Description</b>	<b>Revaluation reserve</b>	<b>Accumulated surplus/Deficit</b>	<b>Capital Fund</b>	<b>Total</b>
<b>As at July 1, 2023</b>	-	17,159,430	31,961,142	49,120,572
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	(68,660)	-	(68,660)
Capital/Development grants	-	-	30,496,857	30,496,857
<b>As at June 30, 2024</b>	-	17,090,770	62,457,999	79,548,769
<b>At July 1, 2024</b>	-	17,090,770	62,457,999	79,548,769
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	143,893,606	-	143,893,606
Capital/Development grants	-	-	63,629,767	63,629,767
<b>At June 30, 2025</b>	-	160,984,376	126,087,766	287,072,142



Chairman

Board of Management



CPA CEPHAS  
KIMWELE  
Head of Finance  
ICPAK No: 31991



DR. MUNGAI JOHN  
Medical Superintendent

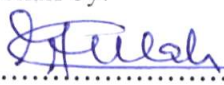


**18. Statement of Cash Flows for The Year Ended 30 June 2025**

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from the County Government		191,947,741	166,608,449
Grants from donors and development partners		-	46,300,000
Transfers from other Government entities		-	-
Rendering of services- Medical Service Income		323,451,725	255,093,539
Revenue from rent of facilities		-	-
In kind contributions from County government		921,138,480	742,175,320
<b>Total Receipts</b>		<b>1,436,551,134</b>	<b>1,210,177,308</b>
<b>Payments</b>			
Medical/Clinical costs		38,535,206	43,078,998
Employee costs		109,584,295	78,897,578
Board of Management Expenses		-	201,900
Repairs and maintenance		8,023,322	8,595,794
Grants and subsidies		0	0
General expenses		35,764,583	35,902,839
Finance costs		0	0
Refunds paid out		0	0
In kind contributions from County government		921,138,480	742,175,320
Transfers to County Revenue fund account		276,201,369	255,093,539
Transfers to Hospital operations account		26,535,000	
Public contributions and donations		-	46,300,000
<b>Total Payments</b>		<b>1,415,795,443</b>	<b>1,210,245,968</b>
<b>Net cash flows from operating activities</b>	16	<b>20,755,691</b>	<b>(68,660)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment		-	-
Purchase of intangible assets		-	-
Proceeds from the sale of PPE		-	-
Acquisition of investments		-	-
<b>Net cash flows used in investing activities</b>		<b>-</b>	<b>-</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		-	-

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

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Repayment of borrowings		-	-
Capital grants received		-	-
<b>Net cash flows used in financing activities</b>		-	-
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>20,755,691</b>	<b>(68,660)</b>
Cash and cash equivalents as at 1 July	10	331	69,991
<b>Cash and cash equivalents as at 30<sup>th</sup> June 2025.</b>	10	<b>20,756,022</b>	<b>331</b>

The Hospital's financial statements were approved by the Board on 28-08-2025 and signed on its behalf by:

		
.....	.....	.....
<b>Chairman</b>	<b>CPA CEPHAS KIMWELE Head of Finance ICPAK No: 31991</b>	<b>DR. MUNGAI JOHN Medical Superintendent</b>
<b>Board of Management</b>		

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

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	<b>a</b>	<b>b</b>	<b>c=(a+b)</b>	<b>d</b>	<b>e=(c-d)</b>	<b>f=d/c%</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	
Budget carryovers from the previous year	356	0	356	356	0	100
<b>Receipts</b>						
Transfers from the County Government	213,738,721	0	213,738,721	191,947,741	21,790,980	89.8%
Grants from donors and development partners	0	0	0	0	0	0
Transfers from other Government entities	0	0	0	0	0	0
Public contributions and donations	0	0	0	0	0	0
Rendering of services- Medical Service Income	420,976,396	50,419,716	471,396,112	420,976,396	50,419,716	89.3%
Revenue from rent of facilities	0	0	0	0	0	0
Finance / interest income	0	0	0	0	0	0
Miscellaneous receipts-In kind contributions	921,138,480	0	921,138,480	921,138,480	0	100%
<b>Total receipts</b>	<b>1,555,853,953</b>	<b>50419716</b>	<b>1,606,273,669</b>	<b>1,534,062,973</b>	<b>72,210,696</b>	<b>95.5%</b>
<b>Payments</b>						
Medical/Clinical costs	40,543,781	0	40,543,781	38,535,206	2,008,575	95%
Employee costs	119,414,511	0	119,414,511	109,584,295	9,830,216	91.76798873
Remuneration of directors	0	0	0	0	0	0
Repairs and maintenance	8,402,792	0	8,402,792	8,023,322	379,470	95.5%
Grants and subsidies	0	0	0	0	0	0
General expenses	37,976,408	0	37,976,408	35,764,583	2,211,825	94.2%
Finance costs	0	0	0	0	0	0
In kind contributions	921,138,480	0	921,138,480	921,138,480	0	100%
Refunds	284,484,375	0	284,484,375	302,736,369	-18,251,994	106.4%
<b>Total Operational Expenditure paid</b>	<b>1,411,960,347</b>	<b>0</b>	<b>1,411,960,347</b>	<b>1,415,782,255</b>	<b>-3,821,908</b>	<b>100.3%</b>
<b>Capital Expenditure paid</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Surplus</b>	<b>143,893,606</b>	<b>50,419,716</b>	<b>194,313,322</b>	<b>118,280,718</b>	<b>76,032,604</b>	<b>60.9%</b>

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

**Budget Reconciliation**

Description of Particulars	Amount in Kshs
Actual Surplus Amounts as per the statement of Budget	194,313,322
Less: Late Fund disbursement-June 2025 Allocation & Receivables	173,556,944
Less: Opening balances	356
Closing Cash and Cash Equivalent as per the statement of Cash flows	20,756,022

The Hospital's financial statements were approved by the Board on 28-08-2025 and signed on its behalf by:

  
.....

**Chairman**  
**Board of Management**  
CPA CEPHAS  
KIMWELE  
Head of Finance  
ICPAK No: 31991

  
.....

**DR. MUNGAI JOHN**  
Medical Superintendent

Notes to Financial Statements.

1. Transfers from the County Government

Description	2024/2025	2023/2024
	KShs	KShs
<b>Unconditional grants</b>		
Operational grant	0	0
Level 4/5 grants	0	0
Unconditional development grants	0	0
Other grants-Hospital transfers	213,738,721	166,608,449
<b>Conditional grants</b>		
User fee forgone	0	0
Transforming health services for Universal care project (THUCP)	0	0
DANIDA	0	0
Wards Development grant	0	0
Paediatric block grant	0	0
Administration block grant	0	0
Laboratory grant	0	0
<b>Total government grants and subsidies</b>	<b>213,738,721</b>	<b>166,608,449</b>

Name of the Entity sending the grant	Amount recognized to Statement of financial performance* KShs 2024/2025	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	2023/2024
			KShs	KShs	KShs
Kitui County Government	213,738,721	0	0	0	166,608,449
<b>Total</b>	<b>213,738,721</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>166,608,449</b>

2. In Kind Contributions from The County Government

Description	2024/2025	2023/2024
	KShs	KShs
Salaries and wages	603,221,348	604,690,578
Medical supplies-Drawings Rights (KEMSA)	187,942,652	26,789,353

Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	117,986,650	91,267,910
Utility bills	11,987,830	19,427,479
<b>Total grants in kind</b>	<b>921,138,480</b>	<b>742,175,320</b>

**3. Grants From Donors and Development Partners**

Description	2024/2025	2023/2024
	KShs	KShs
Construction and equipping of Cancer Centre (CMMB)	0	25,000,000
Construction and equipping of New born Unit	0	21,300,000
<b>Total grants from development partners</b>	<b>0</b>	<b>46,300,000</b>

**4. Rendering of Services-Medical Service Income**

Description	2024/2025	2023/2024
	Kshs	Kshs
Pharmaceuticals	4,007,344.00	6,077,113.00
Laboratory	3,623,863.00	4,282,930.00
Radiology (X-ray, Ecg, Echo, Ultra sound)	22,711,198.00	11,305,910.00
Orthopedic and Trauma Technology/Plaster	778,545.00	648,375.00
Inpatient (Non-pharms, Maternity, NBU, ICU)	236,889,992.00	120,776,756.00
Outpatient (Medical Exam, Accident & emergency, Nutrition, Records)	10,594,335.00	4,578,558.00
Physiotherapy	24,200.00	36,990.00
Dialysis	21,119,800.00	11,276,500.00
Theatre (Anesthesia Service)	21,327,180.00	8,318,900.00
Amenity (Outpatient & Inpatient)	76,462,424.99	76,386,586.00
Eye clinic	4,844,710.00	2,619,580.00
Ear Nose and Throat service	78,300.00	91,265.00
Cancer centre service	11,856,998.21	458,022.00
Dental services	503,800.00	374,585.00
Reproductive health/Paediatrics/ Antenatal clinic & Mother Child Care	4,675,037.00	3,475,550.00
Farewell home services (Mortuary services).	1,478,669.00	4,385,919.00
<b>Total revenue from the rendering of services</b>	<b>420,976,396.20</b>	<b>255,093,539</b>

**5. Medical/ Clinical Costs**

Description	2024/2025	2023/2024
	Kshs	Kshs
Dental costs/ materials	-	400
Laboratory chemicals and reagents	66,000	2,650,570
Food and Ration	26,330,488	23,857,000
Dressing and non-pharmaceuticals	3,531,113	5,481,490
Pharmaceutical supplies	2,945,370	4,802,235
Health information stationery	3,126,945	2,720,480
Sanitary and cleansing Materials	2,298,225	1,952,905
Purchase of Medical gases	747,640	1,005,918
X-Ray/Radiology supplies	102,000	608,000
Purchase of renal consumables	604,000	-
Mortuary formalin	792,000	-
<b>Total medical/ clinical costs</b>	<b>40,543,781</b>	<b>43,078,998</b>

**6. Employee Costs**

Description	2024/2025	2023/2024
	Kshs	Kshs
Salaries, wages, and allowances	115,075,367	73,801,100
Contributions to pension schemes	3,419,132	3,354,878
Staff medical expenses and Insurance cover	920,012	1,741,600
<b>Employee costs</b>	<b>119,414,511</b>	<b>78,897,578</b>

**7. Board of Management Expenses**

Description	2024/2025	2023/2024
	Kshs	Kshs
Chairman's Honoraria	0	0
Sitting allowance	0	201,900
Mileage	0	0
Insurance expenses	0	0
Induction and training	0	0
Travel and accommodation allowance	0	0
Airtime allowances	0	0
<b>Total</b>	<b>0</b>	<b>201,900</b>

**8. Repairs And Maintenance**

Description	2024/2025	2023/2024
	Kshs	Kshs
Property- Buildings	2,536,750	2,870,441
Medical equipment	344,780	365,361

Office equipment		869,510
Furniture and fittings		100,660
Computers and accessories	1,000,000	600,000
Motor vehicle expenses	2,268,366	1,662,164
Plant and machinery	2,023,272	1,890,147
Kitchen installation and appliances	229,624	237,511
<b>Total repairs and maintenance</b>	<b>8,402,792</b>	<b>8,595,794</b>

9. General Expenses

Description	2024/2025	2023/2024
	Kshs	Kshs
Catering expenses	670,000	485,000
Bank charges	19,960	7,940
Contracted services	16,954,830	12,784,740
Electricity expenses	2,300,000	500,000
Fuel and Lubricants	6,521,026	5,874,450
Travel and accommodation allowance	849,300	4,358,700
Licenses and permits	40,000	
Courier and postal services	28,350	
Printing and stationery	2,410,130	3,324,375
Water and sewerage costs	1,900,000	1,800,000
Skills development levies		
Telephone and mobile phone services	697,050	517,970
Internet expenses	144,000	72,000
Daily subsistence allowances	5,441,762	5,782,764
Tailoring services		120,900
Branding and signage		50,000
Firefighting services		224,000
<b>Total General Expenses</b>	<b>37,976,408</b>	<b>35,902,839</b>

10. Cash And Cash Equivalents

Description	2024/2025	2023/2024
	KShs	KShs
Current accounts	20,756,022	331
On - call deposits	0	0
Fixed deposits accounts	0	0
Cash in hand	0	0
<b>Total cash and cash equivalents</b>	<b>20,756,022</b>	<b>331</b>

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

Description	2024/2025		2023/2024	
Financial institution	Account number	KShs	KShs	
<b>a) Current account</b>				
CO-OPERATIVE BANK- 30 <sup>TH</sup> JUNE 2025 - Operations	01141303838201	40,666	331	
CO-OPERATIVE BANK- 30 <sup>TH</sup> JUNE 2025-Revenue	01141303838200	20,715,356	0	
<b>Sub- total</b>		<b>20,756,022</b>	331	
<b>b) Others(specify)</b>				
cash in hand		0	0	
Mobile money- Mpesa, Airtel money		0	0	
<b>Sub- total</b>		<b>0</b>	<b>0</b>	
<b>Grand total</b>		<b>20,756,022</b>	<b>331</b>	

**11. Receivables From Exchange Transactions**

Description	2024/2025		2023/2024	
	KShs		KShs	
Medical services receivables	136,492,021		50,521,536	
Rent receivables	0		0	
Other exchange debtors	0		0	
Less: impairment allowance	0		0	
<b>Total receivables</b>	<b>136,492,021</b>		<b>50,521,536</b>	

**Analysis of Receivables From Exchange Transactions**

Description	2024/2025		2023/2024	
	2024/2025	% of the total	2023/2024	% of the total
Less than 1 year	92,255,971	68%	50,521,536	100%
Between 1- 2 years	44,236,050	32%	0	0
Between 2-3 years	0	0	0	0
Over 3 years	0	0	0	0

	136,492,021	100%	50,521,536	100%
<b>Total (a+b)</b>				

## 12. Receivables From Non-Exchange Transactions

Description	2024/2025	2023/2024
	KShs	KShs
Transfers from the County Government	21,790,980	17,677,180
Undisbursed donor funds	0	0
Other debtors ( <i>non-exchange transactions</i> )	0	0
Less: impairment allowance	0	0
<b>Total</b>	<b>21,790,980</b>	<b>17,677,180</b>

### Analysis of Receivables From Non-Exchange Transactions

Description	2024/2025		2023/2024	
	Kshs		Kshs	
	2024/2025	% of the total	2023/2024	% of the total
Less than 1 year	21,790,980	100%	17,677,180	100%
Between 1- 2 years	0	%	-	%
Between 2-3 years	0	%	-	%
Over 3 years	0	%	-	%
<b>Total (a+b)</b>	<b>21,790,980</b>	<b>100%</b>	<b>17,677,180</b>	<b>100%</b>

## 13. Inventories

Description	2024/2025	2023/2024
	KShs	KShs
Pharmaceutical supplies	16,173,228	37,246,114
Non-pharmaceutical supplies	81,265,373	
Maintenance supplies	531,545	
Food supplies	218,303	204,463
Linen and clothing supplies	2,384,963	3,870,484
Laboratory reagents	6,179,675	1,572,913
Radiology consumables		
Rural stores	611,136	914,874
Renal consumables	4,771,520	1,732,950
Dispensing store	1,750	
General supplies		144,447
Less: provision for impairment of stocks		

<b>Total</b>	<b>112,137,493</b>	<b>45,686,245</b>
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**Detailed disclosure on inventories**

	<b>2024/2025</b>	<b>2023/2024</b>
Opening balance	45,686,245	25,278,571
Additional Inventory in the year	219,628,321	121,522,136
Inventory expensed in the year	159,901,801	100,565,990
Write-downs in the year	1,275,256	548,472
Others specify	0	0
Closing balance	112,137,493	45,686,245

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**14. Property, Plant and Equipment**

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment <sub>t</sub>	ICT Equipment <sub>t</sub>	Plant and medical equipment <sub>t</sub>	Other Assets (specify)	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
<b>Cost</b>									
At 1 July 20XX (previous year)	xxx	Xxx	xxx	Xxx	xxx	xxx	xxx	xxx	Xxx
Additions	xxx	Xxx	xxx	Xxx	xxx	xxx	xxx	xxx	Xxx
Disposals	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	-	-	(xxx)
Transfers/adjustments	xxx	xxx	(xxx)	Xxx	xxx	xxx	xxx	xxx	(xxx)
Revaluation Adjustments	xxx	xxx	xxx	Xxx	xxx	xxx	-	-	Xxx
<b>At 30<sup>th</sup> Jun 20XX</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>Xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>Xxx</b>
At 1 July 20XX (current year)	xxx	xxx	xxx	Xxx	xxx	xxx	xxx	xxx	Xxx
Additions	xxx	xxx	xxx	Xxx	xxx	xxx	xxx	xxx	Xxx
Disposals	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)
Transfer/adjustments	xxx	xxx	xxx	Xxx	xxx	xxx	xxx	(xxx)	Xxx
Revaluation Adjustments	xxx	xxx	xxx	Xxx	xxx	xxx	-	-	Xxx
<b>At 30<sup>th</sup> Jun 20XX</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>Xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>Xxx</b>
<b>Depreciation and impairment</b>									
At 1 July 20XX (previous year)		xxx	xxx	Xxx	xxx	xxx	xxx	-	Xxx
Depreciation for the year		xxx	xxx	Xxx	xxx	xxx	xxx	-	Xxx

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Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (specify)	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh	Ksh
Disposals		(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	-	(xxx)
Impairment		(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	-	(xxx)
<b>At 30 June 20XX</b>		<b>xxx</b>	<b>xxx</b>	<b>Xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>-</b>	<b>Xxx</b>
At July 20XX (current year)		<b>xxx</b>	<b>xxx</b>	<b>Xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>-</b>	<b>Xxx</b>
Depreciation		xxx	xxx	Xxx	xxx	xxx	xxx	-	Xxx
Disposals		(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	-	(xxx)
Impairment		(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	-	(xxx)
Transfer/adjustment		<b>xxx</b>	-	<b>Xxx</b>	-	-	xxx		<b>(xxx)</b>
<b>At 30<sup>th</sup> June 20XX</b>		<b>xxx</b>	<b>xxx</b>	<b>Xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>-</b>	<b>Xxx</b>
<b>Net book values</b>									
At 30 <sup>th</sup> Jun 20XX (previous)	xxx	xxx	xxx	Xxx	xxx	xxx	xxx	xxx	Xxx
At 30 <sup>th</sup> Jun 20XX (current)	xxx	xxx	xxx	Xxx	xxx	xxx	xxx	xxx	Xxx

15. Trade and other Payables

Description	2024/2025		2023/2024	
	KShs		KShs	
Trade payables	4,104,374		14,153,305	
Employee dues	-		-	
Third-party payments (e.g. unremitted payroll deductions)	-		2,506,038	
Audit fee				
Doctors' fee				
<b>Total trade and other payables</b>	<b>4,104,374</b>		<b>16,659,343</b>	
<b>Ageing analysis:</b>	<b>2024/2025</b>	<b>% of the Total</b>	<b>2023/2024</b>	<b>% of the total</b>
Under one year	1,486,302	36%	13,406,372	81%
1-2 years	1,043,182	26%	1,315,710	8%
2-3 years	1,574,890	38%	1,818,032	11%
Over 3 years	-	-	-	%
<b>Total</b>	<b>4,104,374</b>	<b>100%</b>	<b>16,659,343</b>	<b>100%</b>

16. Cash Generated from Operations

Description	2024/2025		2023/2024	
	KShs		KShs	
Surplus for the year before tax	143,893,606		152,144,399	
<b>Adjusted for:</b>				
Depreciation	0		0	
Increase in Capital fund	63,629,767		0	
Impairment	0		0	
Gains and losses on disposal of assets	0		0	
Contribution to provisions	0		0	
Contribution to impairment allowance	0		0	
<b>Working Capital adjustments</b>			0	
Increase in inventory	-66,451,248		-88,246,674	
Increase in receivables	-107,761,465		-78,362,200	
Increase in deferred income	0		0	
Decrease in payables	-12,554,969		14,395,815	
Increase in payments received in advance	0		0	
<b>Net cash flow from operating activities</b>	<b>20,755,691</b>		<b>-68,660</b>	

(The total of this statement should tie to the cash flow section on net cash flows from/ used in operations)


**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)									
1.1	Unsupported donor funds	<p>The management acknowledges the auditor's observation that documents for grants amounting to Kshs 46,300,000 were not provided at the time of audit because the donor - Catholic Medical Mission Board (CMMB) had not yet availed them.</p> <p>The management wishes to state that CMMB funded the construction and equipping of: -</p> <p><b>Table 1: Breakdown of CMMB Donor Funded Projects in KCRH</b></p> <table border="1"> <thead> <tr> <th>S/NO</th> <th>ITEM</th> <th>COST(KSHS)</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Cancer Centre</td> <td>7,900,000</td> </tr> <tr> <td>2</td> <td>Newborn Unit (NBU)</td> <td>11,997,770</td> </tr> </tbody> </table>	S/NO	ITEM	COST(KSHS)	1	Cancer Centre	7,900,000	2	Newborn Unit (NBU)	11,997,770	Resolved	
S/NO	ITEM	COST(KSHS)											
1	Cancer Centre	7,900,000											
2	Newborn Unit (NBU)	11,997,770											






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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)	
		3	Equipping of both the Cancer Centre and the NBU	26,402,230		
			TOTAL	46,300,000		
		<p>The funding for the two projects was not channelled through the County Government of Kitui; instead, CMMB directly contracted and paid the vendors.</p> <p>Attached herein are the two project certificates as provided by CMMB;</p> <ul style="list-style-type: none"> <li>i. Cancer Centre and Newborn Unit.</li> <li>ii. Equipping of Cancer Centre and Newborn Unit.</li> </ul> <div style="text-align: center;">  <p>CMMB Certificate for Construction and Equ</p> </div>				
1.2	Non-Disclosure of Property,	The management acknowledges the auditor's observation and wishes to state that the County Government of Kitui is committed to conducting the valuation of all the County Assets. The County Treasury has initiated the valuation process and is expected to be finalized in FY 2025/2026 as enclosed herewith.			Not fully resolved	30 <sup>th</sup> June 2026

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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)
	Plant and Equipment	<p>The County Treasury has initiated the valuation process and is expected to be finalized in FY 2025/2026 as enclosed herewith. See (iii) and (v) The management further indicates that the titling process for the Kitui County Referral Hospital is underway, as evidenced by the attached correspondence between the hospital and the Chief Officers for Medical Services and Lands &amp; Housing. See (i), (ii) and (iv)</p> <p>Enclosed herewith are;</p> <p>i. Letter from Medical Superintendent-KCRH to Chief Officer-Medical Services requesting for Hospital land titling.</p> <p>ii. Letter from CO-Medical Services to CO-Lands &amp; Housing requesting for documents for application of Health facilities title deeds.</p> <p>iii. Letter from Med Sup-KCRH to CO-Medical Services requesting for valuation of all hospital assets.</p> <p>iv. Response letter from CO-Lands &amp; Housing to CO-Medical Services confirming that the department has initiated the titling process.</p> <p>v. Letter from CECM-Finance to all County ministries for compilation and valuation of County assets.</p>		

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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)
		<p><b>Current Status</b></p> <p>The Kitui County Referral Hospital finalization of the titling exercise has been planned in the FY 2025/2026</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> Attachment i.pdf</div> <div style="text-align: center;"> Attachment ii.pdf</div> <div style="text-align: center;"> Attachment iii.pdf</div> <div style="text-align: center;"> Attachment iv.pdf</div> <div style="text-align: center;"> Attachment v.pdf</div> </div>		
1.3	Unutilized Medical Equipment	<p>The management acknowledges the findings of the auditor and wish to state that the said equipment (Dental X-ray Machine and Mammogram) was supplied and managed through the Managed Equipment Services (MES) procured by the National Ministry of Health. The contract start date for the two (2) Managed Equipment Services (MES) equipment was 8<sup>th</sup> April 2016 and ended on 7<sup>th</sup> April 2023.</p> <p>On 24<sup>th</sup> January, 2024 the county received a communication from the Council of Governors vide letter Ref COG/6/40 VOL 91(8) advising the counties to take up the servicing of the equipment up to June 2024. Owing to the need for continuity of healthcare services, the County Government of Kitui contacted the service provider (General Electric) with a view to service the two (2) equipment.</p>	Not resolved	30 <sup>th</sup> June 2026

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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)
		<p>The service provider declined the servicing of the equipment citing non-payment of their dues by the National Government. Further the county Biomedical Engineers assessed the equipment but were unable to progress with the repairs and maintenance since the contractor (GE) denied them software access key. This therefore implies that the two (2) equipment are unserviceable, hence non-operational.</p> <p>Additionally, the two (2) machines were manufactured in 2015 with a life span of five (5) and seven (7) years for OPG and Mammogram respectively. The recommended life span for the machines lapsed in 2020 and 2022 respectively, hence the machines are technically obsolete.</p> <p>The County is waiting for further advisory on service contracting/transfer of ownership of the MES equipment from the National Government.</p> <p>To avoid disruption of services, the County Government of Kitui has prioritized the acquisition of a new Dental X-ray Machine - Orthopantomogram (OPG) and placement of a mammogram under the new National Equipment Services Program (NESP).</p> <p><b>Current Status</b></p>		

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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)
		The County Ministry of Health and Sanitation will purchase new Orthopantomogram (OPG) and Mammogram machines in the FY 2025/2026.		
1.4	Delayed Project Completion	<p>The management acknowledges the auditor's findings and wishes to state that the two (2) stalled multi-year projects in the hospital are the maternity and surgical/amenity blocks, with a total contract value of <b>Kshs. 387,557,653</b>. (Storeyed multi-year Maternity block Kshs. 242,782,653 plus the storeyed multi-year Surgical/Amenity Kshs. 144,775,000). The two (2) projects were geared towards upgrading Kitui County Referral Hospital to a Level 5 teaching and referral hospital. Details of the two projects are as described below:</p> <p><b>a) The Storeyed multi-year Maternity block at Kitui County Referral Hospital</b></p> <p>On completion, the multi-year maternity block will be a 276 bed-capacity, three storeyed structure consisting of the following sections;</p> <p><b>i. Ground floor:</b> maternity ward.  <b>ii. First floor:</b> Newborn unit/wards including mothers' hostels.  <b>iii. Second floor:</b> Post-natal ward.  <b>iv. Third floor:</b> Paediatric ward.</p>	Resolved	30 <sup>th</sup> June 2026

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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)																				
		<p>.Associated adjacent facility: maternity theatre on ground floor.</p> <p>The construction of the storeyed maternity block at Kitui County Referral Hospital was awarded on 11th May 2017 at a contract sum of Kshs. 242,782,653. Following the commencement of works, the contractor received payments as per the breakdown shown below:</p> <p><b>Table 2: Payment breakdown for the maternity block at KCRH</b></p> <table border="1"> <thead> <tr> <th>S/No.</th> <th>Item</th> <th>Date of Payment</th> <th>Description of works done</th> <th>Amount Paid (Kshs.)</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Maternity block</td> <td>7th June 2017, (1st Payment)</td> <td>Setting of the Structure and Earthworks</td> <td>5,000,000</td> </tr> <tr> <td></td> <td></td> <td>30th August 2018, (2nd Payment)</td> <td>Ground slab and part walling</td> <td>35,281,850</td> </tr> <tr> <td></td> <td></td> <td>16th January 2019, (3rd Payment)</td> <td>Continuation of walling</td> <td>11,682,185</td> </tr> </tbody> </table>	S/No.	Item	Date of Payment	Description of works done	Amount Paid (Kshs.)	1	Maternity block	7th June 2017, (1st Payment)	Setting of the Structure and Earthworks	5,000,000			30th August 2018, (2nd Payment)	Ground slab and part walling	35,281,850			16th January 2019, (3rd Payment)	Continuation of walling	11,682,185		
S/No.	Item	Date of Payment	Description of works done	Amount Paid (Kshs.)																				
1	Maternity block	7th June 2017, (1st Payment)	Setting of the Structure and Earthworks	5,000,000																				
		30th August 2018, (2nd Payment)	Ground slab and part walling	35,281,850																				
		16th January 2019, (3rd Payment)	Continuation of walling	11,682,185																				

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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)	
			10th July 2024, (4th Payment)	Underutilized plant, equipment, skilled labour, and demobilization, court-assessed legal Fees	53,017,715			
			<b>Total</b>		<b>104,981,750</b>			
		<p>On <b>18th December 2018</b>, the County Government of Kitui terminated the contract by invoking Clause 33.3 of the contract agreement that provides that “the employer may terminate the contract for convenience”.</p> <p>Following the termination of the contract, the contractor submitted a payment claim as follows;</p> <p>i. Unpaid certificates for works done at the time of contract termination amounting to <b>Ksh. 11,682,185;</b></p>						

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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)
		<p>ii. Underutilized plant and equipment, underutilized skilled labour and demobilization amounting to <b>Ksh. 96,029,430</b></p> <p>Consequently, on 18<sup>th</sup> February 2019, the Ministry of Lands Infrastructure, Housing and Urban Development evaluated item by item and recommended that the contractor be paid a total of <b>Ksh. 49,715,000</b> instead of <b>Ksh. 96,029,430</b> claimed by the contractor.</p> <p>This payment of <b>Ksh 49,715,000</b> was not settled and as a result the contractor filed a court case on <b>18th July 2019</b> . On <b>5th December 2019</b>, an interlocutory judgement was made by the court awarding the contractor <b>Kshs. 165,089,386</b>, plus interest calculated on the principal amount at the rate of <b>12% per annum</b> from <b>18th July 2019</b> until full payment is made. The County Government paid <b>Kshs. 11,682,185</b> on <b>3rd July 2020</b> of the evaluated work done to the contractor.</p> <p>The judgement debtor extracted a decree from the judgement dated <b>7th December 2023</b>, seeking to enforce payment of the principal decretal amount of <b>shs. 165,089,386</b>, plus interest accrued of <b>Ksh 85,846,488</b> totalling to <b>Kshs. 250,935,874</b>. This amount was not settled until <b>18th June 2024</b> when the parties recorded a consent to settle the matter by which time, the total claim including accrued interest</p>		









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

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)																					
		<p>stood at <b>Kshs. 262,492,123.74</b>. The terms of the consent were that the County Government pays the contractor <b>Kshs. 49,715,000</b> being value of works and <b>Kshs. 3,301,765</b> being the court assessed legal fees - totalling to <b>Kshs. 53,017,765</b>. This settlement resulted into a saving of <b>Kshs. 209,474,358.74</b>. Attached below are the court documents relating to this case.</p> <p>The County Government through the County Ministry of Roads, Public Works and Transport has estimated the cost of completion of the multi-year stalled maternity block at a cost of <b>Kshs. 294,936,782.59</b> and has prepared a bill of quantities for the same as itemized below;</p> <p><b>Table 3: Estimates of the Maternity Block</b></p> <table border="1"> <thead> <tr> <th colspan="3">Estimated Cost for Completion of the Maternity Block at KCRH</th> </tr> <tr> <th>S/No</th> <th>Item</th> <th>Cost (Kshs.)</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>General Preliminaries</td> <td>12,000,000.00</td> </tr> <tr> <td>2.</td> <td>Builders work</td> <td>243,808,420.09</td> </tr> <tr> <td>3.</td> <td>Electrical work</td> <td>7,925,717.50</td> </tr> <tr> <td>4.</td> <td>Internal Mechanical works</td> <td>16,197,650.00</td> </tr> <tr> <td>5.</td> <td>External foul drainage works</td> <td>3,004,995.00</td> </tr> </tbody> </table>	Estimated Cost for Completion of the Maternity Block at KCRH			S/No	Item	Cost (Kshs.)	1.	General Preliminaries	12,000,000.00	2.	Builders work	243,808,420.09	3.	Electrical work	7,925,717.50	4.	Internal Mechanical works	16,197,650.00	5.	External foul drainage works	3,004,995.00		
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	<b>Total</b>	<b>294,936,782.59</b>								
		<p><b>Current Status</b></p> <ul style="list-style-type: none"> <li>The County Government has embarked on the completion of the project ie. Preparation of the Bill of Quantities for the remaining works and allocation of budget.</li> <li>In this regard, the County Ministry of Roads, Transport and Public Works has prepared a bill of quantities for the remaining work which is estimated to cost <b>Kshs 294,936,782.00</b></li> <li><b>Kshs 2,000,000</b> of this amount is already in the approved budget for <b>FY 2025/2026</b>. The County Government of Kitui will allocate the County Ministry of Health and Sanitation <b>Kshs 83,000,000</b> from the equitable share for the continuation of construction of the maternity block in supplementary budget I of FY 2025/2026.</li> <li>In addition, the County Government of Kitui plans to allocate a further <b>Kshs 70,000,000</b> through funds generated under the Kitui County Referral Hospital (KCRH) Facility Improvement Financing (FIF) framework during FY 2025/2026 Supplementary Budget II from the Hospital's total estimated annual FIF revenue of <b>Kshs 475 Million</b>.</li> <li>Hence, a total of <b>Kshs 155M</b> will be allocated during <b>FY 2025/2026</b> Supplementary Budget I and II to</li> </ul>								



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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)
		<p>implement the project. The remaining balance of <b>Kshs 139,936,782</b> will be budgeted by the County Government of Kitui in <b>FY 2026/2027</b> to complete the project.</p> <p><b>See attached</b></p> <div style="display: flex; justify-content: space-around; align-items: flex-start;"> <div style="text-align: center;">               Consent to settle court decree.docx         </div> <div style="text-align: center;">               Rene Industries Limited- Payment - Final.pdf         </div> <div style="text-align: center;">               RENE LETTER.pdf         </div> </div> <div style="display: flex; justify-content: space-around; align-items: flex-start; margin-top: 20px;"> <div style="text-align: center;">               LETTER FOR VALUATION FOR STALLED MATERNITY BLOCK.pdf         </div> <div style="text-align: center;">               Court application by the plaintiff.pdf         </div> </div> <div style="display: flex; justify-content: space-around; align-items: flex-start; margin-top: 20px;"> <div style="text-align: center;">               Court certificate order.pdf         </div> <div style="text-align: center;">               Court decree b.pdf         </div> <div style="text-align: center;">               Maternity Unit new B.O.Q.pdf         </div> </div> <p><b>b) Storey multi-year surgical/amenity block</b></p>		



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		<p>The construction of a storeyed surgical/amenity block at Kitui County Referral Hospital was awarded on <b>11th May 2017</b> at a contract sum of <b>Kshs. 144,775,000</b>. The Contract period for the project was 24 months (2 years) effective from <b>11<sup>th</sup> May, 2017</b> and expired on <b>10<sup>th</sup> May 2019</b>. At the time of termination of the project upon the expiry of the contract period, a total of <b>Ksh. 71,793,311</b> had been paid.</p> <p>The incomplete surgical/amenity block was among several other projects that remained stalled within the County Ministry of Health and Sanitation as of the beginning of the <b>FY 2022/2023</b>. At that time, the Ministry had stalled projects with an initial total contract value of <b>Kshs. 594,862,454</b>.</p> <p>The County Ministry has so far budgeted and implemented stalled projects worthy <b>Kshs 187,459,772</b> where in the <b>FY 2022/2023</b> the Ministry spend <b>Ksh 23,862,876</b>, <b>ksh 122,343,365</b> in <b>FY 2023/2024</b> and <b>ksh 41,253,531</b> in the <b>FY 2024/2025</b> towards completion of the stalled projects as attached herein.</p> <p>These efforts represent a phased approach toward the completion and operationalization of previously stalled health infrastructure projects, including the surgical/amenity block at Kitui County Referral Hospital.</p>		

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		<p style="text-align: center;">  DEVELOPMENT PROJECTS 2022-2-23 TO 2024-2025 PDF FINAL.pdf            Amenity Ward-KCRH.pdf         </p> <p>The County Government through the County Ministry of Roads, Public Works and Transport has estimated the cost of completion of the multi-year stalled surgical/amenity block at a cost of <b>Kshs. 157,682,040.51</b> and has prepared a bill of quantities for the same as itemized below;</p> <p><b>Table 4: Estimates of Surgical/Amenity Block</b></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="3" style="text-align: center;">Estimated Cost for Completion of the surgical/amenity Ward Block in KCRH</th> </tr> <tr> <th style="width: 5%;">S/No</th> <th style="width: 75%;">Item</th> <th style="width: 20%;">Cost (Kshs.)</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>General Preliminaries</td> <td style="text-align: right;">7,300,000.00</td> </tr> <tr> <td>2</td> <td>Ground Floor</td> <td style="text-align: right;">37,510,820</td> </tr> <tr> <td>3</td> <td>First Floor</td> <td style="text-align: right;">37,200,734</td> </tr> <tr> <td>4</td> <td>Second Floor</td> <td style="text-align: right;">47,051,439</td> </tr> <tr> <td>5</td> <td>Ramp</td> <td style="text-align: right;">5,271,485</td> </tr> <tr> <td>6</td> <td>Mechanical Works (Plumbing)</td> <td style="text-align: right;">9,188,950</td> </tr> <tr> <td>7</td> <td>Mechanical Works (Septic Tank)</td> <td style="text-align: right;">3,004,995</td> </tr> <tr> <td>8</td> <td>Electrical Works</td> <td style="text-align: right;">4,153,617.51</td> </tr> </tbody> </table>	Estimated Cost for Completion of the surgical/amenity Ward Block in KCRH			S/No	Item	Cost (Kshs.)	1	General Preliminaries	7,300,000.00	2	Ground Floor	37,510,820	3	First Floor	37,200,734	4	Second Floor	47,051,439	5	Ramp	5,271,485	6	Mechanical Works (Plumbing)	9,188,950	7	Mechanical Works (Septic Tank)	3,004,995	8	Electrical Works	4,153,617.51		
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		9 Provisional Sums	7,000,000							
		<b>Total</b>	<b>157,682,040.51</b>							
2.0	BUDGET AND BUDGETARY PERFORMANCE	<p>The County has planned to progressively complete the stalled surgical/amenity block from <b>FY 2025/2026</b> through allocation of funds in the supplementary budget and revenue collected by the hospital through the implementation of the Facilities Improvement Financing (FIF) Act, 2023</p> <p>The management acknowledges the auditor's observation and wishes to state that the <b>Kshs 68,660</b> was part of the opening bank balance from the previous <b>FY 2022/2023</b> as per the attached <b>June 2023</b> cashbook, bank statement and the reconciliation report.</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">                       KCRH Bank                      Statement - June 2023                 </div> <div style="text-align: center;">                       KCRH JUNE 2023 CASHBOOK &amp; RECONCILIATION REPORT.pdf                 </div> </div>	Resolved							
3.0	UNRESOLVED PRIOR YEAR ISSUES	<p>The management acknowledges the auditors' findings and wish to state that they are have noted the issues raised by previous audit and are implementing the recommendations of the auditors.</p> <table border="1" style="width: 100%;"> <thead> <tr> <th>S/No.</th> <th>Audit Issue</th> <th>Response</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Unsupported Employee Costs</td> <td><b>Resolved at the Hospital Level</b> - by supporting the employee cost in the Financial Statement for the subsequent year FY</td> </tr> </tbody> </table>	S/No.	Audit Issue	Response	1	Unsupported Employee Costs	<b>Resolved at the Hospital Level</b> - by supporting the employee cost in the Financial Statement for the subsequent year FY		
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				2024/2025 and hence not picked by auditors as unresolved issues as evidenced in the auditor's report FY 2024/2025.	
		2	Unsupported Revenue	<b>Resolved-</b> All the supporting the revenue collection schedules in the Financial Statements for the subsequent year FY 2024/2025 and hence not picked by auditors as unresolved issues as evidenced in the auditor's report FY 2024/2025.	
		3	Non-Disclosure of Property, Plant and Equipment	<b>Not resolved.</b> The process has been initiated.  <b>Current Status:</b> County Government has initiated the process of Asset Valuation, which include the listing of all the hospital assets. This Asset Valuation exercise is expected to be finalized in the FY 2025/2026.	
		4	Non-Compliance	The County Ministry will continue to post more healthcare workers to bridge the existing gap.	

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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)	
			with Kenya Quality Model for Health Policy Guidelines	<b>Current Status:</b> The County Ministry of Health and Sanitation has posted one (1) additional General Surgeon and 36 additional Kenya Registered Community Health Nurses(KRCHN) increasing the total to 96. The County Ministry of Health and Sanitation has also developed and submitted an intent to hire additional health care workers to the County Public Service Board (CPSB) to alleviate staffing gaps.		
		5	Incomplete and Stalled Projects	Ongoing-The ministry has budgeted the continuation of construction of previously stalled buildings which include; the drug store and mortuary. <b>Current Status:</b> (i) The drug store is complete and operational. (ii) The mortuary is complete with 24 out of 64 body capacity being operational. (iii) The County Ministry of Health and Sanitation has budgeted to continue with the construction of the stalled		




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		6	Failure to Maintain an Assets Register	<p>Maternity block and Surgical/Amenity block in FY 2025/2026. The buildings are planned to be completed in FY 2026/2027.</p> <p>On going: The hospital has maintained an Assets List. <b>Current Status:</b> The County Ministry of Finance and Economic Planning has initiated mapping and valuation of County Assets that will guide development of standard assets register. The County Ministry of Health and Sanitation has an updated asset register and valuation of the Assets has been planned to be done in the current FY 2025/2026.</p>		
		7	Lack of Risk Management Policy	<p>Not Fully Resolved but the County Government of Kitui has developed a Risk Management Policy that the hospital is customizing.</p> <p>The hospital developed a Business Continuity Plan, and Risk Management Strategy and Register.</p>		





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				<b>Current Status:</b> The Hospital has a duly Approved Risk Management Policy, Business Continuity Plan, Risk Management Strategy and Risk Register.	
		8	Weak Controls on Inventories - Pharmaceuticals and Non-Pharmaceuticals (Disposal of Expired drugs)	Not Fully resolved. <b>Current Status:</b> The tendering for the disposal advertised in the county website on 6 <sup>th</sup> May 2025 as attached which was non-responsive. The advertisement was done towards the end of the FY 2024/2025. The County Ministry of Health and Sanitation is awaiting the opening of the procurement system FY 2025/2026 for readvertisement and tendering. However, the FY 2025/2026 disposal plans have been done with the expired medical supplies planned for disposal.	
4.1.1	Failure to Maintain Fixed	The management acknowledges the auditor's findings and wishes to state that the County Government has		Not resolved	30 <sup>th</sup> June 2026

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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)
	Asset Register	<p>initiated the process of Asset Valuation, which include the listing of all the hospital assets. This Asset Valuation exercise is expected to be finalized in the FY 2025/2026.</p> <p>Enclosed herein are documents showing;</p> <ul style="list-style-type: none"> <li>i. Letter of Asset Valuation</li> <li>ii. Assets list</li> </ul> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">               Letter on asset valuation.pdf         </div> <div style="text-align: center;">               Request for Asset Valuation and Hospitz         </div> <div style="text-align: center;">               KCRH Updated Asset List.pdf         </div> </div>		
4.1.2	Failure to Dispose Unserviceable Assets	<p>The management acknowledges the auditor’s observation and wishes to state that the County Ministry of Health and Sanitation which has constituted a disposal committee in line with section 163 of the Public Procurement and Disposal Act, 2015 which has established and mapped all the assets meant for disposal in Kitui County Referral Hospital and further issued an advisory that has initiated the disposal activities as per the enclosed documents.</p> <p>The committee mapped the assets into three (3 categories);</p>	Not resolved	30 <sup>th</sup> June 2026





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4.2	Deficiencies in Implementation of Universal	<p>i. Expired drugs</p> <p>ii. Obsolete equipment</p> <p>iii. Obsolete motor vehicles and motor cycles</p> <p>The tendering for the disposal advertised in the county website on 6<sup>th</sup> May 2025 as attached which was non-responsive. The advertisement was done towards the end of the FY 2024/2025. The County Ministry of Health and Sanitation is awaiting the opening of the procurement system FY 2025/2026 for readvertisement and tendering. However, the FY 2025/2026 disposal plans have been done with the expired medical supplies planned for disposal.</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">               Assets Disposal Committee.pdf         </div> <div style="text-align: center;">               Appointment of Departmental Asset D         </div> <div style="text-align: center;">               Disposal of Assets.pdf         </div> <div style="text-align: center;">               Logbooks of motorvehicles and mc         </div> </div> <p>The management acknowledges the auditor's findings and wishes to state that the County has budgeted for the recruitment of 200(Two hundred) healthcare workers to alleviate staff shortages. Among the 200</p>	Not resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Health Coverage (UHC)	<p>includes, 2 (two) General Surgeons, 107 Kenya Registered Community Health Nurses (KRCHN) and has planned to recruit an additional Anaestheologist in the FY 2025/2026. Attached are the approved Intents.</p> <p>The County Government of Kitui is constructing the South Eastern Kenya Renal Centre in Kitui County Referral Hospital. The Centre will house an additional 7-bed ICU (Intensive Care Unit) and 5 HDU (Higher Dependency Unit) beds in keeping with the Universal Health Coverage (UHC) norms as per the attached Intensive Care Unit (ICU) construction contract documents.</p> <p><b>Current Status</b></p> <p>i) The County Ministry of Health and Sanitation has posted one (1) additional General Surgeon and 36 additional Kenya Registered Community Health Nurses (KRCHN) increasing the total to 96. The County Ministry of Health and Sanitation has also developed and submitted an intent to hire additional health care workers to the County Public Service Board (CPSB) to alleviate staffing gaps.</p> <p>ii) The phase I construction of renal centre has been completed. Completion and equipping is ongoing expected to be completed in FY 2026/2027</p>		

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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)
		 Renal Unit.pdf  Intent.pdf		
4.3	Long Outstanding Trade and Other Payables	<p>The management acknowledges the findings of the auditor and states that <b>Kshs 7,329,999</b> was budgeted in the FY 2024/2025 and paid on <b>30<sup>th</sup> April 2025</b> where <b>Kshs 3,450,694</b> meant for long outstanding payables was paid.</p> <p>Attached is the list of paid long outstanding payables, bank statement and extract of payment vouchers.</p>  <p>CLEARED LONG OUTSTANDING PENDING BILLS (2).pdf</p>  <p>KCRH Bank Statement-Payment of pending bills.pdf</p>	Resolved	
5.1	Expiry of Medical Supplies	<p>The management acknowledges the audit findings and wishes to state that on <b>30<sup>th</sup> July 2024</b>, County Chief Officer of Health and Sanitation constituted a disposal committee in line with section 163(1) and (2) of Public Procurement and Disposal Act, 2015 which gives guidelines on how to manage the process.</p>	Not resolved	




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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>The committee mapped all the expired drugs meant for disposal in all county public healthcare facilities and made a report which among others showed the following;</p> <ul style="list-style-type: none"> <li>i. Most of these drugs expired between year 2017 and 2022(See attached report)</li> <li>ii. During the Covid time the county received a lot of donations, some of them below 6 months expiry dates</li> <li>iii. The expired inventory contained programme drugs (ARVS, TB drugs, ) which are procured and supplied by the National Government some with short expiry periods</li> <li>iv. The last disposal of drugs was carried out in year 2017 leading to accumulation of expired drugs.</li> </ul> <p>The disposal committee has initiated the process of disposal as follows;</p> <ul style="list-style-type: none"> <li>i. Identified and mapped out all expired drugs in our county and aggregated them at Kitui County Referral Hospital (report attached)</li> <li>ii. Has developed a disposal plan</li> <li>iii. In compliance with Pharmacy and Poisons Board Act, Cap 244 which regulates use and also disposal of drugs and non-pharmaceuticals, the county has applied for disposal of drugs.</li> <li>iv. Pharmacy and Poisons Board approved the disposal of expired drugs as per attached payment voucher</li> </ul>		





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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)
		<p>Tendering for the disposal was advertised in the county website on 6<sup>th</sup> May 2025 as attached.</p> <p>To minimise expiry of drugs, the Ministry of Health and Sanitation developed guideline on receiving of drugs from vendors where the county accepts drugs with a minimum expiry of one (1) year (for both procured and donated drugs). Additionally, Kitui County specific redistribution guidelines for drugs and other health commodities has been developed (see the attached).</p> <p>To enhance efficiency of drugs and other health commodities, the County Ministry of Health and Sanitation is in the process of automating and digitizing the health service delivery including drugs inventory management. The ministry has procured hardware for installing a health management information system (HMIS) with drugs inventory management module.</p> <p><b>Current status</b></p> <p>The tendering for the disposal advertised in the county website on 6<sup>th</sup> May 2025 as attached which was non-responsive. The advertisement was done towards the end of the FY 2024/2025. The County Ministry of Health and Sanitation is awaiting the opening of the procurement system FY 2025/2026 for readvertisement</p>		




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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)
		<p>and tendering. However, the FY 2025/2026 disposal plans have been done with the expired medical supplies planned for disposal.</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">   HPT Redistribution SOP.pdf </div> <div style="text-align: center;">   ADVERT FOR TENDER FOR DIPOSAL OF EXPIRED DRUGS.pdf </div> </div> <div style="margin-top: 20px; text-align: center;">   Payment to PPB.pdf </div>		
5.2	Lack of Risk Management Policy and Disaster Recovery Plan	<p>We acknowledge the auditor’s observation and wish to state that the County Government of Kitui has a Risk Management Policy attached herein, which the county entities are required to adopt.</p> <p>The management further states that the hospital has since developed a business continuity management plan, risk management policy and risk mitigation strategies as attached.</p>	Resolved	




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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		 BUSINESS CONTINUITY PLAN.pdf   KCRH RISK MANAGEMENT POLICY  KCRH RISK MANAGEMENT STRATEGY   APPROVED COUNTY GOVERNMENT OF KITUI-RISK MANAGEMENT POLICY.pdf		
5.3	Non-Functional Audit Committee	<p>We acknowledge the auditor's findings and wish to state that the hospital took note of the recommendation. The full board consisting of 9 members meets once per quarter while the board subcommittees consisting of 5 members also meets once per quarter.</p> <p>The audit sub-committee did not meet in the year under review. However, the facility was able to support the audit sub-committee to hold its meeting on <b>31st March 2025</b> as per attached minutes. Further the audit-committee agreed to develop the audit charter in their next meeting scheduled in the month of June 2025.</p>	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>With the implementation of the Facilities Improvement Financing Act, 2023, the hospital will be in a position to facilitate the meetings on quarterly basis.</p> <p><b>Current Status</b></p> <p>The audit committee met on 10<sup>th</sup> June 2025 and developed the audit charter as attached</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">               AUDIT COMMITTEE MEETING MINUTES.pdf         </div> <div style="text-align: center;">               KCRH HMB AUDIT SUB-COMMITTEE MIP         </div> <div style="text-align: center;">               KCRH Internal Audit Charter.pdf         </div> </div>		
5.4	Outstanding Receivables from Exchange Transactions	<p>The management acknowledges the auditor's observation and wishes to state that the total receivables from the exchange transactions totalled <b>Kshs 50,521,536</b>. This amount constituted claims amounting to <b>Kshs 41,051,138</b> to the defunct National Hospital Insurance Fund (NHIF) and claims amounting to <b>Kshs 9,470,398</b> to AON MINET (Medical Administrators Kenya Limited-MAKL) as per the attached documents.</p> <p>The <b>Kshs 9,470,398</b> has since been reimbursed by MAKL as per the attached schedule, certificates and bank statement.</p>		

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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)
		 TRADE RECEIVABLE -MAKL CLAIMS .pdf  Reconciliation of Pending Insurance Re		
		 CLEAREDPAID PENDING MAKL RECEIVABLES.pdf		

**Guidance Notes:**

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

  
 .....  
 Accounting Officer

*Kitui County Referral Hospital (Kitui County Government)*  
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Appendix III: Inter-Entity Confirmation Letter

COUNTY GOVERNMENT OF KITUI

KITUI COUNTY REFERRAL HOSPITAL


Confirmation of amounts received by Kitui County Referral Hospital as at 30 <sup>th</sup> June 2025					
Transaction details/Ref no	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
FT242297JV6Q	16/08/2024	2,700,000	0	2,700,000	
FT242291X6WV	16/08/2024	10,800,000	0	10,800,000	
FT24229F6M48	16/08/2024	1,700,000	0	1,700,000	
FT24240LPFQ5	27/08/2024	1,100,000	0	1,100,000	
FT242779208N	3/10/2024	10,800,000	0	10,800,000	
FT242773Z95C	3/10/2024	2,700,000	0	2,700,000	
FT24277QMN5R	3/10/2024	1,700,000	0	1,700,000	
FT22281BLL7	7/10/2024	10,800,000	0	10,800,000	
FT242813NBJV	7/10/2024	1,700,000	0	1,700,000	
FT24281LLGRH	7/10/2024	2,700,000	0	2,700,000	
FT24310VZSR9,1	5/11/2024	10,800,000	0	10,800,000	
FT243107XZL6,1	5/11/2024	1,700,000	0	1,700,000	
FT24310R71TX,1	5/11/2024	2,700,000	0	2,700,000	
FT24332PQJVS,1	27/11/2024	1,432,500	0	1,432,500	
FT24332N8N5B,1	27/11/2024	1,859,543	0	1,859,543	
FT24332W7TXW,1	27/11/2024	13,008,820	0	13,008,820	
S81721185	31/12/2024	1,700,000	0	1,700,000	
S81722674	31/12/2024	2,700,000	0	2,700,000	

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S81722713	31/12/2024	1,700,000	0	1,700,000
S81723931	31/12/2024	2,700,000	0	2,700,000
S81723963	31/12/2024	10,800,000	0	10,800,000
S81725384	31/12/2024	10,800,000	0	10,800,000
S390061554	30/1/2025	1,700,000	0	1,700,000
S90066603	30/1/2025	10,800,000	0	10,800,000
S90066606	30/1/2025	2,700,000	0	2,700,000
S99895440	5/3/2025	1,700,000	0	1,700,000
S99895467	5/3/2025	2,700,000	0	2,700,000
S99895562	5/3/2025	1,991,379	0	1,991,379
S99895684	5/3/2025	10,800,000	0	10,800,000
S08307119	4/4/2025	219,000	0	219,000
S08308359	4/4/2025	1,671,500	0	1,671,500
S08312988	4/4/2025	15,300,000	0	15,300,000
S15132707	30/4/2025	7,329,999	0	7,329,999
BRCB0545478	19/06/2025	26,535,000	0	26,535,000
	TOTAL	<b>191,947,741</b>	0	<b>191,947,741</b>

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

Head of Accounts Department - Disbursing Entity:

Name CPA ANNASTACIOUS Sign  Date 30/06/2025

Head of Accounts Department - Beneficiary Entity:

Name CPA CETHAS KIMWELE Sign  Date 30/06/2025