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MUTOMO LEVEL 4 HOSPITAL

**FOR THE YEAR ENDED
30 JUNE, 2023**

COUNTY GOVERNMENT OF KITUI



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MUTOMO LEVEL 4 HOSPITAL (Kitui County Government)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2023

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

DATE 18/09/24
TABLED BY M. Leader
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1. Acronyms & Glossary of Terms

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

2. Key Entity Information and Management

(a) Background information

Mutomo Hospital is a level (4) hospital established and is domiciled in Kitui County under the county ministry of Health and Sanitation. The hospital is governed by a Board of Management.

(b) Principal Activities

The principal activity of the hospital is to provide health care.

Vision: To be the leading hospital in the provision of quality client- centred health care services in the county and behold

Mission: To provide affordable and quality health care services.

(c) Key Management

The Mutomo Level IV hospital management is under the following key organs:

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

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2023 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	CECM – County Treasury	PETER MWIKYA KILONZO
2.	CECM- Health and Sanitation	RUTH KOKI
3.	Chief Officer – County Treasury	JOHN KIMWELE
4.	Chief Officer – Health and Sanitation	BENSON MUSYOKA
5.	Medical Superintendent	Dr. DORCAS KWAMBOKA

(e) Fiduciary Oversight Arrangements

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

(f) Entity Headquarters

P.O. Box 87 - 90201
Mutomo Level IV Hospital
Mutomo, Kitui

(g) Entity Contacts

Telephone: +254113112025
E-mail: mutomoleve4hospital@gmail.com
Website: www.kitui.go.ke

(h) Entity Bankers

Kenya Commercial Bank
Mutomo Branch
P.O BOX 26 - 90201
Mutomo, Kitui

(i) Independent Auditors

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

(j) Principal Legal Adviser

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

(k) County Attorney

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

3. The Board of Management

Ref	Directors	Details
1.	Professor Muasya	Chairperson
2.	Dr. Dorcas Kwamboka	Board Secretary and the facility medical Superintendent
3.	Florence Ngalai	Kitui South Sub County Administrator
4.	Rev Richard Mbui	Member, Representing Faith Based Organizations.
5.	Pauline Mwangangi	Member, Representing Active Women Group
6.	Daniel Nguuta	Member, Representing Professional Groups
7.	Esther Nduli	Member
8.	Beatrice Mutwii	Member, Representing Business Community
9.	Milton Nyamai	Member, Representing the youth

4. Key Management Team

Ref	Management	Details
1.	Peter Mwikya Kilonzo	CECM-County Treasury
2.	Ruth Koki	CECM-Health and Sanitation
3.	John Kimwele	Chief Officer – County Treasury
4.	Dr Benson Musyoka	Chief Officer- Health and Sanitation
5.	Dr. Dorcas Kwamboka	Medical Superintendent
6.	CPA Anastacia Vaati	Head of Finance
7.	Rebecca Kisilu	Head of Nursing
8.	Fransicah Mulu	Head of Laboratory
9.	Redempta Muthoki Kyalo	Head of Occupational Therapy
10.	Jennifer Muisyo	Head of Pharmacy
11.	Ruth Mutinda	Head of Clinical Department
12.	Rosalia Kimuli	Head of Nutrition
13.	Maureen Kingondu	Head of Records
14.	Jacinta Mumbe	Head of Accounts
15.	Peter Masyuki	Head of Revenue
16.	Raphael Mwangangi	Head of Biomedical Engineering
17.	Dickson Mutua	Head of Administration

5. Chairman's Statement

It is my pleasure to present the Mutomo Level IV Hospital 2022/2023 Annual Report and Financial Statements.

The board of management is proud of the achievements realised by the facility during this period towards a healthier, productive and globally competitive nation. This financial year reaffirmed our strong sense of purpose in delivering high quality and personalized healthcare services in a professional and innovative manner. I am honoured to state that Mutomo Level IV Hospital has become the public health facility of choice for the people of Kitui South.

The facility offers the following array quality health care services; General Outpatient, Laboratory, Pharmacy, Inpatient, Family Planning, Antenatal & Postnatal, Maternity and PMTCT. Other specialised services that the facility offers include Physiotherapy and Radiology services.

Mutomo Level IV Hospital is dedicated towards the agenda of attaining Universal Health Care (UHC) which is one of the targets the nations of the world including our country Kenya and by extension Kitui County set when they adopted the 2030 Sustainable Development Goals (SDGs) in 2015. Health is a precondition for and an outcome and indicator of the social, economic and environmental dimensions of sustainable developments.

We at Mutomo Hospital are committed to providing affordable healthcare services to the community through the NHIF Scheme. With the NHIF cover now fully operational in our hospital, the facility workload has increased steadily from a 4-bed capacity to a 17-bed capacity hospital and is now able to admit more patients for general inpatient care and maternity and labour care.

The NHIF cover also facilitates the students who are in school to access healthcare services within our facility through the special government cover for students EDU-Afya.

The elderly population is also able to access our health services through UHC program. These measures have ensured that even the vulnerable population has been able to attain quality healthcare services within our facility.

During this financial year the facility was faced with a number of challenges some of which I have outlined below

a) Financial Constraints:

The facility was funded by the county government through the funding process known as Facility Improvement Funds (FIF). For the FY 2022/2023 the facility received at total Kshs 6,881,933.95 through FIF.

We are grateful to the Kitui county government for the support of the funds that were allocated during this financial year. It is however important to note that these funds were not enough to cater for all the operational and development costs of the facility.

- b) Lack of reliable water supply- Facility has been purchasing water for its daily operations which is costly and unreliable.
- c) Inadequate space in the maternity ward
- d) Staffing Shortage

According to the WHO staffing norms for healthcare workers the Facility is severely understaffed in most of the departments however some departments are noted to be in a crisis shortage as follows

- Nursing Department
- Clinical Officers

e) Lack of basic equipment and infrastructure

Some of the departments including the Occupational therapy, Physiotherapy lack the basic equipment, commodities and even Infrastructure to be able to run and provide services at optimal levels.

Expansion

Various programmes are underway to improve our facility to level IV standards.

We are liaising with ministry of health & sanitation to equip our theatre and also establish a spacious and modern OPD block that was started during the last financial year, the construction is still on foundation level.

Acknowledgment

On behalf of the Board of Management Mutomo Level IV Hospital and the entire Mutomo Fraternity, I would like to extend my sincere gratitude to the Governor of Kitui County Dr. Julius Malombe, The Ministry of Health and Sanitation led by the CECM-Health and Sanitation Madam Ruth Koki, the Chief Officer Medical Services Dr. Benson Musyoka, the Chief Officer Drugs and Medical Supplies Aggrey Kamba, the Chief Officer Public Health and Sanitation Lynn Kitwan and not forgetting our wonderful Partners; CMMB, CIHEB and CHAK for their continued and unwavering support throughout this year.

Finally, I strongly believe that with our strategy and with the correct measures in place we will constantly and continually improve our health service delivery and steer Mutomo Level IV Hospital to great heights of excellence in delivering the Universal Healthcare dream.



.....
Name: professor Muasya

Chairman to the Board

6. Report of The Medical Superintendent

Mutomo Sub-County hospital is a government health facility situated on southern part of Kitui County, in Kitui south constituency along Kitui/Kibwezi – Mombasa highway, approximately 70 kilometers from Kitui County headquarters.

The facility was established in 1938 as dispensary then was upgraded to a level of health Centre in 2004 Serving Mutomo community.

Later it was upgraded to a level of 3B in March 2017.

The facility sits on 5.5-acre piece of land.

The facility has several Infrastructural blocks namely,

- i) M.C.H block which houses the following departments: OPD services, Immunization, Nutrition, ANC and Post Natal Clinics Family Planning, Revenue and Health Records.
- ii) Laboratory Block which is incomplete but operational. The laboratory block requires partition for ease of operations.
- iii) Maternity Block that houses NBU, Pharmacy and a Maternity theatre. The maternity theatre is not operational due to lack of adequate equipment.
- iv) Radiology Block that is complete and operational
- v) OPD Block which is a stalled project.
- vi) Comprehensive Care Clinic Block is complete and operational.
- vii) Kitchen Block is operational but incomplete because it requires exterior finishing.
- viii) Mortuary Block is complete and well functional. It serves the entire Kitui south sub county and other neighboring sub counties.
- ix) Staff quarter Block

The climate where the facility is located is semi-arid; it receives roughly 50.5mm of rain throughout the year with two rainy seasons (one long around March and April, and one short, around October, November and December). The wettest month is November with 121mm of rainfall while the driest month is July with 1mm of rainfall.

The vast majority of the economy within the region is driven by subsistence farming and livestock rearing despite the fact that these activities are extremely challenging endeavours given the sporadic rainfall received in the region.

Christianity is the dominant religion in the region.

The hospital has a catchment population of 12,982 (2023). The population is mostly made up of people of the Kamba ethnicity. The hospital serves people from Mutomo, Mutha, Kanziko and Athi Wards.

It also acts as a referral link facility for 6 health centres, 24 dispensaries and several private health facilities within Kitui South Sub County.

Mutomo Hospital refers most of its patients to Kitui County Referral Hospital, Mutomo Mission Hospital and occasionally to Makindu Hospital which is in the neighbouring Makueni County.

In the financial year 2022/2023 the hospital generated revenue of Kshs. 4,119,501. The funds were generated as the patients paid for the services that they received in the facility.

Payment for our services is collected through Mpesa and NHIF.

NHIF insurance scheme has been operational in the facility and has been paramount in allowing our patients to receive healthcare services within the facility under the cover. This has facilitated bringing essential health services closer to the people in line with the Universal Healthcare vision.

The facility received an equivalent of Kshs. 6,881,933.95 from the Kitui County government on Monthly disbursement basis through the Facility improvement funds (FIF).

These funds are used to run the day-to-day activities of the facility and also to pay wages for the contracted officers.

The comprehensive guide on how the funds were utilised is outlined in a later part of this report.

In keeping with the environmental sustainability efforts within the County the facility is to planting more trees within the facility compound.

Among the challenges that the facility faced in the financial year that ended June 2023 include but not limited to: Insufficient funding, delayed disbursement of funds (FIF) to the facility, Severe staff shortage, Unreliable source of water, broken down equipment, lack of basic equipment to deliver services, Infrastructure challenges including: - Stalled projects and incomplete buildings

The future outlook for the facility includes liaising closely with the Kitui County government and the stakeholders to propel the facility forward so that it can function fully at a level 4 capacity and thus be able to serve the people of Kitui South and Kitui at large more efficiently. The Hospital Management Team shall work closely with the Facility Board of management, the Ministry of Health and Sanitation leadership and the County government leadership and all the stakeholders to achieve this objective.

Among but not limited to the pertinent issues that we shall work on closely in future include:

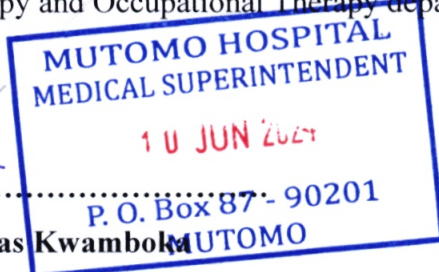
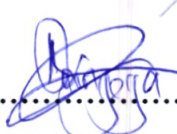
Adequate staffing according to the staffing norms agreed upon by the Kenya quality model for health and the World Health Organization.

Setting up a reliable water supply for the facility

Operationalisation of the Maternity Theatre to full capacity.

Completion of the stalled projects including maternity theatre, OPD block.

Equipping Physiotherapy and Occupational Therapy departments.



Name: Dr. Dorcas Kwamboka

Secretary to the Board

7. Statement of Performance Against Predetermined Objectives

Mutomo Level IV Hospital has 3 Strategic pillars and objectives within the current strategic plan for the FY 2022 –FY 2023.

Pillar /theme/issue 1: Quality Service Delivery

Pillar/theme/issue 2: Increase Revenue

Pillar/theme/issue 3: Reduce Infant Mortality

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Increase Revenue	Increase sales	-Increased workload for patients paying using NHIF and Mpesa	-Weekly revenue report review - No cash payment Policy to enhance accountability -Train revenue clerks on NHIF claim process - Liaise with the ministry to equip our theatre and radiology department - Identify main revenue stream in the facility e.g. Lab services, Radiology Services	Revenue collection efficiency. Increased revenue volume
Quality Service Delivery	Quality Service Delivery	Customer Satisfaction	Offering customer – centred services -Prompt centred services -Prompt handling of customer complains	Increased customer satisfaction

Reduce Infant Mortality	Reduce the risk of infant mortality	-Reduced to Zero infant deaths during birth and after	-Preventing Birth defects during antenatal and postnatal clinics -Enrolling expectant mothers on Linda mama Program to cater for their medical expenses during and after birth in case of any complications -New Born Unit incubator for safe infant environment in case of early child birth - Training expectant mothers on importance proper balance diet.	
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8. Corporate Governance Statement

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

Membership

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

The committee consists of: -

1. The chairperson
2. The secretary to the committee and who is the Medical Superintendent of the hospital
3. The Sub-County Administrator
4. The Business community representative
5. Representative of professional groups
6. Representative of women's groups
7. Representative of Faith based organisations
8. Representative of Youth through the National Youth council
9. Representative of people living with disability with bias to gender rule based on other members of the committee

Succession

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

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

Funds of the Committee

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

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

Meetings of the Committee

- (a) The committee shall meet at least four times a year and shall maintain records for its deliberations and shall further allow room for emergency meetings in case of outbreaks or disasters.
- (b) The quorum for the meeting of the committee shall be five of all the members including the secretary.
- (c) The secretary shall maintain records for all committee deliberations.

- (d) The Committee shall, not later than twenty-eight (28) days after a meeting, submit copies of the minutes and reports of that meeting to the County Executive Committee Member and the committee members.
- (e) A meeting of a committee shall be held at the hospital in respect of which the committee is established.
- (f) The County Executive Committee Member may attend any meeting of a committee, provided the area members of the county assembly in the sub-county where the hospital is situated shall be at liberty to attend any meetings of the committee in furtherance of their oversight role.

Functions of the Hospital Management Committee

The committee shall –

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

Core responsibilities of the Mutomo-level 4 hospital Management Committee

The responsibilities of the committee are outlined as follows: -

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

Vacation of office and remuneration of the committee members.

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

- (a) if a member is absent from three consecutive meetings of the committee without permission from the chairperson
- (b) in the case of a member of a public benefits organization, the member ceases to hold the office by virtue of which his or her nomination was made
- (c) a member is convicted of a criminal offense and sentenced to a term of imprisonment of six months or more or a fine exceeding one hundred thousand Kenya shillings
- (d) a member ceases to reside or practice in the area of hospital jurisdiction
- (e) a member voluntarily resigns in writing from the committee formally
- (f) a member is found to be unfit to hold the position on medical grounds
- (g) a member dies
- (h) a member is involved in an act resulting to conflict of interest with the position held by the member
- (i) a member is guilty of gross misbehaviour or misconduct
- (j) a member is found to be incompetent to hold the position
- (k) a member is convicted of an offence involving dishonesty or fraud
- (l) a member is adjudged bankrupt or enters into a composition scheme of arrangement with his or her creditors or
- (m) a genuine petition from the public is lodged against the member.

Remuneration: -

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

Relationship between the Hospital Management team and Hospital Management Committee

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

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

9. Management Discussion and Analysis

The following is a brief management discussion and analysis for the hospital: -

Clinical/operational performance

Mutomo level IV Hospital being strategically located within Kitui South Sub County, receives patients from the neighbouring wards including Mutha and Kanziko
 The facility has a 17 bed capacity inpatient unit.

Population Estimates

The following are the population estimates/targets for Mutomo Level IV Hospital for the ended June 30th 2023.

SR.NO	INDICATOR	ESTIMATED TOTAL
1	Total Catchment population	12,892
2	Under 1 Year Population	348
3	Under 2 Years Population	1364
4	Under 15 Years Population	5428
5	15-24 Years Population	2798
6	25-59 Years Population	3610
7	Population over 60 years	980
8	Women of Child bearing 15- 49	3068
9	Estimated Pregnant Women	394
10	Estimated Deliveries	374

General Outpatient Department

	New	Revisit	Total
Over 5 Male	2799	996	3795
Over 5 Female	3998	1401	5399
Under 5 Male	1312	411	1723
Under 5 Female	1109	414	1523
Over 60 yrs.	1162	839	2001
Total	10,380	4,061	14,441

Maternity Department

Data Element	Value
Normal Deliveries	499
Caesarian Sections	0
BBA (Born Before Arrival)	12
Assisted Vaginal Delivery	5
Live births	391

Specialised clinic attendance

	SPECIAL CLINICS ATTENDANCE		
DATA ELEMENT	NEW	REVISIT	TOTAL
TB	88	240	328
CCC	36	3567	3603
PSYCHIATRY ATTENDANCE	3	42	45
OCCUPATIONAL THERAPY	39	98	137
PHYSIOTHERAPY	278	128	406
NUTRITION	222	226	448

- Average length of stay for in patient is 2 to 5 days
- Bed occupancy rate is 7/17

Financial performance that include

In the financial year ended June 2023, the facility collected a total of Kshs 4,119,501.

The revenue was collected as service fees for the various health care services delivered to the patients throughout the year.

The patients pay for these services via two main methods: Mpesa and NHIF

The following table is a summary of the facility revenue collection for the FY 2022/2023. A much more detailed outline of the same is highlighted in a later section of this statement.



Name: Dr. Dorcas Kwamboka
Secretary to the Board



10. Environmental And Sustainability Reporting

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

i) Sustainability strategy and profile

The facility is guided by the World Health Organization set norms and standards when delivering its services as well as the Kitui County Government Ministry goals and objectives for the year. The facility management has also been working closely with the Local governance, Community health personnel to interlink the facility to the community it serves and thus ensure quality health service delivery.

One of the ways the facility is dealing with the macroeconomic concern of unemployment is by making sure at least 80% of the contracted staff are sourced within the local community. This practice has not only helped relief the issue of local unemployment but also helped boost the economic growth of the surrounding community. The facility has also conducted several community outreaches within the region and thus taking the healthcare services closer the community. This has been essential in ensuring a healthy and robust community that is able to work and full capacity and contribute to the economic growth of the County and Country at large.

ii) Environmental performance

Mutomo level 4 hospital is committed towards positively contributing towards the global environmental sustainability efforts.

The facility management has sought to unify all the key stakeholders: employees, management, partners, shareholders, patients and the community at large towards these efforts. Mutomo hospital environmental policy is currently in the process of being developed in close partnership with these stake holders.

Part of the efforts that the facility is putting towards environmental sustainability include planting of trees and greenery within the hospital compound, maintaining a clean and neat hospital compound and prudent use of water and electricity among others. We also have put in place several storage tanks that we use to store rain water harvested during the rainy season despite the fact that the area being a semi-arid area receives very low levels of rain.

The facilities waste disposal system follows the Kenya national guidelines for safe management of health care waste which includes the safe practices for management of medical waste.

The facility however has challenges with implementing this policy fully as it lacks an incinerator which is important for the disposal of certain medical waste. Most of the waste the facility generates is biohazard in nature and thus is disposed according to the national guidelines. The waste that does not require incineration is disposed and discarded using the facility's burning chamber. Currently the facility utilises the incinerator at Mutomo level 4 hospital for the waste that requires incineration.

The facility is located in a semi-arid region and thus one of the biggest challenges it has faced this year is access to clean water. Despite this challenge however, the hospital administration has gone to great lengths to budget for and purchase water for the hospital to use.

iii) Employee welfare

The employee hiring policy is handled at the County government level and cascaded down to the facility level. The facility participates in hiring contracted staff and is guided by the Kitui County Public Service Board guidelines on the same.

This year several of our staff have taken part in several trainings and refresher courses that are technical depending on their areas of speciality. This has helped improve skill man ship among the different cadres within the facility.

The staff have also undergone an appraisal system including work plan generation, quarterly reviews and biannual appraisals. This have been important in reviewing the outcomes/ outputs of all the departments' vs. the set goals and objectives at the beginning of the year.

According to the Occupational Health and Safety Act (2007) employers have a responsibility to provide a safe workplace for all the employees.

Some of the ways the facility has enforced the OSHA act in the facility include, providing Personal protective equipment and gear to all the employers including gloves, lab coats, gumboots, aprons, eye wear among other equipment. We have also made sure that the facility is clean and non-hazardous environment by practicing infection prevention and control guidelines (IPC) within the hospital. The facility has provided enough disinfectant solutions, water, soap and hand washing stations among others to enforce these guidelines.

Most the departments within the facility have also been provided with ergonomic chair and work tables/stations in order to support the employees as they deliver services to the clients.

The compound has also kept neat and clean with frequent bush clearing activities to reduce harmful animals like snakes and scorpions from accessing the work areas.

Most of the staff are also trained on the process to follow in the case of coming in contact with infectious material including a need prick etc however the facility recognises that there is need to train all our staff on this process and also documentation for the same.

In the future the facility management plans to work closely with the county to raise training need for all the staff on basic risks that can arise within the workplace include fires, accidents etc.

iv) Market place practices-

The following are the efforts of Mutomo level 4 hospital towards: -

a) Responsible competition practice.

The facility is committed to upholding responsible competition price practices and selects its suppliers based on the guidelines and laws outlined by the County government. The Supplies, commodities and services rendered are reviewed and audited periodically by the health management team of the facility.

b) Responsible Supply chain and supplier relations

The facility management in conjunction with the supply chain managers endeavour to maintain good business practices by honouring contracts given to suppliers and upholding payments in the timeliest manner possible.

c) Responsible marketing and advertisement

The facility endeavours to outline ethical marketing practices by adhering to the county government guides on marketing and advertisement.

d) Product stewardship

The facility also endeavours to safeguard consumer rights by educating consumers on their rights through public addresses, personal interviews and posters displaying the same information.

A patient complaints and compliments book are available should patients and clients feel the need to register complaints or compliments received while receiving a service at the facility

v) Corporate Social Responsibility / Community Engagements

The facility management in close liaison with the board of management, County government of Kitui, the Kitui south sub county management team, public health officers, Health promotion officers have endeavoured to carry out activities of community engagement including giving health talks at chiefs baraza several times, massive deworming and nutrition campaigns in conjunction with NGOs, collaborating with the chiefs camp to provide relief food for the vulnerable patients e.g. the HIV positive clients. Through these engagements the facility has had a good working relationship with the surrounding community for this year.

11. Report of The Board of Management

The Board members submit their report together with the Audited Financial Statements for the year ended June 30th 2023 which show the state of the hospital's affairs.

Principal activities

The principal activity of the entity is to provide affordable and quality health care services.

Results

The results of the entity for the year ended June 30th 2023 are set out on pages 1 to 7


Board of Management

The members of the Board who served during the year are shown on page VI.
No change on the board of management has been effected.

Auditors

The Auditor General is responsible for the statutory audit of the Mutomo Level IV hospital in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the year/period ended June 30, 2023 in accordance to section 23 of the Public Audit Act, 2015.

By Order of the Board


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



12. Statement of Board of Management's Responsibilities

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


The Board of Management is responsible for the preparation and presentation of the Mutomo Level IV Hospital financial statements, which give a true and fair view of the state of affairs of the Mutomo Level IV Hospital for and as at the end of the financial year (period) ended on June 30, 2022. 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 Mutomo Level IV 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 Mutomo Level IV 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 Mutomo Level IV Hospital financial statements give a true and fair view of the state of Mutomo Level IV Hospital transactions during the financial year ended June 30, 2022, and of the Mutomo Level IV Hospital financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the Mutomo Level IV Hospital, which have been relied upon in the preparation of the Mutomo Level IV 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 Mutomo Level IV Hospital will not remain a going concern for at least the next twelve months from the date of this statement.

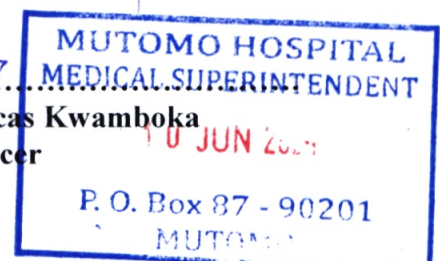
Approval of the financial statements

The Hospital's financial statements were approved by the Board on 10/06/2023 and signed on its behalf by:



.....
Name: Professor Muasya
Chairperson
Board of Management


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



REPUBLIC OF KENYA



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

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

REPORT OF THE AUDITOR-GENERAL ON MUTOMO LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2023 - COUNTY GOVERNMENT OF KITUI

PREAMBLE

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

- A. Report on the 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 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 Government achieves value for money and that such funds are applied for the intended purpose.
- 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, the risk management environment, and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Mutomo Level 4 Hospital - County Government of Kitui set out on pages 1 to 38, which comprise of the statement of

Report of the Auditor-General on Mutomo Level 4 Hospital for the year ended 30 June, 2023 - County Government of Kitui

financial position as at 30 June, 2023 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 discussed in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Mutomo Level 4 Hospital - County Government of Kitui as at 30 June, 2023, 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 Government Act, 2012 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracies in the Presentation and Disclosures of the Financial Statements

Review of financial statements revealed the following anomalies with regard to presentation and disclosure:

- i. The statement of comparison of budget and actual amounts did not indicate the total expenditure estimates and actual comparable.
- ii. The statement of financial performance reflects rendering of medical service income of Kshs.4,119,501 which, however, differs with the total casted amount of Kshs.4,121,501 reflected in the corresponding Note 8 to the financial statements by an unexplained variance of Kshs.2,000.

In the circumstances, the accuracy and completeness of the financial statements could not be confirmed.

2. Non-Disclosure of Property, Plant and Equipment

The statement of financial position and as disclosed in Note 16 to the financial statements reflects Nil balance in respect of property, plant and equipment. However, review of the hospital records provided for audit revealed that the Hospital had property, plant and equipment, five (5) hectares of freehold land, buildings, two (2) motor vehicles (Ambulances) that had not been valued for inclusion in the financial statements. Further, the land on which the Hospital is built and the developments therein did not have ownership documents. In addition, the Hospital did not have an updated fixed asset register.

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

In the circumstances, the safe storage and value for money for the pharmaceuticals and non-pharmaceuticals stores could not be confirmed.

3. Long Outstanding Payables

The statement of financial position and as disclosed in Note 17 reflects total trade and other payables balance of Kshs.1,410,830. Included in this balance is an amount of Kshs.1,300,830 which had been long outstanding for more than one year. The Management did not explain why the payables had not been settled.

In the circumstances, Management may incur expenses on penalties and fines.

The audit was conducted in accordance with ISSAI 4000. The standard requires 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 are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON 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 matters discussed 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 overall governance were not effective.

Basis for Conclusion

1. Lack of a Risk Management Policy

During the year under review, the Hospital operated without a documented risk management policy framework. In addition, there was no evidence of risk identification, risk assessment and evaluation of likelihood of risk occurrence and its impact on entities' operation.

This was contrary to the provisions of Regulation 158(1) of the Public Finance Management (County Governments) Regulations, 2015 which states that the Accounting Officer shall ensure that the County Government entity develops risk management strategies, which include fraud prevention mechanism; and the County Government entity develops a system of risk management and internal control that builds robust business operations.

In the circumstances, the Hospital may not achieve its desired objectives where crucial policy documents are non-existent.

2. Lack of an Effective Internal Audit Function

During the year under review, the Hospital did not have an internal audit function to perform risk assessment processes and evaluation of operational effectiveness of the Hospital through reviews of the internal controls thus, risks may not have been identified and mitigated.

In the circumstances, the Hospital could not benefit from the independent assurance over its financial reporting and risk management processes.

3. Lack of Hospital Management Board

Review of records revealed that the Hospital did not have a Board of Management in place in the year under review to monitor the organization's performance and ensure sustainability.

In the circumstances, the effectiveness of the governance measures put in place 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 Management and the Board of Management

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 are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

The Board of Management is 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 overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. 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 and weakness 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 addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, 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 accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls 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 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal controls that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal controls components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the applicable basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Hospital's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Hospital to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.



FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

19 June, 2024

14. Statement of Financial Performance for The Year Ended 30 June 2023

Description	Note	2022/23	2021/22
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	6,881,933	5,850,580
In-kind contributions from the County Government (Medical Supplies and County Employee cost)	7	39,546,829	-
		46,428,762	5,850,580
Revenue from exchange transactions			
Rendering of Medical Service Income	8	4,119,501	5,757,961
Revenue from exchange transactions		4,119,501	5,757,961
Total revenue		50,548,263	11,608,541
Expenses			
Medical/Clinical costs	9	1,110,117	957,890
Medical Supplies Cost	9	5,175,788	1,101,254
Employee costs	10	1,322,700	-
County Employee costs	10	34,371,041	
Repairs and maintenance	11	2,558,650	2,170,000
Grants and subsidies		-	-
General expenses	12	1,822,239	1,657,062
Transfer of Rendering of Medical Service Income to County Revenue Fund	13	4,119,501	5,757,961
Finance costs		-	-
Total expenses		50,480,036	11,644,167
Other gains/(losses)			
Medical services contracts Gains/Losses		-	-
Impairment loss		-	-
Total other gains/(losses)		-	-
Net Surplus / (Deficit) for the year		68,227	(35,626)

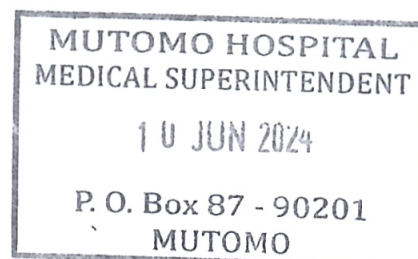
(The notes set out on pages 6 to 36 form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were approved by the Board on 10/06/2024 and signed on its behalf by:

.....
Professor Muasya
Chairman
Board of Management

.....
Head of Finance
ICPAK No: 2024/11

.....
Dorcas Kwamboka
Medical Superintendent

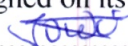


15. Statement of Financial Position As At 30th June 2023

Description	Note	2022/23	2021/22
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	14	81,824	13,597
Inventories	15	1,361,607	1,374,619
Trade receivables		-	228,843
Total Current Assets		1,443,431	1,617,059
Non-current assets			
Property, plant, and equipment	16	-	-
Total Non-current Assets		-	-
Total assets		1,443,431	1,617,059
Liabilities			
Current liabilities			
Trade and other payables	17	1,410,830	1,300,830
Total Current Liabilities		1,400,830	1,300,830
Non-current liabilities			
Provisions		-	-
Social Benefits		-	-
Total Non-current liabilities		-	-
Total Liabilities		1,410,830	1,300,830
Net assets			
Revaluation reserve		-	-
Accumulated surplus/Deficit		32,601	(35,626)
Total Net Assets and Liabilities		1,443,431	1,265,204

(The notes set out on pages 6 to 36 form an integral part of the Annual Financial Statements)

The Hospital's financial statements were approved by the Board on 30/06/2024 and signed on its behalf by:



Professor Muasya
Chairman

Board of Management



Head of Finance
winnie mu

ICPAK No: 289741



Dorcas Kwamboka
Medical Superintendent



16. Statement of Changes in Net Asset for The Year Ended 30 June 2023

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2022	-	-		-
Revaluation gain	-	-		-
Surplus/(deficit) for the year	-	(35,626)		(35,626)
Capital/Development grants	-	-		-
As at June 30, 2022	-	(35,626)		(35,626)
At July 1, 2023	-	(35,626)		(35,626)
Revaluation gain	-	-		-
Surplus/(deficit) for the year	-	68,227		68,227
Capital/Development grants	-	-		-
At June 30, 2023	-	32,601	-	32,601

17. Statement of Cash Flows for The Year Ended 30 June 2023

Description	Note	2022/23	2021/22
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government		6,881,933	5,850,580
Rendering of services- Medical Service Income		4,119,501	5,757,961
Total Receipts		11,001,434	11,608,541
Payments			
Medical/Clinical costs		1,110,117	957,890
Employee costs		1,322,700	1,101,254
Repairs and maintenance		2,558,650	2,170,000
General expenses		1,822,239	1,657,062
Transfer to County Revenue Fund		4,119,501	5,757,961
Total Payments		10,933,207	11,644,167
Net cash flows from operating activities	18	68,227	(35,626)
Cash flows from investing activities			
Purchase of property, plant, equipment & intangible assets		-	-
Net cash flows used in investing activities		-	-
Cash flows from financing activities		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		68,227	(35,626)
Cash and cash equivalents as at 1 July	14	13,597	49,223
Cash and cash equivalents as at 30 June	14	81,824	13,597

18. Statement of Comparison of Budget and Actual Amounts for Year Ended 30 June 2023

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	a	b	c=(a+b)	d	e=(c-d)	f=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue						
Transfers from the County Government	7,200,000	-	7,200,000	6,881,933	318,067	95%
Rendering of services- Medical Service Income	4,119,501	-	4,119,501	4,119,501	-	100%
Total income	11,319,501	-	11,319,501	11,001,434	318,067	97%
Expenses						
Medical/Clinical costs	1,200,000	-	1,200,000	1,110,117	89,883	93%
Employee costs	1,350,000	-	1,350,000	1,322,700	27,300	98%
Repairs and maintenance	2,820,000	-	2,820,000	2,558,650	261,350	91%
General expenses	1,830,000	-	1,830,000	1,822,239	7,761	100%
Finance costs	-	-	-	-	-	-
Transfer of Rendering of medical services income to County Revenue Fund	4,119,501	-	4,119,501	4,119,501	-	100%
Surplus for the period	-	-	-	68,227	-	-
Capital expenditure	-	-	-	-	-	-

Budget notes

Overall budget was under financed by 5% hence cut in overall expenditure by equal amount.

19. Notes to the Financial Statements

1. General Information

Mutomo Level IV Hospital is established by and derives its authority and accountability from health and sanitation Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to provide quality health care services.

2. Statement of Compliance and Basis of Preparation

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

The financial statements have been prepared in accordance with the PFM Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

Adoption of New and Revised Standards

- i. New and amended standards and interpretations in issue effective in the year ended 30 June 2023.***

Standard	Effective date and impact
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Entity.</p> <p>(b) The key features of the operation of those social benefit schemes;</p> <p>and</p>

Standard	Effective date and impact
	(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2023</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other improvements to IPSAS	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • <i>IPSAS 29: Financial instruments: Recognition and Measurement</i> <p>Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>

ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.

Standard	Effective date and impact
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires:-</p> <ul style="list-style-type: none"> i. Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: ii. Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.

iii) Early adoption of standards

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

3. Summary of Significant Accounting Policies

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

Transfers from other Government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Rental income

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

Notes to the Financial Statements (Continued)

b. Budget information

The original budget for FY 2022/2023 was approved by Board at the start of financial year. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section XVII of these financial statements

Taxes

Sales tax/ Value Added Tax

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

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

Notes to the Financial Statements (Continued)

a. Investment property

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

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

b. Property, plant and equipment

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

Notes to the Financial Statements (Continued)

c. Leases

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

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

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

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

d. Intangible assets

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

Notes to the Financial Statements (Continued)

e. Research and development costs

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

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

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

f. Financial instruments

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

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

Notes to the Financial Statements (Continued)

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

Notes to the Financial Statements (Continued)

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

Notes to the Financial Statements (Continued)

g. Inventories

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

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

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

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

h. Provisions

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

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

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

Notes to the Financial Statements (Continued)

i. Social Benefits

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

j. Contingent liabilities

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

k. Contingent assets

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

l. Nature and purpose of reserves

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

m. Changes in accounting policies and estimates

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

Notes to the Financial Statements (Continued)

n. Employee benefits

Retirement benefit plans

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

o. Foreign currency transactions

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

p. Borrowing costs

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

q. Related parties

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

Notes to the Financial Statements (Continued)

r. Service concession arrangements

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

s. Cash and cash equivalents

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

t. Comparative figures

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

u. Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2023.

4. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. No Additional disclosure of these estimates of provisions is included in Notes. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Notes to Financial Statements Continued

6. Transfers from the County Government

Description	2022/23	2021/22
	KShs	KShs
Unconditional grants		
Operational grant	6,881,933	5,850,580
Level 5 grants	-	-
Unconditional development grants	-	-
Other grants	-	-
	6,881,933	5,850,580
Conditional grants		
User fee forgone	-	-
Transforming health services for Universal care project (THUCP)	-	-
DANIDA	-	-
Wards Development grant	-	-
Paediatric block grant	-	-
Administration block grant	-	-
Laboratory grant	-	-
Total government grants and subsidies	6,881,933	5,850,580

6 b Transfers from the County Government

Name of the Entity sending the grant	Amount recognized to Statement of financial performance* KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	Comparative Period
			KShs	KShs	KShs
Kitui County Government	6,881,933	-	-	6,881,933	5,850,580
Total	6,881,933	-	-	6,881,933	5,850,580

Notes to Financial Statements Continued

7. In Kind Contributions from The County Government

Description	2022/23	2021/22
	KShs	KShs
Salaries and wages	-	-
Medical supplies-Drawings Rights (KEMSA)	5,175,788	-
Employee Cost	34,371,041	
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	-	-
Utility bills	-	-
Total grants in kind	39,546,829	-

8. Rendering of Services-Medical Service Income

Description	2022/23	2021/22
	Kshs	Kshs
Pharmaceuticals	1,235,850	1,727,388
Laboratory	1,029,875	1,439,490
Farewell home services	1,441,826	2,015,287
Other medical services income (<i>Medical exam, health records, consultation</i>)	413,950	575,796
Total revenue from the rendering of services	4,119,501	5,757,961

- of the total revenue collected, 30% was from sale of pharmaceuticals, 10% other income e.g. health records card and file, medical examination, 25% lab services and 35% from farewell home services

Notes to the Financial Statements (Continued)

9. Medical/ Clinical Costs

Description	2022/23	2021/22
	Kshs	Kshs
Food and Ration	486,555	274,890
Dressing and Non-Pharmaceuticals	200,000	52,000
Medical Supplies from KEMSA	5,175,788	-
Health information stationery	173,562	190,00
Sanitary and cleansing Materials	250,000	441,000
Total medical/ clinical costs	6,285,905	957,890

10. Employee Costs

Description	2022/23	2021/22
	Kshs	Kshs
Salaries, wages, and allowances	1,322,700	1,082,854
County Employee cost	34,371,041	-
Staff medical expenses and Insurance cover	-	18,400
Employee costs	35,693,741	1,101,254

11. Repairs And Maintenance

Description	2022/23	2021/22
	Kshs	Kshs
Property- Buildings	475,640	130,000
Office equipment	-	260,000
Motor vehicle maintenance expenses	373,010	110,000
Refined Fuel	1,710,000	1,670,000
Maintenance of civil works	-	130,000
Total repairs and maintenance	2,558,650	2,170,000

Notes to the Financial Statements (Continued)

12. General Expenses

Description	2022/23	2022/21
	Kshs	Kshs
Bank charges	10,127	13,452
Travel and accommodation allowance	496,500	494,800
Printing and stationery	173,562	136,810
Water and sewerage costs	862,050	712,000
Other Fuels	40,000	-
Telephone, Mobile phone services and Internet expenses	240,000	300,000
Total General Expenses	1,822,239	1,657,062

13. Transfer of rendering medical services income to County Revenue Fund

Name of the Entity Receiving the revenue	Total Amount recognized in the financial Statement	Amount recognized to Statement of financial performance KShs
Kitui County Government	4,119,501	4,119,501
Total	4,119,501	4,119,501

Notes to the Financial Statements (Continued)

14. Cash And Cash Equivalents

Description	2022/23	2021/22
	KShs	KShs
Current accounts	81,824	13,597
Total cash and cash equivalents	81,824	13,597

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

Description		2022/23	2021/22
Financial institution	Account number	KShs	KShs
a) Current account			
Kenya Commercial bank	1219193062	81,824	13,597
Grand total		81,824	13,597

15. Inventories

Description	2022/23	2021/22
	KShs	KShs
Pharmaceutical supplies	1,320,462	1,343,959
Food supplies	37,595	27,860
Cleaning materials supplies	3,550	2,800
Total	1,361,607	1,374,619

Mutomo Level IV Hospital (Kitui County Government)
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Notes to the Financial Statements (Continued)

16. Property, Plant and Equipment

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

**Mutomo Level IV Hospital (Kitui County Government)
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Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
At July 2023	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-	-	-	-
At 30th June 2023	-	-	-	-	-	-	-	-
Net book values								
At 30 th Jun 2022	-	-	-	-	-	-	-	-
At 30 th Jun 2022	-	-	-	-	-	-	-	-

Notes to the Financial Statements (Continued)

17. Trade and other Payables

Description	2022/23		2021/22	
	KShs		KShs	
Trade payables	1,410,830		1,300,830	
Employee dues	-		-	
Third-party payments (e.g. unremitted payroll deductions)	-		-	
Audit fee	-		-	
Doctors' fee	-		-	
Total trade and other payables	1,410,830		1,300,830	
Ageing analysis:	2022/23	% of the Total	2021/22	% of the total
Under one year	110,000	7.8%	-	0%
1-2 years	-	0%	-	0%
2-3 years	-	0%	1,300,830	100%
Over 3 years	1,300,830	92.2%	-	0%
Total	1,410,830	100%	1,300,830	100%

Notes to the Financial Statements (Continued)

18. Cash Generated from Operations

Description	2022/23	2021/22
	KShs	KShs
Surplus for the year before tax	68,227	-35,626
Adjusted for:		
Contribution to impairment allowance	-	-
Working Capital adjustments		
Increase in inventory	(13,012.00)	(-)
Increase in receivables	(228,843.00)	(-)
Increase in deferred income	0	-
Increase in payables	241,855	-
Increase in payments received in advance	0	-
Net cash flow from operating activities	68,227	-35,626

Notes to the Financial Statements (Continued)

19. Financial Risk Management

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

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

(i) Credit risk

The entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2022				
Receivables from exchange transactions	-	-	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-
At 30 June 2023				
Receivables from exchange transactions	-	-	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-

Notes to the Financial Statements (Continued)

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

(ii) Liquidity risk management

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2022				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2023				
Trade payables	-	-	1,410,830	1,410,830
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	1,410,830	1,410,830

Notes to the Financial Statements (Continued)

(iii) Market risk

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

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

a) Foreign currency risk

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The carrying amount of the entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Description	KShs	Other currencies	Total
	Kshs		Kshs
At 30 June 2023			
Financial assets (investments, cash, debtors)	-	-	-
Liabilities	-	-	-
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

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

Notes to the Financial Statements (Continued)

Description	KShs	Other currencies	Total
	Kshs		Kshs
At 30 June 2023			
Financial assets (investments, cash, debtors)	-	-	-
Liabilities	-	-	-
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

Foreign currency sensitivity analysis

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

b) Interest rate risk

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

Management of interest rate risk

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

Notes to the Financial Statements (Continued)

Sensitivity analysis

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of financial performance if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs xxx (20xx: KShs xxx). A rate increase/decrease of 5% would result in a decrease/increase in surplus of KShs xxx (20xx – KShs xxx).

iii) Capital Risk Management

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

20. Related Party Balances

Nature of related party relationships

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

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

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

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Description	2022/23	2021/22
	Kshs	Kshs
Transactions with related parties		
a) Services offered to related parties		
Services to other Hospitals	-	-
Total	-	-
b) Grants from the Government		
Grants from County Government	6,881,933	5,850,580
Grants from the National Government Entities	-	-
Total	6,881,933	5,850,580

21. Events after the Reporting Period

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

22. Ultimate and Holding Entity

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

23. Currency

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

20. Appendices

Appendix 1: Progress on Follow up of Auditor Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Non – Compliance with Requirements on Universal Health Care	The County Ministry of Health is aware of all the challenges facing UHC at the facility and is working on the matter	Not resolved	June 2024
2	Long Outstanding Trade and Other Payables	Long outstanding bills were forwarded to county level for verification and payments	Not resolved	June 2024
3	Internal Controls, Risk Management and Governance -Failure to maintain asset register -Lack of risk management policy - Weakness in inventories management	-Asset listing done but pending valuation by a professional. -Inventory management strengthened by proper store keeping guidelines.	Not resolved	June 2024

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 implementation of each issue.
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.


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Dr. Dorcas Kwamboka

Accounting Officer

MUTOMO HOSPITAL
MEDICAL SUPERINTENDENT

10 JUN 2024

P. O. Box 87 - 90201
MUTOMO

Mutomo Level IV Hospital (Kitui County Government)
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Appendix III: Inter-Entity Confirmation Letter

Mutomo Level IV Hospital

The Kitui county revenue wishes to confirm the amounts disbursed to you as at 30th June 2022 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by [Insert name of beneficiary entity] as at 30 th June 2023							
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (KShs) as at 30th June 2023				Amount Received by [beneficiary entity] (KShs) as at 30 th June 2023 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
0001075728	06/07/2022	403,304	0	0	403,304	403,304	0
0001076208	17/08/2022	600,000	0	0	600,000	600,000	0
0001077057	29/09/2022	600,000	0	0	600,000	600,000	0
0001078028	24/10/2022	600,000	0	0	600,000	600,000	0
0001078980	21/11/2022	600,000	0	0	600,000	600,000	0
0001080606	23/12/2022	600,000	0	0	600,000	600,000	0
0001080605	31/01/2023	600,000	0	0	600,000	600,000	0
0001082220	1/2/2023	600,000	0	0	600,000	600,000	0
0001083545	13/3/2023	600,000	0	0	600,000	600,000	0
0001084279	30/3/2023	600,000	0	0	600,000	600,000	0
0001085458	28/4/2023	600,000	0	0	600,000	600,000	0
0001087203	9/6/2023	478,629	0	0	478,629	478,629	0

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Total		6,881,933	<u>0</u>	<u>0</u>	6,881,933	6,881,933	0
Total							

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

Head of Accounts Department of the beneficiary entity:

Name hina nene Sign He Date 10/6/24

