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OFFICE OF THE AUDITOR-GENERAL

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REPORT

OF

THE AUDITOR-GENERAL

ON

MIGWANI LEVEL 4 HOSPITAL

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

COUNTY GOVERNMENT OF KITUI



Revised 30th June 2023

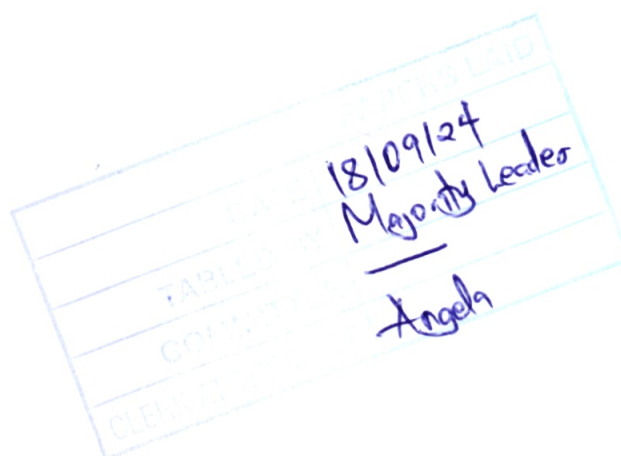


MIGWANI LEVEL 4 HOSPITAL (Kitui County Government)

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)



Migwani Hospital (Kitui County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

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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 Hospital Information and Management

(a) Background information

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

(b) Principal Activities

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

(c) Key Management

The management is under the following key organs:

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

(d) Fiduciary Management

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

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

(e) Fiduciary Oversight Arrangements

- Kitui County Assembly Public Investment and Accounts Committee.
- Kitui County Assembly County Budget and Appropriation Committee
- Kitui County Assembly Finance and Economic Planning Committee
- Kitui County Budget and Economic Forum

Key Hospital Information and Management (continued)

(f) Migwani Level IV Headquarters

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

(g) Migwani level IV Contacts

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

(h) Hospital Bankers

Kenya commercial Bank(KCB)

(i) Independent Auditors

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


(j) Principal Legal Adviser

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





(k) County Attorney

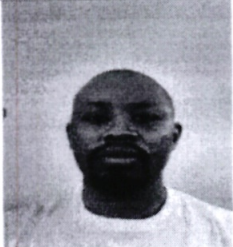
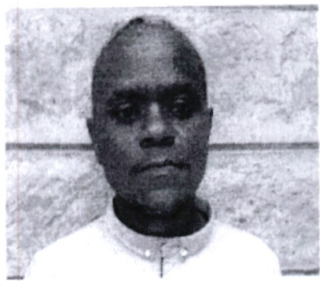

P.O. Box.33-90200
Kitui, Kenya

3. The Board of Management

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

4. Key Management Team

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

	Susan Njiiri	
5.	 Oscar Malombe	He YOB :1995 Experience :7 years Qualifications - 1. Master of science in procurement and logistics management 2. Bachelor of purchasing and supplies management.
6.	 Nicodemous Makau	Head of Laboratory. YOB :1986 Experience :9 years Qualifications - diploma in medical laboratory sciences
7.		Head Maintenance Department. YOB :1985 Experience :12 years Qualifications – Certificate in medical Engineering

*Migwani Hospital (Kitui County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023*

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

5. Chairman's Statement

I am pleased to present the annual report for the financial year 2022-2023 on behalf of Migwani Hospital. As the Chairman of the Board of Management, it is my honor to provide you with a summary of our key activities, successes, challenges, and the outlook for the future.

Throughout 2022 to 2023 Migwani Hospital has remained committed to its mission of providing high-quality healthcare services to our community. We have achieved several notable milestones:

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

Challenges:

Despite our achievements, we have encountered certain challenges:

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

The Way Forward - Future Outlook:

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

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

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

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

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

.....
Richard Musyoka

Chairman to the Board

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.....
Richard Musyoka

Chairman of the Board

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6. Report of The Medical Superintendent

Dear Members of the Governing Body,

I am pleased to present the Report of the Chief Executive Officer for 2022-2023. This report provides a more detailed overview of the hospital's performance and key activities over the past year, including an overview of our financial performance.

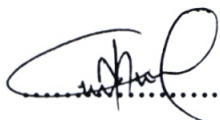
Key Activities and Achievements: Building upon the Chairman's statement, I would like to delve deeper into some of our key activities and accomplishments:

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

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

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

In closing, I want to express my gratitude to our dedicated staff, whose unwavering commitment to our patients and community has been instrumental in our success. I also extend my appreciation to the members of the Governing Body for their continued guidance and support. Together, we will continue to elevate our hospital's standards of excellence and ensure a healthier future for all.



.....
Dr. Benjamin Mwanza.

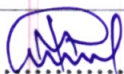
Secretary to the Board

7. Statement of Performance Against Predetermined Objectives

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

Migwani IV Hospital has 3 strategic pillars within the current Strategic Plan for the FY 2022-2023- FY 2023-2024. These strategic pillars are as follows:

Strategic Pillar, Theme, Issues	Objective	Key Performance Indicators	Activities	Achievements
Provide Reliable Medical services to all citizen	To provide reliable Medical Services	-Number of Medical staff -adequate pharmaceuticals and non-Pharmaceuticals stock levels	Maintaining proper staff levels Maintaining of Proper Pharmaceuticals and Non-Pharmaceuticals	-Staff Levels improved -Improved Pharmaceuticals and Non Pharmaceuticals
Increased Revenue	To Increase Revenue Collected	-NHIF Claims received	-Follow up of the NHIF Claims not received	-NHIF Claims received
Customer/Patient Satisfactory	-To increase number of Patient satisfied	-Number of Patient Served -Number of Complaint solved	Improve customer care services	Increased number of patients



Dr. Benjamin Mwanza.

Secretary to the Board

8. Corporate Governance Statement

Board Governance and Oversight:

1. Board Meetings: In the fiscal year 2022-2023 two Board meetings were held as scheduled. The meetings served as crucial platforms for strategic discussions, decision-making, and the review of organizational performance.

2. Board Meeting Attendance: Average Attendance Rate was high. Notable participation by all members underscores their dedication to the organization's governance.

The current Board of Management for Migwani Hospital was gazetted on 25th June 2021 as per Kenya Gazette Notice Number 6317.

The functions of the board of management include:

- a. Supervise and control the administration of funds allocated to the hospital;
- b. Through minutes, request the CECM to open and operate a bank account;
- c. Make sure the basic books of accounts for the Hospital are kept;
- d. Making sure records of accounts for income and expenditure and assets and liabilities are kept;
- e. Provide oversight to the hospital; among others

A member shall be added or removed according to the existing regulations on establishment of boards of management.

Generally, the hospital operates as per the set Terms of Reference concerning the number of Board meetings held and the attendance to those meetings by members, succession plan, existence of a Board charter, process of appointment and removal of Board members, roles and functions of the Board, induction, and training, Board and member performance, conflict of interest, board remuneration, ethics, and conduct as well as governance audit.

9. Management Discussion and Analysis

Clinical/Operational Performance:

Indicator	FY 2020/2021	FY 2021/2022	FY 2022/2023
Bed Capacity	39beds	39beds	39beds
Overall Patient Attendance	11719	21077	18471
Accident and Emergency Attendance	Ns	Ns	NS
Specialized Clinic Attendance	21027	33636	18471
Avg. Length of Stay (in days)	3	4	5
Bed Occupancy Rate	11%	11%	12%
Mortality Rate	7%	7%	13%
Surgical Theatre Utilization	-	-	-

Clinical/Operational Performance Trends:

Financial Performance:

Utilization of Funds:

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

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

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

Proper record maintenance for efficient patient data management.

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

Major Risks Facing the Organization:

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

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



.....
Dr. Benjamin Mwanza

Secretary to the Board

10. Environmental And Sustainability Reporting

Migwani Level IV Hospital was established to offer quality medical services to all citizen and its environment. The Hospital environment is clean and environment conducive for our patients.

i) Sustainability strategy and profile

The hospital has planted trees in the hospital compound to improve environment sustainability of the area.

ii) Environmental performance

The area around the hospital receives fair amount of rainfall, Mwingi Central, min 19-23°C, max 28-33 °C, Weekly rainfall is >20 mm

iii) Employee welfare

The Hospital operate as per the set Human Resource Policies borne

iv) Market place practices-

The following can be stated in relation to Migwani Level IV Hospital

a) Responsible competition practice.

Migwani Level IV Hospital exist to provide quality medical services to the citizens of Kenya and with no motive of making profits.

b) Responsible Supply chain and supplier relations

The Hospital is equipped with experienced supply Chain staff who coordinate with reliable suppliers to bring good and offer services as per the contracts given a document for processing for payment processing.

c) Responsible marketing and advertisement

No advertisements are done but the Hospital maintains good customer care services.

d) Product stewardship

Mechanisms are put in place to make sure the services are offered by the pharmacist to have drugs and non-pharmaceuticals in effective and efficient manner.

v) Corporate Social Responsibility / Community Engagements

The Hospital has conducted several Corporate Responsibility for the Community within the financial year, free eye screening and free HIV counselling.

11. Report of The Board of Management

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

Principal activities

The principal activities of the Hospital is to provide health services to the people of Kitui County and Kenya as a whole.

Results

The results of the hospital for the year ended June 30 2023 are set out on pages 1.. to .5

Board of Management

The members of the Board who served during the year are shown on page vii.

Auditors

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

By Order of the Board



.....
Dr. Benjamin Mwanza.
Secretary to the Board

12. Statement of Board of Management's Responsibilities

Section 164 of the Public Finance Management Act, 2012 requires the Board of Management to prepare financial statements in respect of Migwani Hospital, which give a true and fair view of the state of affairs of Migwani Hospital at the end of the financial year and the operating results of Migwani Hospital for the year 2022/2023. The Board of Management is also required to ensure that the Migwani Hospital keeps proper accounting records which disclose with reasonable accuracy the financial position of the Hospital. The council members are also responsible for safeguarding the assets of the Hospital.

The Board of Management is responsible for the preparation and presentation of Migwani Hospital financial statements, which give a true and fair view of the state of affairs of Hospital for and as at the end of the financial year (period) ended on June 30, 2023. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the Hospital (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Board of Management accepts responsibility of the Hospital financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Migwani Hospital. The Board members are of the opinion that the Hospital financial statements give a true and fair view of the state of the Hospital transactions during the financial year ended June 30, 2023, and of Hospital financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for Migwani Hospital, which have been relied upon in the preparation of Hospital financial statements as well as the adequacy of the systems of internal financial control.


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

Nothing has come to the attention of the Board of management to indicate Migwani 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 13/05/24 and signed on its behalf by:

.....
Richard Musyoka
Chairperson
Board of Management


.....
Dr. Benjamin Mwanza.
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 MIGWANI 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 Migwani Level 4 Hospital - County Government of Kitui set out on pages 1 to 36 which comprise of the statement of financial position as at 30 June, 2023 and the statement of financial performance,

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

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Migwani Level 4 Hospital - County Government of Kitui as at 30 June, 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 Public Health Act, 2017, the County Governments Act, No.17 of 2012 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Non-Disclosure of Employee Costs Paid by the County Government

The statement of financial performance reflects employee costs of Kshs.1,968,060 for casuals and contractual staff as disclosed in Note 9 to the financial statements. The Hospital received services from fifty-one (51) medical staff employed and paid by the County. However, the expenditure was not disclosed in the financial statements and the payroll was not provided for audit.

In the circumstances, the accuracy and completeness of employee costs of Kshs.1,968,060 could not be confirmed.

2. Undisclosed Inventories Balances

The statement of financial position reflects Nil inventories balances as disclosed in Note 17 to the financial statements. However, there was no evidence of the annual stock take having been conducted to confirm the quantities, value and status of closing inventory balances.

In the circumstances, the accuracy, completeness and valuation of the inventory balance as at 30 June, 2023 could not be confirmed.

3. Non-Disclosure of Property, Plant and Equipment

The statement of financial position and as disclosed under Note 18 to the financial statements reflects Nil property, plant and equipment balance. However, available information shows that the Hospital has 2.4 Hectares of freehold land, buildings, four (4) motor vehicles, computers and other movable and non-movable assets of undetermined value. Further, the land on which the hospital is built and the developments therein did not have ownership documents.

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

4. Inaccuracies in the Statement of Cash Flows

The statement of cash flows reflects cash and cash equivalents balance of Kshs.5,912 as at 30 June, 2023. However, review of the statement indicates net increase in cash and cash equivalents balance of Kshs.273,785 during the period under review resulting in an unexplained variance of negative Kshs.267,873.

In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.5,912 as at 30 June, 2023 could not be confirmed.

5. Non-Disclosure of Donated Drugs

The statement of financial performance did not disclose grants from donors and development partners. However, distribution data from Kenya Medical Supplies Authority (KEMSA) revealed that the Hospital received donations and program commodities drugs amounting to Kshs.9,873,352 and Universal Health Coverage aid of Kshs.424,861 but are not disclosed in the financial statements.

In the circumstances, the grants from donors and development partners amount could not be confirmed.

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

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, the Report on Lawfulness, Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management had not resolved all the issues or given any explanation for failure to implement the recommendations.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Deficiencies in Implementation of Universal Health Coverage

Review of Hospital records and interviews on verification of services offered, equipment used and medical specialists in the Hospital at the time of audit revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to staff deficits by sixty-eight (68) staff requirements or 67% of the of the authorized establishment.

Staff Requirements	Level 4 Standard	Number in Hospital	Variance	Percentage %
Medical Officers	16	3	13	81
Anesthesiologists	2	2	0	0
General Surgeons	2	0	2	100
Gynecologists	2	0	2	100
Pediatricians	2	0	2	100
Radiologists	2	2	0	0
Registered Community Health Nurses	75	26	49	65
Total	101	33	68	67

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

Service	Level 4 Hospital Standard	Actuals in the Hospital	Variance	Percentage %
Bed Capacity	150	66	84	56
Incubators (Newborn)	5	3	2	40
Functional ICU Beds	6	0	6	100
HDU Beds	6	0	6	100
Renal Unit with Dialysis Machines	5	0	5	100
Functional Operating Theaters Maternity and General	2	0	2	100

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

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

2. Hospital Operating without Board Management Committees

Section 5 of the Kitui County Health Facilities Management Committee Act, 2014 provides for the appointment of Hospital Management Committee by the County Executive Committee Member (CECM) responsible for Health matters. However, the CECM Health vide Gazette Notice Number 13546 dated 25 August, 2023 revoked the appointment of all Hospital Management Committees without replacement. As a result, the annual report and the financial statements for the year ended 30 June, 2023 have not been signed off by the Chairman of the Hospital Board in accordance to the reporting framework prescribed for Public Sector Accounting Standards Board (PSASB) accrual basis of accounting.

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

3. Failure to Dispose Unserviceable Assets

The statement of financial position reflects Nil property, plant and equipment balance. However, field verification revealed two (2) unserviceable vehicles that have not been disposed-off and they continue to deteriorate. This was contrary to the Public Procurement and Asset Disposal Act, 2015 Section 164 (1) which states that the employee in charge of unserviceable, obsolescent, obsolete or surplus assets shall bring the matter to the attention of the disposal Committee through the Head of the Procurement Function.

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

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 described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my

report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

1. Failure to Establish Internal Audit Committee and Non-Functional Internal Audit

During the year under review, the Hospital did not establish an audit committee contrary to Regulation 167(1) of the Public Finance Management (County Governments) Regulations 2015, which requires each County Government entity to establish an audit committee. Further, the internal audit reports for the Hospital were not provided for review and it was therefore not possible to ascertain whether the Internal Audit Function had given an assurance on the state of the risk management, internal control and governance within the Hospital as required by Regulation 166(3) of the Public Finance Management (County Governments) Regulations, 2015.

In the circumstances, the effectiveness of the Hospital internal controls could not be confirmed while the County Management were in breach of the law.

2. Expired Medical Supplies

The statement of financial position reflects Nil inventory balance. However, review of the store records on pharmaceuticals and non-pharmaceuticals revealed that three hundred and eighty-one (381) units of various drugs of undetermined value had expired.

In the circumstances, the effectiveness of internal controls over management and issuance of pharmaceuticals and non-pharmaceuticals 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 control, 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 control 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 control, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Hospital's ability to sustain its services, disclosing, as applicable, matters related to sustainability of services 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 control in order to give an assurance on the effectiveness of internal controls, risk management and overall 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 control would not necessarily disclose all matters in the internal control 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 control 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 control 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 control.

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 appropriate 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 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 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 Hospital 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 controls 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

28 June, 2024

Migwani Hospital (Kitui County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

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

		2022/2023	2021/2022
		KShs	
Revenue from non-exchange transactions			
Transfers from the County Government	6	15,152,985	13,364,987
Transfers from other Government entities		-	-
Public contributions and donations		-	-
		15,152,985	13,364,987
Revenue from exchange transactions			
Rendering of services- Medical Service Income	7	11,587,077	-
Revenue from exchange transactions		-	-
Total revenue		26,740,062	13,364,987
Expenses			
Medical/Clinical costs	8	5,893,447	5,973,120
Employee costs	9	1,968,060	2,379,100
Board of Management Expenses	10	26,000	-
Depreciation and amortization expense	11	-	-
Repairs and maintenance	12	1,121,977	336,625
General expenses	13	5,252,432	4,944,016
Revenue transfer to county Government	14	11,587,077	-
Total expenses		25,848,993	13,632,861
Other gains/(losses)		891,069	-267,874
Gain/Loss on disposal of non-Current assets		-	-
Gain on foreign exchange transactions		-	-
Total other gains/(losses)		-	-
Net Surplus / (Deficit) for the year		891,069	-267,874

The Hospital's financial statements were approved by the Board on 13/05/24 and signed on its behalf by:

.....
Richard Musyoka

Chairman

Board of Management

.....
Charles Kariuki.

Head of Finance

ICPAK No: 31306

.....
Dr. Benjamin Mwanza
Medical Superintendent

Migwani Hospital (Kitui County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

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

		2022	2021
		KSh	KSh
Assets			
Current assets			
Cash and cash equivalents	15	5,912	-
Receivables from non-exchange transactions	16	1,100,000	
Inventories	17	-	-
Total Current Assets		1,105,912	-
Non-current assets			
Total Non-current Assets	18	-	-
Total assets		1,105,912	-
Liabilities			
Current liabilities			
Trade and other payables	19	482,716	-
Total Current Liabilities		482,716	-
Non-current liabilities			
Total Non-current liabilities			
Total Liabilities		482,716	-
Net assets			
Revaluation reserve		-	-
Accumulated surplus/Deficit		623,196	-
Total Net Assets and Liabilities		1,105,912	-

The Hospital's financial statements were approved by the Board on 13/06/24 and signed on its behalf by:

.....
Richard Musyoka
 Chairman
 Board of Management

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

.....
Dr. Benjamin Mwanza
 Medical Superintendent

Migwani Hospital (Kitui County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

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

			Capital	Total
As at July 1, 2021 (previous year)				-
Revaluation gain				-
Surplus/(deficit) for the year		(267,873)		(267,873)
Capital/Development grants				-
As at June 30, 2022 (previous year)	-	(267,873)	0	(267,873)
At July 1, 2022 (current year)	-	(267,873)	-	(267,873)
Revaluation gain				-
Surplus/(deficit) for the year		891,069		891,069
Capital/Development grants				-
At June 30, 2023 (current year)	-	623,196	0	623,196

Migwani Hospital (Kitui County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

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

Description	Notes	2022/2023	2021/2022
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government		14,052,985	13,364,987
Transfers from other Government entities			
Rendering of services- Medical Service Income		11,587,077	
Revenue from rent of facilities			
Total Receipts		25,640,062	13,364,987
Payments			
Medical/Clinical costs		5,893,447	5,973,120
Employee costs		1,968,060	2,379,100
Board of Management Expenses		26,000	
Repairs and maintenance		1,121,977	336,625
General expenses		4,769,716	4,944,016
Transfer to the county government.		11,587,077	
Refunds paid out			
Total Payments		25,366,277	13,632,861
Net cash flows from operating activities	20	273,785	(267,873)
Cash flows from investing activities		-	-
Acquisition of investments		-	-
Net cash flows used in investing activities		-	-
Cash flows from financing activities		-	-
Proceeds from borrowings		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		273,785	-
Cash and cash equivalents as at 1 July 22	15	-	-
Cash and cash equivalents as at 30 June 23	15	5,912	-

**Migwani Hospital (Kitui County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023**

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

	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue						
Transfers from the County Government	15,600,000	-	15,600,000	15,152,985	-	97%
Transfers from other Government entities	-	-	-	-	-	
Public contributions and donations	-	-	-	-	-	
Rendering of services- Medical Service Income	11,587,077	-	11,587,077	11,587,077	-	100%
Revenue from rent of facilities	-	-	-	-	-	
Total income	27,187,077	-	27,187,077	26,740,062	-	98%
Expenses						
Medical/Clinical costs	6,000,000	-	6,000,000	5,893,447	-	100%
Employee costs	2,000,000	-	2,000,000	1,968,060	-	100%
Remuneration of directors	100,000	-	100,000	26,000	-	100%
Repairs and maintenance	1,200,000	-	1,200,000	1,121,977	-	100%
Rendering of services- Medical Service expenses	11,587,077	-	11,587,077	11,587,077	-	100%
General expenses	6,300,000	-	6,300,000	5,252,432	-	83.4%
Finance costs	-	-	-	-	-	-
Refunds	-	-	-	-	-	-
Surplus for the period	-	-	-	891,069	-	-
Capital expenditure	-	-	-	-	-	-

19. Notes to the Financial Statements

1. General Information

Migwani level IV Hospital is established by and derives its authority and accountability from Health Act. The Hospital is wholly owned by the Kitui County Government and is domiciled in Kitui County in Kenya. The entity's principal activity is to provide Health Services.

2. Statement of Compliance and Basis of Preparation

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

3. Adoption of New and Revised Standards

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

Standard	Effective date and impact
IPSAS 41: Financial Instruments	Applicable: 1st January 2023 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

Standard	Effective date and impact
	<p>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 Hospital 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> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity. (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.

Standard	Effective date and impact
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	Applicable 1st January 2025

	<p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p>Applicable 1st January 2025</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

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 Migwani and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the asset that has been acquired using such funds.

ii) Revenue from exchange transactions

Rendering of services

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

Notes to the Financial Statements (Continued)

b. Budget information

The original budget for FY 2022-2023 was approved by Board on . Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the hospital upon receiving the respective approvals in order to conclude the final budget. Accordingly, Migwani Hospital had no additional appropriations of on the FY 2022-2023 budget following the Board's approval. The Hospital budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page xxx under section xxx of these financial statements.

c. Taxes

Sales tax/ Value Added Tax

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

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

d. Property, plant and equipment

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

Notes to the Financial Statements (Continued)

e. 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 Hospital 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 Hospital 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.

f. Research and development costs

The Hospital expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Hospital 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

Notes to the Financial Statements (Continued)

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.

g. 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.

A financial instrument is any contract that gives rise to a financial asset of one hospital and a financial liability or equity instrument of another entity. At initial recognition, the hospital 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 hospital classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the 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 hospital has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

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

Amortized cost

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

Notes to the Financial Statements (Continued)

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

The hospital 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 hospital 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

Financial liabilities

Classification

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

Notes to the Financial Statements (Continued)

h. 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.

i. Provisions

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

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

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

Notes to the Financial Statements (Continued)

j. Social Benefits

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

k. Contingent liabilities

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

l. Contingent assets

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

m. Nature and purpose of reserves

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

n. Changes in accounting policies and estimates

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

Notes to the Financial Statements (Continued)

o. Employee benefits

Retirement benefit plans

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

p. Related parties

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

q. Service concession arrangements

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

Notes to the Financial Statements (Continued)

r. 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.

s. Comparative figures

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

t. 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.

Notes to the Financial Statements (Continued)

The Hospital based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. (IPSAS 1.140)

Useful lives and residual values

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

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

Provisions

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Notes to the Financial Statements (Continued)

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 18. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Notes to Financial Statements Continued

6. Transfers from the County Government

Description	2022/2023	2021/2022
	KShs	KShs
Unconditional grants		
Operational grant	15,152,985	-
Level 5 grants		
	15,152,985	-
Conditional grants		
Administration block grant	-	-
Laboratory grant	-	-
Total government grants and subsidies	15,152,985	-

6 b Transfers from The County Government

Name of the Hospital/Service	Amount recognized in Statement of financial performance* KShs	Amount deferred under income KShs	Amount recognised in capital fund KShs	Total grant income during the year KShs	Comparative Period KShs
Kitu County Government	15,152,985	-	-	15,152,985	13,632,861
Total	15,152,985	-	-	15,152,985	13,632,861

7. Rendering of Services-Medical Service Income

Description	2022/2023	2021/2022
	KShs	KShs
Pharmaceuticals	2,470,407	-
Laboratory	1,347,488	-
Radiology	365,409	-
Orthopedic and Trauma Technology	102,954	-
Dental services	177,837	-
Reproductive health	149,570	-
Farewell home services	2,847,685	-
Other medical services income	4,125,727	-
Total revenue from the rendering of services	11,587,077	-

Notes to Financial Statements Continued

8. Medical/ Clinical Costs

Dental costs/ materials	-	-
Laboratory chemicals and reagents	1,129,800	985,400
Public health activities	-	-
Food and Ration	1,865,520	2,323,567
Uniform, clothing, and linen	57,420	-
Dressing and Non-Pharmaceuticals	1,547,715	1,568,900
Pharmaceutical supplies	-	-
Health information stationery (Medical records)	560,892	963,753
Reproductive health materials	-	-
Sanitary and cleansing Materials	518,600	-
Purchase of Medical gases	-	-
X-Ray/Radiology supplies	213,500	131,500
Other medical related clinical costs (<i>specify</i>)	-	-
Total medical/ clinical costs	5,893,447	5,973,120

9. Employee Costs

Salaries, wages, and allowances	1,759,560	1,520,100
Contributions to pension schemes	127,400	-
Service gratuity	-	-
Performance and other bonuses	-	-
Staff medical expenses and Insurance cover	81,100	-
Social contribution	-	-
Employee costs	1,968,060	1,520,100

Notes to Financial Statements Continued

10. Board of Management Expenses

	2021/2022	
	Kshs	
Chairman's Honoraria	-	-
Sitting allowance	26,000	-
Airtime allowances	-	-
Total	26,000	-

11. Depreciation and Amortization Expense

	2021/2022	
	Kshs	
Property, plant and equipment	-	-
Intangible assets	-	-
Investment property carried at cost	-	-
Total depreciation and amortization	-	-

12. Repairs And Maintenance

	2021/22	2020/21
	Kshs	
Property- Buildings	230,809	203,738
Medical equipment	-	-
Office equipment	422,598	-
Furniture and fittings	249,570	-
Computers and accessories	-	-
Motor vehicle expenses	219,000	132,887
Maintenance of civil works	-	-
Total repairs and maintenance	1,121,977	336,625

Notes to the Financial Statements (Continued)

13. General Expenses

Audit fees	-	-
Bank charges	9,129	-
Conferences and delegations	-	-
Consultancy fees	-	-
Contracted services	778,640	1,699,280
Electricity expenses	540,000	370,000
Sanitation and Cleaning.	-	356,000
Other fuels (Charcoal, Firewood and Gas)	300,000	350,000.00
Research and development expenses	-	-
Office running expenses and general expenses	1,398,990	1,391,778
Travel and accommodation allowance	940,500	-
Legal expenses	-	-
Courier and postal services	-	-
Printing and stationery	175,173	135,836
Fuel expenses	1,100,000	530,000
Hire charges	-	-
Rent expenses	-	-
Water and sewerage costs	10,000	111,122
Subscriptions to professional bodies	-	-
Library books/Materials	-	-
Parking charges	-	-
Total General Expenses	5,252,432	4,944,016

14. Transfer to The County Government

Transfer to the County Government	11,587,077	-
Total transfers to County Government	11,587,077	-

15. Cash And Cash Equivalents

		2021/2022
		KShs
Current accounts	5,912	
On - call deposits		-
Fixed deposits accounts	--	-
Cash in hand	-	
Total cash and cash equivalents	5,912	-

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

Description		2022/2023	2021/2022
Financial institution	number	KShs	KShs
a) Current account	1156714397		
Kenya Commercial bank		5,912	
Sub- total		-	-
Grand total		5,912	-

16. Receivables From Non-Exchange Transactions

	2022/2023	2021/2022
		KShs
Transfers from the County Government	1,100,000	
Undisbursed donor funds	-	-
Other debtors (<i>non-exchange transactions</i>)	-	-
Less: impairment allowance	-	-
Total	1,100,000	-

17. Inventories

Pharmaceutical supplies	-	-
Maintenance supplies	-	-
Food supplies	-	-
Total	-	-

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18. Notes to the Financial Statements (Continued)

	Land and buildings	Buildings and equipment	Motor vehicles	Transportation equipment	ICT equipment	Pharmacy 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	-	-	-	-	-	-	-	-

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At July 2023																				
Depreciation																				
Disposals																				
Impairment																				
Transfer/adjustment																				
At 30th June 2023																				
Net book values																				
At 30th Jun 2022																				
At 30th Jun 2023																				

Notes to the Financial Statements (Continued)

19. Trade and other Payables

	2022/2023		2021/2022	
	KShs		KShs	
Trade payables	482,716		-	
Employee dues	-		-	
Third-party payments	-		-	
Audit fee	-		-	
Doctors' fee	-		-	
Total trade and other payables	482,716		-	
Ageing analysis:	FY 2022/2023	% of the Total	FY 2021/2022	% of the total
Under one year	482,716	100%	-	0%
1-2 years	-	0%	-	0%
2-3 years	-	0%	-	0%
Over 3 years	-	0%	-	0%
Total	482,716	100%	-	0%

20. Cash Generated from Operations

	2022/2023	2021/2022
	KShs	
Surplus for the year before tax	891,069	-267,874
Adjusted for:		
Contribution to impairment allowance	-	-
Working Capital adjustments		
Increase in inventory	-	-
Increase in receivables	(1,100,000)	-
Increase in payables	482,716	-
Increase in payments received in advance	-	-
Net cash flow from operating activities	273,785	-

Notes to the Financial Statements (Continued)

21. 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 hospital has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the 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:

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	1,100,000	1,100,000	-	-
Bank balances	5,912	5,912	-	-
Total	1,105,912	1,105,912	-	-

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 hospital has significant concentration of credit risk on amounts due from 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 hospital 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.

	Less than 12 months	Over 12 months	Over 5 years	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	-	-	482,716	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	482,716	-

Notes to the Financial Statements (Continued)

(iii) Market risk

The hospital has put in place an internal audit function to assist it in assessing the risk faced by the hospital on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the 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.

Sensitivity analysis

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

22. Related Party Balances

Nature of related party relationships

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

Kitui County Government is the principal shareholder of the Migwani 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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		2021/2022
		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	15,152,985	13,632,861
Grants from the National Government Entities		
Total	15,152,985	13,632,861
Total	15,152,985	13,632,861

23. Events after the Reporting Period

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

24. Ultimate and Holding Entity

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

25. Currency

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

Migwani Hospital (Kitui County Government)
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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.

1	Inaccurate Cash and Cash Equivalent balances	Authentic bank reconciliations to be availed by the relevant office management is in consultation with the office	Not Resolved	June 2024
2	Unsupported Expenditure	All supporting documents are under treasury and management is in the process of liaising with the persons in the office during this financial period to avail the supportive documents	Not Resolved	June 2024
3	Undisclosed Revenue from Exchange Transactions	The financial statements will be amended to capture the revenue collected and remitted to county government.	Not Resolved	June 2024
4	Failure to maintain an asset Register.	We have started the process of engaging the county government to assist us with personnel and resources that can assist us in valuations of the assets.	Not Resolved	June 2024

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

Accounting Officer

*Migwani Hospital (Kiini County Government)
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Appendix III: Inter-Hospital Confirmation Letter

[Insert your Letterhead]

Migwani Level Iv Hospital.

TheSAG wishes to confirm the amounts disbursed to you as at 30th June 2023 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.

Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)	Amount Received by Hospital (KShs) as at 30th June 2023	Differences (KShs) (E)=(D-E)
REC/00010762	17 Aug 22	1,300,000	-	-	1,300,000		-
REC/00010770	29 Sep 22	1,300,000	-	-	1,300,000		-
REC/00010780	24 Oct 22	1,300,000	-	-	1,300,000		-
REC/00010788	21 Nov 22	1,300,000	-	-	1,300,000		-
REC/00010805	23 Dec 22	1,300,000	-	-	1,300,000		-
REC/00010805	31 Jan 23	1,300,000	-	-	1,300,000		-
REC/00010822	1 Feb 23	1,300,000	-	-	1,300,000		-
REC/00010835	13 Mar 23	1,300,000	-	-	1,300,000		-
REC/00010842	30 Mar 23	1,300,000	-	-	1,300,000		-
REC/00010854	28 Apr 23	1,300,000	-	-	1,300,000		-

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REC/00010871	9 Jun 23	1,052,985	-	-	1,052,985	-
REC/00010	3 Jul 23	1,100,000	-	-	1,100,000	-
Total		15,152,985	-	-	15,152,985	-

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

Head of Accounts Department of the beneficiary entity:

Name *Charles Kamukoko* Sign *[Signature]* Date *13/05/2023*