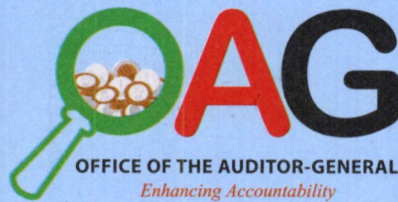


REPUBLIC OF KENYA



**REPORT**



**OF**

**THE AUDITOR-GENERAL**

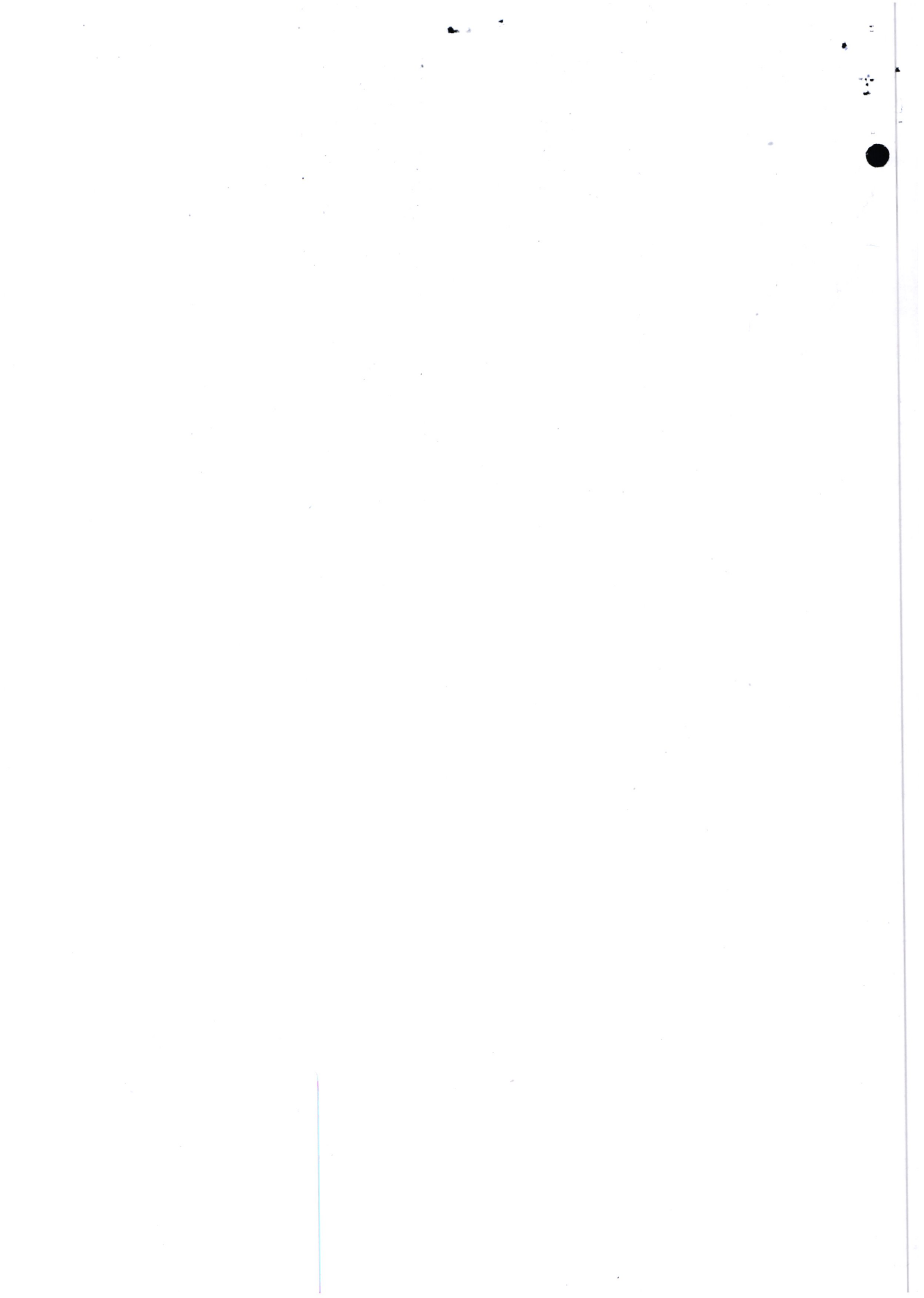
**ON**

**IKUTHA LEVEL 4 HOSPITAL**

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

**COUNTY GOVERNMENT OF KITUI**

MEMBERS LAID	
DATE	27/4/25
TABLED BY	SML
COMMITTEE	—
CLERK AT THE TABLE	Ms. Nabalayo





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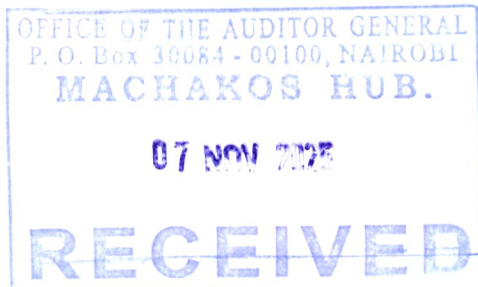
# IKUTHA LEVEL 4 HOSPITAL (Kitui County Government)

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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



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**1. Acronyms & Glossary of Terms**

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

***Ikutha Level 4 Hospital (Kitui County Government)***  
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**(c) Key Management**

The Ikutha Level 4 Hospital management is under the following key organs:

- County Department of Health-The Ministry of Health and Sanitation.
- Board of Management-The Ikutha Sub County Hospital Health Facility Management Committee.
- Accounting Officer/ Medical Superintendent
- Hospital Management Team

**(d) Fiduciary Management**

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

No.	Designation	Name
1.	CECM - COUNTY TREASURY	PETER MWIKYA KILONZO
2.	CECM – HEALTH AND SANITATION	RUTH KOKI
3.	CHIEF OFFICER – FINANCE	JOHN KIMWELE
4.	CHIEF OFFICER - MEDICAL SERVICES	DR. BENSON MUSYOKA
5.	CHIEF OFFICER DRUGS AND MEDICAL SUPPLIES	AGGREY KAMBA
6.	CHIEF OF OFFICER PUBLIC HEALTH	LYNN KITWAN
7.	MEDICAL SUPERINTENDENT	DR. DIANA MWENDE

**(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
- Controller of Budget
- National Treasury

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

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

Ikutha Level 4 Hospital was established during the colonial government times in 1948 by the then District Commissioner Jackson Mahony as Ikutha Health Centre. The facility at the time operated under the Government of Kenya Health Policy which later transitioned to the Health Facility Management Committee as was established under the National Health Sector Strategic Plan of Kenya (2012). Ikutha Health Centre was later upgraded to Ikutha Level 4 Hospital on 1st November, 2016 under the (Gazette Notice No. 9319). The hospital is now governed by a Health Facility Management Committee (Board of Management). It is located in Ikutha town approximately 100km from Kitui town along Kitui - Kibwezi Road, within Ikutha market and directly opposite AIC Ikutha Church with a catchment population of 20,012. The facility stands as the Referral centre for 4 wards within Kitui South namely: Ikutha, Mutha, Kanziko and Athi Wards and also acts as a link facility for 6 health centers, 24 dispensaries and 3 private health facilities within Kitui South Sub County and a hub for the Kitui South Primary care network.

Ikutha Level 4 Hospital refers most of its patients to Our Lady of Lourdes Mutomo Mission Hospital, Kitui County Referral Hospital and occasionally to Makindu Hospital which is about 70km in the neighbouring Makueni County.

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

The principal activity of the Ikutha level 4 Hospital is to offer healthcare services to the community of Kitui South sub county, Kitui county and Kenya at large.

**Vision:** An efficient quality healthcare system that is accessible, equitable and affordable to all Kenyans.

**Mission:** To promote and participate in the provision of integrated and efficacious promotive, preventive, curative, and rehabilitative health care services to all Kenyans.

**Core values:** Integrity, Professionalism, Team Work, Accountability, Responsiveness

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

**(f) Entity Headquarters**

P.O. Box 110-90207  
Ikutha Level IV Hospital  
Ikutha, Kitui  
Physical Address: Located within Ikutha Market, immediately opposite the main bus stage, opposite Ikutha AIC church.

**(g) Entity Contacts**

Telephone: +254 745 624 264  
E-mail: [ikuthahospital@gmail.com](mailto:ikuthahospital@gmail.com)  
Website: [www.kitui.go.ke](http://www.kitui.go.ke)

**(h) Entity Bankers**

Kenya Commercial Bank  
Kitui Branch  
P. O. Box 683- 90200  
Kitui, Kenya

**(i) Independent Auditors**

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

**(j) Principal Legal Adviser**

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

**(k) County Attorney**

P.O. Box 33-90200  
Kitui, Kenya






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

The board of management was not in place in the fiscal year 2024/2025 as their appointment was revoked on 6<sup>th</sup> October 2023 under the gazette notice number 1354.

#### 4. Key Management Team



Management	Details
<p>Dr Diana Mwendu</p>  <p>Bachelors of Medicine and Surgery</p>	<p>Medical Superintendent</p>
<p>Joyce Mbinya Nyamai</p>  <p>Bachelors in Economics and Social Sciences, Certificate in leadership, management and governance of health systems.</p>	<p>Health Administrative Officer</p>
<p>Dr Barbara Nafula Muchinyi</p>  <p>Bachelor of Pharmacy</p>	<p>Head Pharmacy Department</p>
<p>John Maluki</p>  <p>Diploma in Kenya Registered Community Health Nursing.</p>	<p>Head Nursing Department</p>
<p>Christine Kea</p>	<p>Head Maternal and Child health Department</p>



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 Bachelor of Science in Nursing	
Monica Nduta  Diploma in Clinical Medicine	Head Clinical Department
Miriam Muia  Diploma in Health Records	Head Records and Information Department
Justus Kinyamasyo  Diploma in Clerical Science	Head Revenue Department
Gideon Mboloi  Diploma in Supply Chain Management	Head Supply Chain Department

<p>Jacinta Mumbe David</p>  <p>Bachelor of Commerce - Finance CPA Finalist</p>	<p>Head of Accounts Department</p>
<p>Peninah Lwaya</p>  <p>Diploma in Nutrition Sciences</p>	<p>Head Nutrition and Dietetics Department</p>
<p>Kibet Kiso</p>  <p>Diploma in Medical Imaging Science</p>	<p>Head Radiology Department</p>
<p>Brian Malombe</p>  <p>Diploma in Medical Laboratory Sciences</p>	<p>Head Laboratory Department</p>
<p>Festus Kimeu</p>	<p>Head Eye Department</p>

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 <p>Diploma in Clinical Medicine Higher Diploma in Ophthalmology</p>	
<p>Anthony Muimi</p>  <p>Diploma in Dental technology</p>	<p>Head Dental Department</p>
<p>Rose Muli</p>  <p>Diploma in Occupational Therapy</p>	<p>Head Occupational Therapy Department</p>
<p>Gladys Mwalafu</p>  <p>Higher National Diploma in Medical Education, Diploma in Physiotherapy</p>	<p>Head Physiotherapy Department</p>
<p>Elly Juma</p>  <p>Diploma in Orthopaedic and trauma</p>	<p>Head Orthopaedics Department</p>

<p>Sylvester Mulyunga</p>  <p>Higher Diploma in Palliative Care</p>	<p>Head Palliative Care Department</p>
<p>Christine Mumbua</p>  <p>Certificate in Medical Engineering</p>	<p>Head Biomedical Engineering Department</p>

**5. Chairman’s Statement**

The board of management was not in place in the financial year 2024/2025 as their appointment was revoked on 6<sup>th</sup> October 2023 under the gazette notice number 1354.

.....

**Name**

**Chairman to the Board**

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

Ikutha Level 4 Hospital was established during the colonial government times in 1948 by the then District Commissioner Jackson Mahony as Ikutha Health Centre. The facility at the time operated under the Government of Kenya Health Policy which later transitioned to the Health Facility Management Committee as was established under the National Health Sector Strategic Plan of Kenya (2012) on 31st May 2017. Ikutha Health Centre was later upgraded to Ikutha Level 4 Hospital on 1st November 2016 under Gazette Notice No. 9319. The hospital is now governed by a Health Facility Management Committee. The hospital is located within Ikutha ward in Kitui South Subcounty in Ikutha town, approximately 100 km from Kitui town along the Kitui–Kibwezi road, within Ikutha market and opposite Ikutha AIC church. The facility has a catchment population of 20,012 (2024). The population is largely of the Kamba ethnicity and the hospital provides services to residents from Ikutha, Mutha, Kanziko, and Athi wards. It also acts as a referral link facility for six health centers, twenty-four dispensaries, and three private health facilities within Kitui South Subcounty. Ikutha Level 4 Hospital refers most of its patients to Our Lady of Lourdes Mutomo Mission Hospital, Kitui County Referral Hospital, and occasionally to Makindu Hospital in Makueni County. The climate where the facility is located is semi-arid, receiving low and erratic rainfall with two rainy seasons. The wettest month is November with an average of 121 mm of rainfall while the driest month is July with approximately 1 mm. The economy in the region is largely driven by subsistence farming and livestock rearing, both of which are difficult due to the unpredictable rainfall. Christianity is the dominant religion in the area.


In the financial year 2024/2025 the hospital continued to provide critical services and made significant progress in strengthening healthcare delivery. Maternal and newborn health services remained central, with the maternity unit conducting both normal deliveries and caesarean sections through the maternity theatre. Postnatal care services gained traction, reflecting improved follow-up and continuity of care for mothers and newborns. Nutrition services were also enhanced, ensuring dietary support for children and women in need. The hospital expanded access to specialized clinics, including psychiatry, palliative care, physiotherapy, occupational therapy, eye, orthopedics, radiology, dental, and medical outpatient clinics. A major highlight was the establishment of an obstetrics and gynecology clinic, which has become a vital service for provision of reproductive health services. Outpatient services remained a key entry point for most patients, with clinics for chronic conditions, maternal health, and general consultations running consistently. Integration of SHA across departments continued to provide financial protection for patients and strengthened the

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hospital's revenue streams. Radiology services remained functional, and security lighting enhanced the safety of staff and patients. Despite being largely paper-based, the hospital advanced digitization efforts with SHA claims processed online and computers used at the Comprehensive Care Centre. The hospital also partnered with the Kenya Medical Training College (KMTC) to host students for clinical placements, positioning itself as a center for training and mentorship. Staff capacity was enhanced through targeted trainings and continuous professional development sessions, including infection prevention and control and emergency obstetric and neonatal care mentorship. Several consignments of medical supplies were received from KEMSA, ensuring that the facility maintained critical stocks for service continuity. Departments also engaged in environmental activities, including tree planting, contributing to climate resilience and team cohesion. The hospital, however, faced challenges in the course of the year. Water scarcity remained a pressing issue due to the semi-arid climate, unstable power supply with frequent outages, funding gaps and staffing shortages. Looking ahead, Ikutha Level 4 Hospital is focused on consolidating gains and addressing these challenges. Key priorities include securing a reliable water supply, strengthening energy reliability with solar power backup, equipping and operationalizing the main theatre and specialized units, scaling up laboratory and radiology services, expanding digital records, and enhancing staff training and professional development

The hospital extends sincere appreciation to the Governor of Kitui County, the County Executive Committee Member for Health and Sanitation, the Chief Officers, and the County Health Management Team for their continued support. We also recognize the contribution of the Health Facility Management Team, hospital staff, and the community, whose commitment and resilience have sustained service delivery. With continued partnership, Ikutha Level 4 Hospital remains committed to delivering accessible, affordable, and quality healthcare to the people of Kitui South.

  
**IKUTHA SUB COUNTY HOSPITAL**  
**MEDICAL SUPERINTENDENT**  
**06 NOV 2025**  
P. O. Box 110-90207  
IKUTHA

**Dr. Diana Mwende**  
**Secretary to the Board**

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

Ikutha Level IV Hospital has 3 strategic pillars within the current Strategic Plan for the FY 2024-2025.

These strategic pillars are as follows;

Pillar 1: Reducing morbidity and mortality burden

Pillar 2: Quality Service Delivery

Pillar 3: Increased Revenue generation

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

<b>Strategic Pillar/Theme/Issues</b>	<b>Objective</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
Reducing morbidity and mortality burden in the society	Reducing morbidity and mortality burden in the society	-Number of health talks conducted	-Regular health talks	-Number of health talks
Quality Service Delivery	Offer quality services to all our clients	Increased retention rates of patients and customer satisfaction	-Providing on the hospital services - Regular staff training - Implementing the client's feedback or concerns	Reduced complaints from clients Increased retention rate of special clinic clients Increased deliveries Reduced referrals out Increased recovery rate and reduced in hospital mortality rate
Increase Revenue	Increased	Percentage	-Reviewing	Percentage

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	revenue generation from the facility	Increase in revenue generated	<p>daily reports to close any gaps.</p> <ul style="list-style-type: none"> <li>- Training revenue clerks on NHIF system for optimal claims success.</li> <li>-CMEs on revenue generation for all staff</li> <li>-Bench marking other facilities</li> </ul>	increase in revenue generated compared to the previous financial year
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## **8. Corporate Governance Statement**

Ikutha Level 4 Hospital Health Facility Management Committee is established in accordance with the Kitui County Health Facilities Management Committee Act, 2014. The committee is mandated to provide oversight, governance, and resource mobilization for the hospital in line with the provisions of the Act.

### **Membership**

The Health Facility Management Committee consists of nine (9) members. Members are nominated by the County Executive Committee Member for Health and Sanitation and forwarded to the Governor for approval. The membership comprises:

- The Medical Superintendent of the hospital, who serves as the secretary and ex-officio member;
- The Sub-County Administrator;
- Representatives of the business community, professional groups, women's groups, faith-based organizations, youth, and people living with disabilities;
- A chairperson nominated by the County Executive Committee Member for Health and Sanitation and approved by the Governor.

### **Succession**

A member of the committee, other than the ex-officio secretary, shall hold office for a period of three years and shall be eligible for reappointment for one further term, subject to performance.

### **Funds of the Committee**

The funds of the committee consist of:

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

### **Meetings of the Committee**

1. The committee shall meet at least four times in a year, and may hold emergency meetings in case of outbreaks or disasters.
2. The quorum for meetings shall be five members, including the secretary.
3. The secretary shall maintain records of all committee deliberations.
4. Minutes and reports of meetings shall be submitted to the County Executive Committee Member and the committee members within twenty-eight (28) days after each meeting.

5. Meetings of the committee shall be held at the hospital in respect of which the committee is established.
6. The County Executive Committee Member may attend any meeting of the committee, and the area Members of County Assembly in the sub-county where the hospital is situated may also attend in exercise of their oversight role.

### **Functions of the Committee**

The committee shall:

- (a) Supervise and control the administration of the funds allocated to the hospital;
- (b) Request, through minutes, authority from the County Executive Committee Member to open and operate a bank account;
- (c) Prepare hospital work plans and ensure drug stocking levels are based on usage;
- (d) Keep books of accounts;
- (e) Keep records of income, expenditure, assets and liabilities;
- (f) Prepare and submit to the Chief Officer for Health and Sanitation certified periodical financial and performance reports;
- (g) Keep a permanent record of all deliberations;
- (h) Ensure hospital planning is consistent with national and county policies, laws and regulations;
- (i) Review and approve hospital development, service delivery and activity plans;
- (j) Provide oversight to the hospital;
- (k) Approve and authorize hospital budgets and expenditure.

### **Core Responsibilities**

- Overseeing hospital performance improvement;
- Participating in planning for the hospital;
- Mobilizing resources for hospital improvement;
- Overseeing the financial operations of the hospital;
- Ensuring development of human resources;
- Ensuring compliance with environmental regulations and standards;
- Enhancing relationships and partnerships;
- Mitigating potential conflict of interest;
- Risk management;
- Regulatory compliance.

### **Vacation of Office and Remuneration**

A member shall vacate office if:

- Absent from three consecutive meetings without permission of the chairperson;

- Ceases to hold the office by virtue of which they were nominated;
- Convicted of a criminal offence with a sentence of six months or more or a fine exceeding one hundred thousand shillings;
- Ceases to reside or practice in the hospital area of jurisdiction;
- Resigns in writing;
- Found unfit on medical grounds;
- Dies;
- Is involved in conflict of interest;
- Is guilty of gross misconduct;
- Found incompetent;
- Convicted of an offence involving dishonesty or fraud;
- Declared bankrupt;
- A genuine petition from the public is lodged against the member.

Remuneration of members is determined by the Salaries and Remuneration Commission.

**Relationship with the Hospital Management Team**

1. The committee shall notify the Hospital Management Team of all meetings and ensure that minutes and plans are supplied within seven (7) days.
2. The Hospital Management Team shall forward the minutes to the Chief Officer in the County Department of Health and Sanitation, who shall brief the County Executive Committee Member.

## 9. Management Discussion and Analysis

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

### Clinical/operational performance

Ikutha level 4 Hospital being strategically located within Kitui South Sub County, receives patients from the neighbouring wards including Ikutha, Mutha, Kanziko and Athi wards. It also serves as a hub for the Kitui South Primary care network. The facility hosts a 46-bed capacity inpatient unit.

### Population estimates:

The following are the population estimates/targets for Ikutha sub county hospital for the Year 2024.

	INDICATOR	ESTIMATED POPULATION
1.	TOTAL CATCHMENT POPULATION	20012
2.	UNDER 1 YEAR POPULATION	540
3.	UNDER 5 YEARS POPULATION	2101
4.	UNDER 15 YEARS POPULATION	8425
5.	15- 24 YEARS POPULATION	4343
6.	25-59 YEARS POPULATION	5603
7.	POPULATION OVER 60 YEARS	1521
8.	WOMEN OF CHILD BEARING 15-49	4763
9.	ESTIMATED PREGNANT WOMEN	580
10.	ESTIMATED DELIVERIES	560

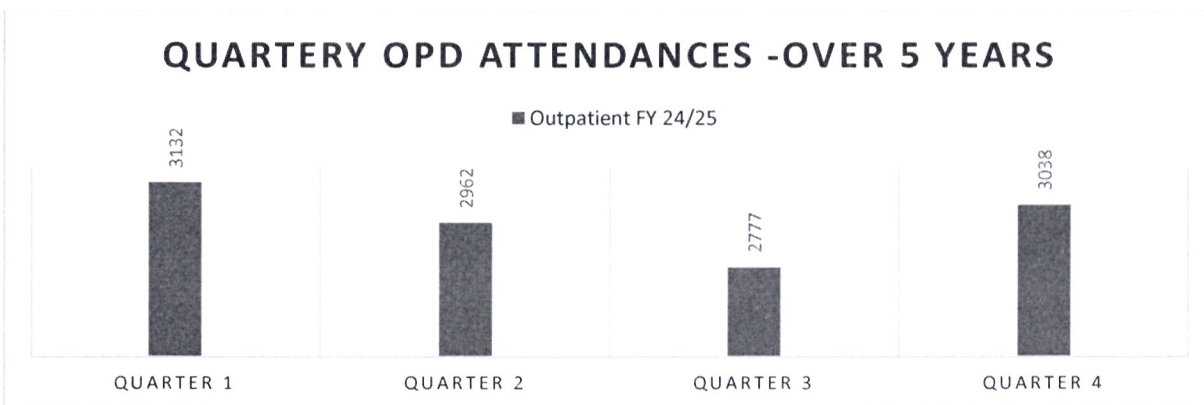
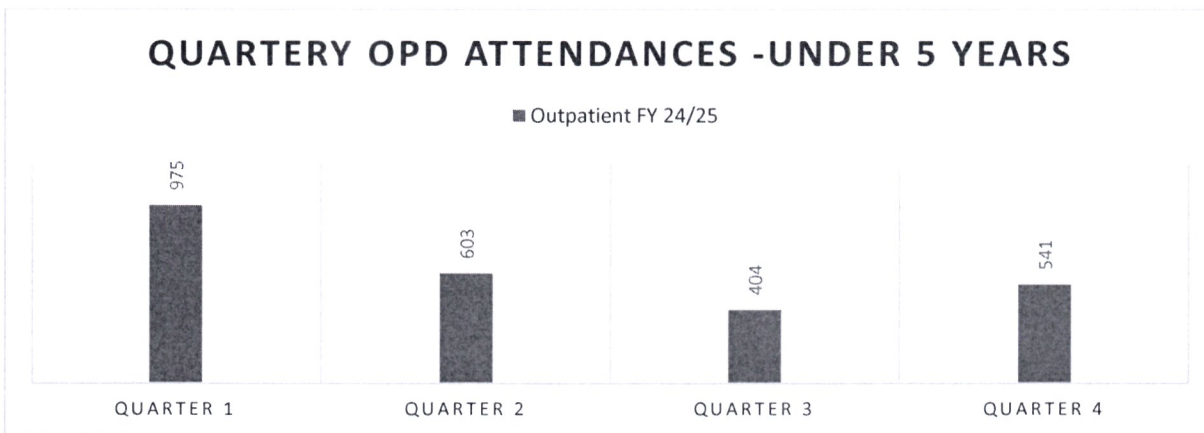
### Outpatient Department:

The facility has been running a robust outpatient department that takes care of the accident and emergency patients and also the general outpatient population.

In the year ended June 2025, the overall catchment population for the hospital was 20,012. A total of 16,876 patients were attended to in the facility achieving 84.33% of this target indicating that the facility outpatient services are accessible and well utilised by the population. The distribution of outpatient attendances according to age are outlined in the graphs below.

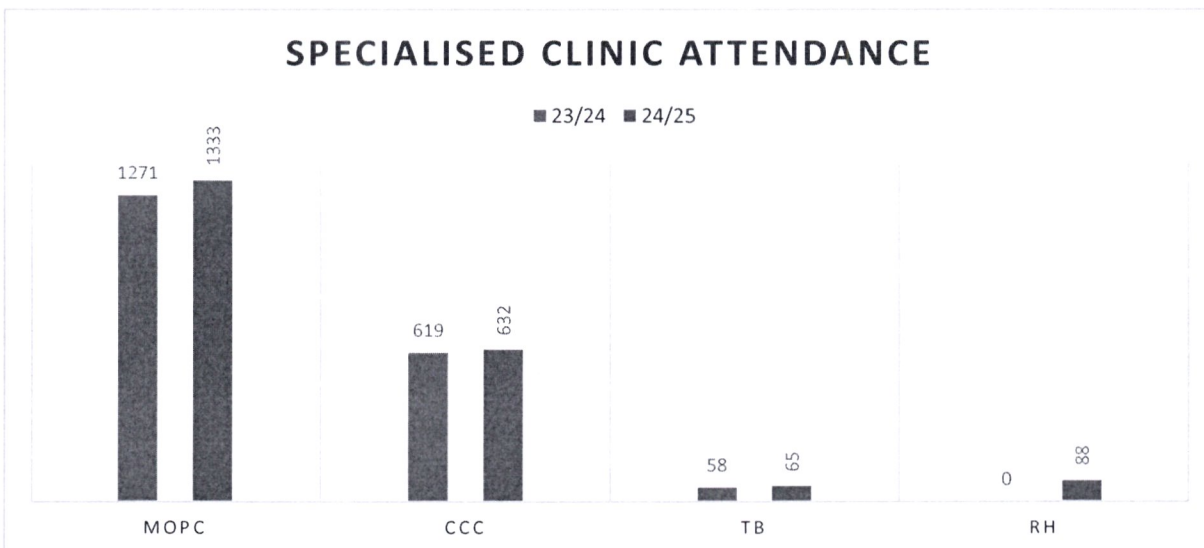
They also outline the patient flow throughout the quarters of the year ended June 2025 for Outpatient (OPD) attendances.

Of note some of the quarter attendances were affected by the industrial strike that affected the healthcare workers country wide in that period



**SPECIALISED CLINIC ATTENDANCE**

The following bar graph represents the Special Clinic attendances for year ended June 2025 including medical outpatient clinic (MOPC), RH (Reproductive health), Comprehensive care clinic (CCC) for HIV patients and Tuberculosis (TB) clinic.

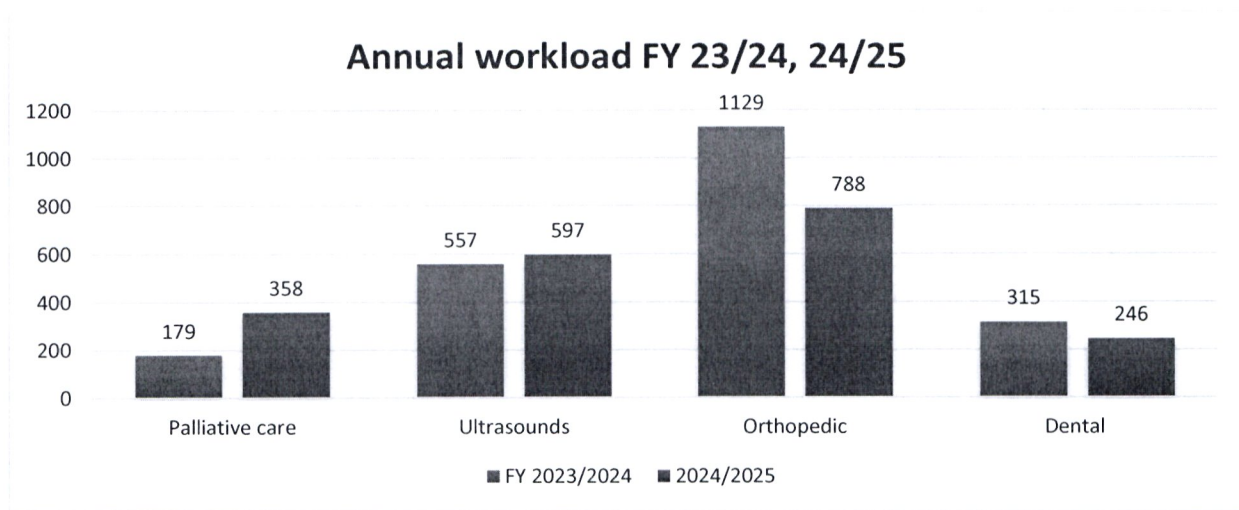


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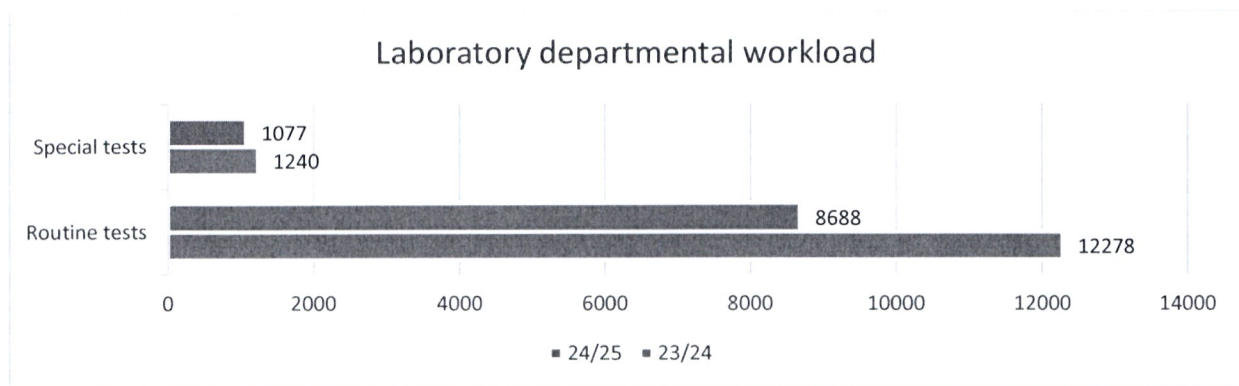
There is an increase in the MOPC, CCC, and TB clinic attendances which shows significant improvement in service delivery in this departments.

The RH clinic was established this year and is offering specialised reproductive health services to patients in need, this has also reduced RH referrals out.

Other departmental workloads are outlined in the graph below



There was a significant workload increase in the palliative care department, other departmental workloads were significantly affected by a prolonged health care workers industrial action

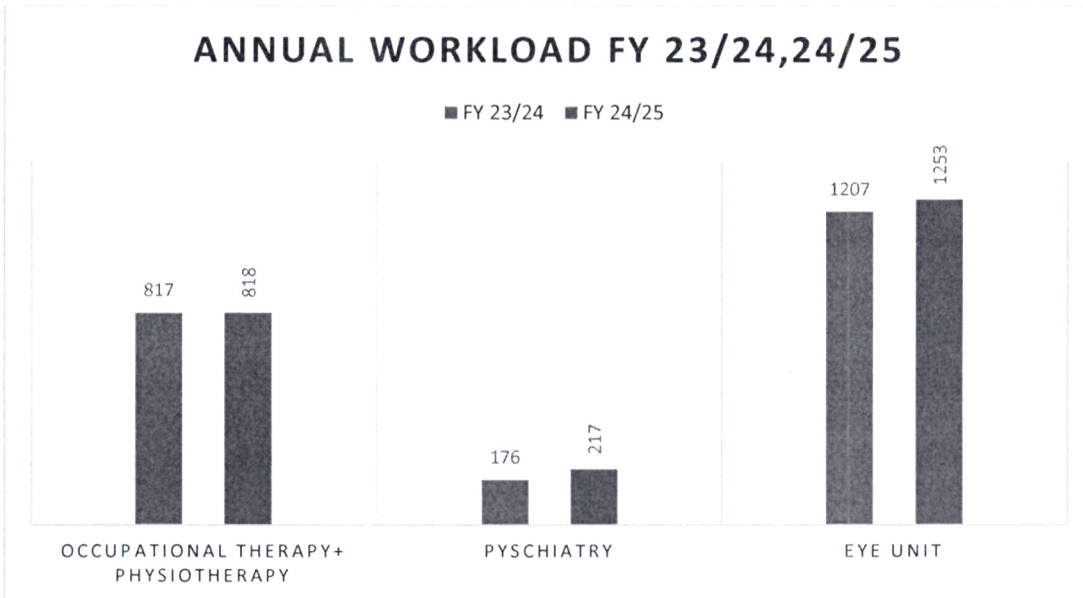


Some of the special tests performed at the facility include:

- Free PSA levels
- HBA1C
- Thyroid function tests
- Clinical chemistry
- Full Hemogram

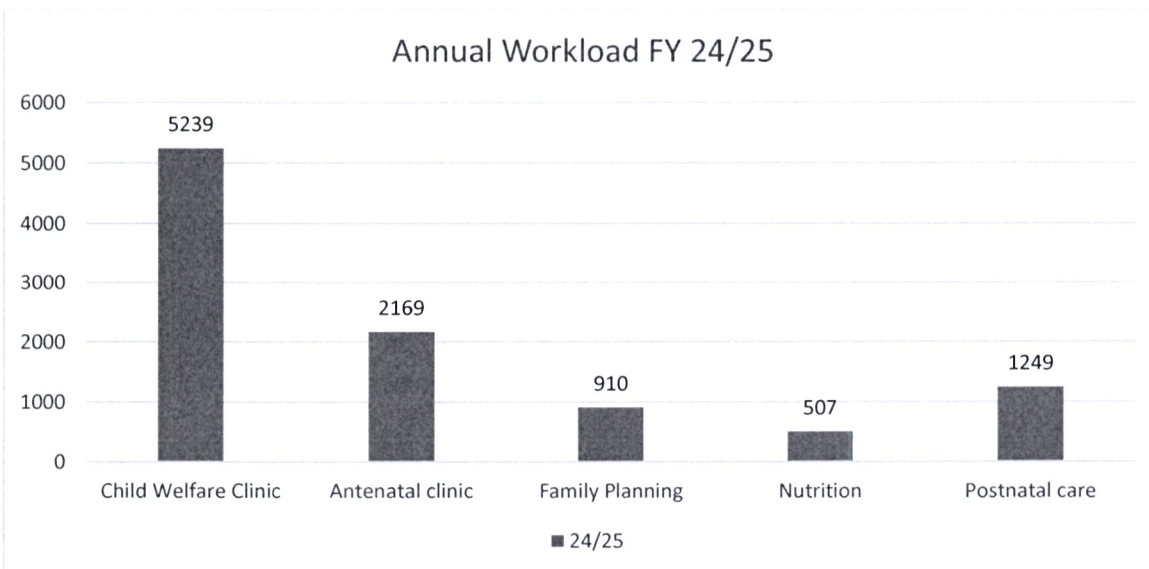
**REHABILITATIVE DEPARTMENTS**

The graph below outlines data for the Rehabilitative Departments:



The facility has been running the above rehabilitative departments to cater for people living with disability and there is a significant increase in workload compared to the last financial year in all 4 departments

**The graphs below outline the workload for various MCH departments for the FY 24/25**



**The following table outlines the workload for the maternity and inpatient departments for the FY 24/25**

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<b>In patient workload</b>	<b>Admissions</b>		<b>Monthly</b>	<b>Referrals</b>
Maternity	1047	960 Deliveries	87	30
Medical	231		19	45
Paediatrics	93		8	17
Newborn	113		9	8
<b>TOTAL</b>	<b>1484</b>		<b>124</b>	<b>100</b>

There is a significant increase in the total deliveries for this financial year compared to the previous FY from 934 to 960 deliveries signifying a 10% increase in total deliveries. This can be partly explained by the operationalization of the maternity theatre. 6.7% of the admissions were referred for further specialised treatment which could not be provided at the facility

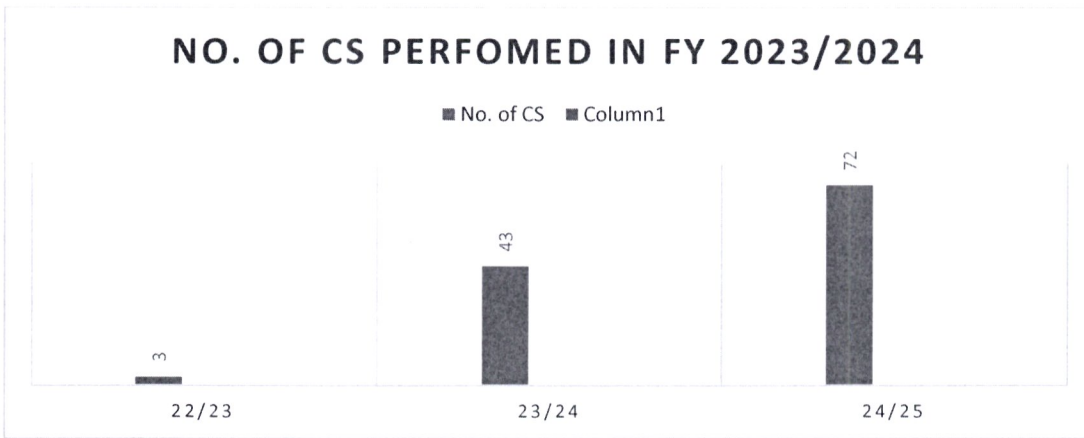
<b>Mode of delivery</b>	<b>Annual Total</b>
Total admissions	1047
SVD	834
CS	72
Breech	16
AVD	38
<b>TOTAL</b>	<b>960</b>

In the maternity and labour unit a total of 1047 admissions were made with a total of 960 deliveries being registered as outlined in above table.

There was no Maternal mortality in that FY. The Neonatal Mortality rate is 11.5 deaths per 1000 live births a great improvement from 17 per 1000 live births last year

The hospital was also able to continue operating the maternity theatre during this FY albeit amid of challenges and constraints. Outlined below is the theatre workload for this financial year.

#### **MATERNITY THEATRE WORKLOAD REPORT**



### Notes

The maternity theatre has been operating for a period of two years. Despite the challenges the workload has progressive increased as outlined and thus contributing to the reduced newborn and maternal mortality rate in the facility.

### Financial performance

In the financial year ended June 2025, the facility collected a total of Ksh 14,825,480

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

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

The major revenue source for the facility for the FY 2024/2025 were the funds that were disbursed from the County government in the form of FIF (facility improvement funds).

In the FY 2024/2025 the facility received Ksh 13,000,000 as monthly allocation from the county government.

These funds were used to run the day-to-day activities of the facility including Food and ration, cleaning materials, Casual wages, Locums, Daily subsistence allowances, Records materials, Water and Sewerage, Electricity, Fuels, Station Maintenance among others as outlined in detail in this financial statement.

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

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

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

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

### **ii) Environmental performance**

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

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

Part of the efforts that the facility is putting towards environmental sustainability include planting of trees and greenery within the hospital compound, maintaining a clean and neat hospital compound and prudent use of water and electricity among others. We also have put in place several storage tanks that we use to store rain water harvested during the rainy season despite the fact that the area being a semi-arid area receives very low levels of rain. The facilities waste disposal system follows the Ministry of Health Kenya national guidelines for safe management of health care waste (2024) which includes the safe practices for management of medical waste.

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

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

**iii) Employee welfare**

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

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

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

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

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

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

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

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

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

**iv) Market place practices-**

The organisation should outline its efforts to:

**a) Responsible competition practice.**

The facility is committed to upholding responsible competition practices and continues to select its suppliers in line with the laws and guidelines set by the County Government. Supplies, commodities, and services provided are periodically reviewed and audited by the hospital's management team to ensure transparency, accountability, and compliance with procurement standards

**b) Responsible Supply chain and supplier relations**

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

**c) Responsible marketing and advertisement or Responsible engagement with citizens**

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

**d) Product stewardship or Awareness Creation**

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

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

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

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

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

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

### **Principal activities**

The principal activities of the entity are to provide health care services.

### **Results**

The results of the entity for the year ended June 30<sup>th</sup> 2025 are set out on pages 1 to 6

### **Board of Management**

The members of the Board who served during the year are shown on page vi. During this financial year the members degazetted on 6<sup>th</sup> October 2023, gazette notice 13546.

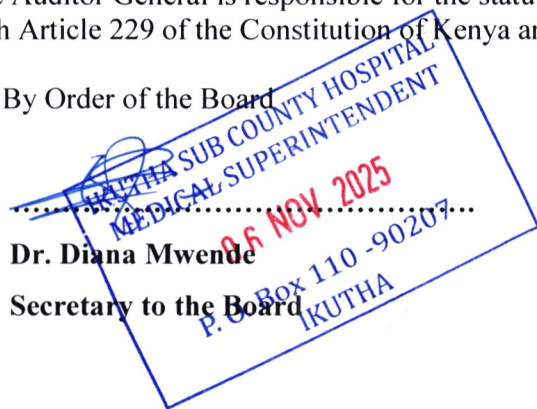
### **Auditors**

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

By Order of the Board

Dr. Diana Mwendu

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 Ikutha Level IV Hospital which give a true and fair view of the state of affairs of Ikutha Level IV Hospital at the end of the financial year and the operating results of the hospital for that year. The Board of Management is also required to ensure that Ikutha level iv 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 Level 4 hospital financial statements, which give a true and fair view of the state of affairs of the hospital for and as at the end of the financial year ended on June 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the hospital (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Board of Management accepts responsibility for level iv hospitals financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgement and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Board members are of the opinion that the hospitals financial statements give a true and fair view of the state of the hospitals transactions during the financial year ended June 30, 2025 and of the hospitals financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for Ikutha level iv hospital which have been relied upon in the preparation of the hospitals financial statements as well as the adequacy of the systems of internal financial control.

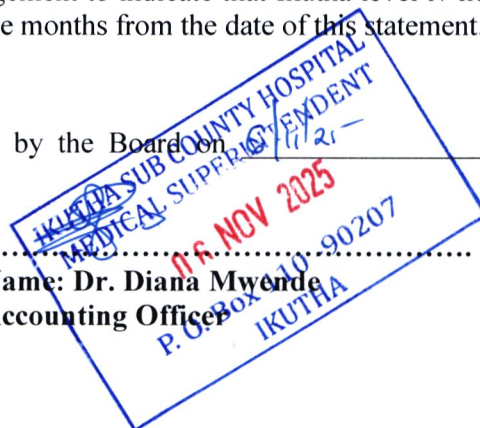
Nothing has come to the attention of the Board of management to indicate that Ikutha level iv hospital will not remain a going concern for at least the next twelve months from the date of this statement.

### Approval of the financial statements

The Hospital’s financial statements were approved by the Board on \_\_\_\_\_ and signed on its behalf by:

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

.....  
**Name: Dr. Diana Mwende**  
**Accounting Officer**



# REPUBLIC OF KENYA



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HEADQUARTERS  
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NAIROBI

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

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### **PREAMBLE**

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

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

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

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of Ikutha Level 4 Hospital – County Government of Kitui set out on pages 1 to 44, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of

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

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

### **Basis for Qualified Opinion**

#### **Unconfirmed Property, Plant and Equipment Balance**

The statement of financial position reflects property, plant and equipment balance of Kshs.2,433,190, which as disclosed in Note 19 to the financial statements relates to additions during the year for furniture, fittings and office equipment, ICT equipment and plant and medical equipment valued at Kshs.37,000, Kshs.1,420,190 and Kshs.976,000 respectively. However, review of the Hospital's records and physical verification revealed assets including land, buildings, motor vehicles, furniture, fittings and office equipment which were not disclosed in the financial statements. Further, ownership documents for land and motor vehicles were not provided for audit review.

In the circumstances, the accuracy, completeness and ownership of property, plant and equipment balance of Kshs.2,433,190, could not be confirmed.

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

#### **Key Audit Matters**

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

#### **Other Information**

The Management is responsible for the Other Information set out on pages iii to xxx which comprise of Key Entity Information and Management, The Board of Management, Key

Management Team, Chairman’s Statement, Report of the Medical Superintendent, Statement of Performance Against predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Board of Management and Statement of Board of Management’s Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

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

### Conclusion

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

### Basis for Conclusion

#### 1.0 Deficiencies in Implementation of Universal Health Coverage

Review of the Hospital’s records and interviews on verification of services offered, equipment used and medical specialists in the Hospital as at the time of audit in September, 2025 revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to staff deficits of seventy-eight (78) or approximately 77% of the authorized establishment.

Staffing Requirement	Level 4 Standard	Number in Hospital	Variance	Percentage %
Medical Officers	16	4	12	75
Anesthesiologists	2	0	2	100
General Surgeons	2	0	2	100
Gynecologists	2	0	2	100
Pediatricians	2	0	2	100
Radiologists	2	0	2	100

Registered Community Health Nurses	75	19	56	75
<b>Total</b>	<b>101</b>	<b>23</b>	<b>78</b>	<b>77</b>

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

<b>Equipment &amp; Machines</b>	<b>Level 4 Hospital Standard</b>	<b>Actuals in the Hospital</b>	<b>Variance</b>	<b>Percentage %</b>
Beds	150	46	104	69
Incubators (Newborn)	5	4	1	20
COTS	5	3	2	40
Resuscitaire in Labour Ward	2	1	1	50
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	1	1	50

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

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

## **2.0 Irregular Engagement of Casual Workers**

The statement of financial performance reflects employee costs of Kshs.94,858,110 as disclosed in Note 12 to the financial statements. Included in the amount is Kshs.2,755,955 being payment in respect to casuals and contractual staff. However, review of documents revealed that casual workers were engaged for more than three (3) months. This is contrary to Section B.16(1) of the County Public Service Human Resource Manual of May, 2013 which states that (1) casual workers shall be engaged only on urgent short-term tasks with the approval of the County Public Service Board and they shall not be engaged for more than three months, as stipulated in the Employment Act, 2007.

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

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

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

## **Conclusion**

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

## **Basis for Conclusion**

### **1.0 Expired Medical Supplies**

The statement of financial position and as disclosed in Note 18 to the financial statements reflect inventories balance of Kshs.1,665,656. Review of stores records on pharmaceuticals and non-pharmaceuticals supplies revealed that one hundred and thirty-one (131) units of various drugs of undetermined value had expired.

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

### **2.0 Stock-Outs of Essential Medical Supplies**

The statement of financial position reflects inventories balance of Kshs.1,665,656 as disclosed in Note 18 to the financial statements. Review of the Hospital's stock cards for controlling stores indicated that the Hospital experienced stock-outs of medical supplies ranging from three (3) months to ten (10) months.

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

### **3.0 Lack of Risk Management Policy and Strategy**

The Hospital Management had not put in place a Risk Management Policy, strategies, and a risk register to mitigate against risks. It was, therefore, not clear how Management manages risk exposures. This is contrary to Regulation 158 (1)(a) and (b) of the Public Finance Management (County Governments) Regulations, 2015 which require the Accounting Officer to ensure that the County Government entity develops risk management strategies, which include fraud prevention mechanism; and the County Government entity develops a system of risk management and internal controls that builds robust business operations.

In the circumstances, the existence of effective risk management measures could not be confirmed.

#### **4.0 Lack of Hospital Management Board**

Review of records revealed that during the year under review, the Board of Management that is supposed to direct the Hospital in achieving its strategic objectives had not been constituted. In addition, the financial statements were not signed by the Chairman of Board of Management.

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

#### **5.0 Failure to Maintain a Fixed Assets Register**

The statement of financial position reflects property, plant and equipment balance of Kshs.2,433,190. However, review of the Hospital's records and physical verification revealed that the Hospital did not maintain a fixed assets register to control its assets. This is contrary to Regulation 136(1) of the Public Finance Management (County Governments) Regulations, 2015 which states that the Accounting Officer shall be responsible for maintaining a register of assets under his or her control or possession as prescribed by the relevant laws.

In the circumstances, existence of effective measures on assets management could not be confirmed.

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

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

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

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

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements

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

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

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

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

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

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

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

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

**Nairobi**

**14 November, 2025**

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

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

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from the County Government	6	13,000,000	12,900,000
In- kind contributions from the County Government	7	101,021,135	102,759,664
Grants from donors and development partners	8	-	348,260
Public Contributions and Donations	9	8,117,345	-
		<b>122,138,480</b>	<b>116,007,924</b>
<b>Revenue from exchange transactions</b>			
Rendering of services- Medical Service Income	10	14,825,480	14,485,437
<b>Revenue from exchange transactions</b>		<b>14,825,480</b>	<b>14,485,437</b>
<b>Total revenue</b>		<b>136,963,960</b>	<b>130,493,361</b>
<b>Expenses</b>			
In- kind contributions from the County Government	7	-	102,759,664
Medical/Clinical costs	11	19,535,490	3,206,656
Employee costs	12	94,858,110	2,752,650
Board of Management Expenses	13	-	40,000
Repairs and maintenance	14	804,200	914,765
General expenses	15	6,678,963	6,318,640
Transfer to County Revenue Fund		20,510,373	2,996,588
<b>Total expenses</b>		<b>142,387,136</b>	<b>118,988,963</b>
<b>Other gains/(losses)</b>		-	-
<b>Total other gains/(losses)</b>		-	-
<b>Net Surplus / (Deficit) for the year</b>		<b>(5,423,176)</b>	<b>11,504,398</b>

*(The notes set out on pages 8 to 42 form an integral part of the Annual Financial Statements.)*

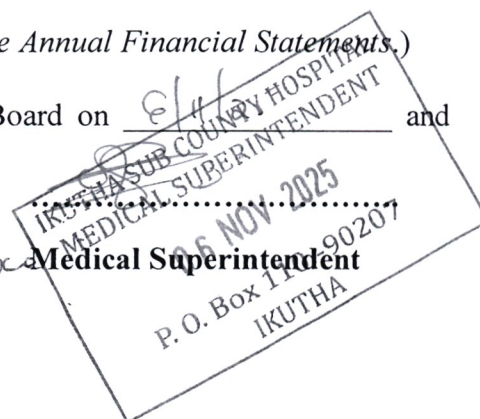
The Hospital's financial statements were approved by the Board on 8/11/2025 and signed on its behalf by:

.....  
**Chairman**

He  
.....  
**Head of Finance** *Kimie Mwa* **Medical Superintendent**

**Board of Management**

**ICPAK No:** *28941*



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

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	16	613,135	7,799,174
Receivables from exchange transactions	17	4,586,960	3,722,338
Inventories	18	1,665,656	2,274,457
<b>Total Current Assets</b>		<b>6,865,751</b>	<b>13,795,969</b>
<b>Non-current assets</b>			
Property, plant, and equipment	19	2,433,190	-
<b>Total Non-current Assets</b>		<b>2,433,190</b>	
<b>Total assets (A)</b>		<b>9,298,941</b>	<b>13,795,969</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	20	2,203,689	1,277,540
<b>Total Current Liabilities</b>		<b>2,203,689</b>	<b>1,277,540</b>
<b>Non-current liabilities</b>		-	-
<b>Total non-current liabilities</b>		-	-
<b>Total Liabilities (B)</b>		<b>2,203,689</b>	<b>1,277,540</b>
<b>Net assets (A-B)</b>		<b>7,095,252</b>	<b>12,518,429</b>
<b>Represented by:</b>			
Revaluation reserve		-	-
Accumulated surplus/Deficit		7,095,252	12,518,429
Capital Fund		-	-
<b>Net Assets</b>		<b>7,095,252</b>	<b>12,518,429</b>

*(The notes on pages 8 to 42 form an integral part of the Annual Financial Statements.)*

**Ikutha Level IV Hospital (Kitui County Government)**

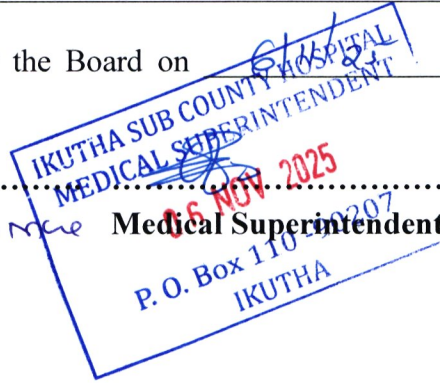
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

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

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

*A*  
.....  
**Head of Finance** *Kitui County* **Medical Superintendent**  
**ICPAK No:** *28941*



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

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
<b>As at July 1, 2023 (previous year)</b>	-	<b>1,014,030</b>	-	<b>1,014,030</b>
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	11,504,398	-	11,504,398
Capital/Development grants	-	-	-	-
<b>As at June 30, 2024 (previous year)</b>	-	<b>12,518,428</b>	-	<b>12,518,428</b>
<b>At July 1, 2024 (current year)</b>	-	<b>12,518,428</b>	-	<b>12,518,428</b>
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	-5,423,176	-	-5,423,176
Capital/Development grants	-	-	-	-
<b>At June 30, 2025 (current year)</b>	-	<b>7,095,252</b>	-	<b>7,095,252</b>

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

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

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from the County Government		13,000,000	12,900,000
Grants from donors and development partners		-	348,260
Rendering of services- Medical Service Income		13,960,857	10,763,100
<b>Total Receipts</b>		<b>26,960,857</b>	<b>24,011,360</b>
<b>Payments</b>			
Medical/Clinical costs		4,411,805	3,206,656
Employee costs		2,470,955	2,752,650
Board of Management Expenses		-	40,000
Repairs and maintenance		666,200	914,765
General expenses		6,050,563	6,318,640
Transfer to County Government Fund		20,510,373	2,996,588
<b>Total Payments</b>		<b>34,109,896</b>	<b>16,229,299</b>
<b>Net cash flows from operating activities</b>	21	<b>(7,149,039)</b>	<b>7,782,061</b>
<b>Cash flows from investing activities</b>		-	-
Purchase of property, plant, equipment		(37,000)	-
Purchase of intangible assets		-	-
Proceeds from the sale of PPE		-	-
Acquisition of investments		-	-
<b>Net cash flows used in investing activities</b>		<b>(37,000)</b>	-
<b>Cash flows from financing activities</b>			-
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Capital grants received		-	-
<b>Net cash flows used in financing activities</b>		<b>(7,186,039)</b>	-
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(7,186,039)</b>	<b>7,782,061</b>
Cash and cash equivalents as at 1 July	16	7,799,174	17,113
<b>Cash and cash equivalents as at 30 June</b>	16	<b>613,135</b>	<b>7,799,174</b>

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	<b>a</b>	<b>b</b>	<b>c=(a+b)</b>	<b>d</b>	<b>e=(c-d)</b>	<b>f=d/c%</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	
Budget carryovers from the previous year		32,662	32,662	32,662		100%
<b>Receipts</b>						
Transfers from the County Government	13,000,000	-	13,000,000	13,000,000	-	100%
Grants from donors and development partners	-	-	-	-	-	
Transfers from other Government entities	-	-	-	-	-	
Public contributions and donations	-	-	-	-	-	
Rendering of services- Medical Service Income	14,825,480	-	14,825,480	14,825,480	-	100%
Revenue from rent of facilities	-	-	-	-	-	
Finance / interest income	-	-	-	-	-	
Miscellaneous receipts ( <i>specify</i> )	-	-	-	-	-	
<b>Total receipts</b>	<b>27,825,480</b>	<b>32,662</b>	<b>27,858,142</b>	<b>27,858,142</b>	<b>-</b>	<b>100%</b>
<b>Payments</b>						
Medical/Clinical costs	4,972,122	-	4,972,122	4,895,355	76,767	98%
Employee costs	2,779,100	-	2,779,100	2,755,955	23,145	99%
Repairs and maintenance	804,400	-	804,400	804,200	200	100%
Grants and subsidies	-	-	-	-	-	
General expenses	6,607,194	-	6,607,194	6,715,963	(108,769)	102%
Finance costs	-	-	-	-	-	
Rendering of services- Medical Service Income	12,695,326	-	12,695,326	12,695,326	-	100%
<b>Total Operational Expenditure paid</b>	<b>27,858,142</b>	<b>-</b>	<b>27,858,142</b>	<b>27,866,799</b>	<b>-</b>	<b>100%</b>
<b>Capital Expenditure paid</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Surplus</b>	<b>(32,662)</b>	<b>32,662</b>	<b>(0)</b>	<b>(8,656)</b>	<b>(8,656)</b>	

*(Kshs. 32,662 on budget carryover is the opening bank balance – operations accounts that was utilized this fy)*

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**Budget Reconciliation**

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	-8,656
1	Total Budget Receipts (Cash)	15,162,816
2	Total Budget payments (Expenditure)	15,171,473
	Closing Cash and Cash Equivalent as per the statement of Cash flows	613,135

*(Bank charges amounting to Kshs.17,295 for revenue account not budgeted for but are part of actual cost under general cost, hence negative surplus)*

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

### **1. General Information**

Ikutha Level 4 Hospital entity is established by and derives its authority and accountability from Health Act. The entity is wholly owned by the Kitui County Government and is domiciled in Kitui County in Kenya. The entity's principal activity is to offer health care services.

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

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant, and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the 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. 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, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

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

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

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

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

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

Standard	Effective date and impact:
Equipment	<p>infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e. g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
<p>IPSAS 46 Measurement</p>	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
<p>IPSAS 47- Revenue</p>	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
<p>IPSAS 48- Transfer Expenses</p>	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial</p>

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<b>Standard</b>	<b>Effective date and impact:</b>
	statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS 49- Retirement Benefit Plans	<b><i>Applicable 1<sup>st</sup> January 2026</i></b> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<b><i>Applicable 1<sup>st</sup> January 2027</i></b> The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires: <ul style="list-style-type: none"> <li>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li> <li>ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.</li> <li>iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.</li> </ul>

***iii) Early adoption of standards***

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

#### **4. Summary of Significant Accounting Policies**

##### **a. Revenue recognition**

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

##### **Transfers from other Government entities**

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

##### **ii) Revenue from exchange transactions**

##### **Rendering of services**

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

##### **Sale of goods**

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

##### **Interest income**

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

##### **Rental income**

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

*Notes to the Financial Statements (Continued)*

**b. Budget information**

The original budget for FY 24/25 was approved by the ministry of the Health and Sanitation on monthly basis during the financial year. There were no Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the hospital did not record additional appropriations on the FY 24/25 budget following the Board's approval. The *entity's* budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

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

**c. Taxes**

**Sales tax/ Value Added Tax**

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

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

taxation authority is included as part of receivables or payables in the statement of financial position.

**d. Investment property**

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

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

**e. Property, plant and equipment**

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

*Notes to the Financial Statements (Continued)*

**f. Leases**

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

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

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

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

**g. Intangible assets**

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

*Notes to the Financial Statements (Continued)*

**h. Biological Assets**

The entity recognizes biological assets when it controls the assets due to past events, it is probable that future economic benefits associated with the asset will flow to the entity, and when the fair value or cost of the asset can be measured reliably. Biological assets are initially and subsequently measured at fair value less costs to sell, except where fair value cannot be reliably determined. In such cases, the asset is measured at its cost less accumulated depreciation and any accumulated impairment losses. Changes in fair value less costs to sell are recognized in surplus/deficit in the period in which they occur.

**i. Research and development costs**

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

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

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

**j. Financial instruments**

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

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

### **Financial assets**

#### **Classification of financial assets**

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

#### **Subsequent measurement**

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

#### **Amortized cost**

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

**Fair value through net assets/ equity**

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

**Fair value through surplus or deficit**

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

**Trade and other receivables**

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

**Impairment**

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

## **Financial liabilities**

### **Classification**

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

### **k. 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.

### **l. Provisions**

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

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

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

**m. Social Benefits**

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

**n. Contingent liabilities**

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

**o. Contingent assets**

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

**p. Nature and purpose of reserves**

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

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

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

*Notes to the Financial Statements (Continued)*

**r. Employee benefits**

**Retirement benefit plans**

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

**s. Foreign currency transactions**

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

**t. Borrowing costs**

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

**u. Related parties**

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

**v. Service concession arrangements**

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

**w. 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 imprest and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**x. Comparative figures**

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

**y. Subsequent events**

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

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

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

**Estimates and assumptions.**

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

**Useful lives and residual values**

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

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

**Provisions**

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

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

**6. Transfers from the County Government**

Description	2024/2025	2023/2024
	KShs	KShs
<b>Unconditional grants</b>		
Operational grant	13,000,000	12,900,000
Other grants (KEHPCA KE)	-	348,260
	<b>13,000,000</b>	<b>13,248,260</b>
<b>Conditional grants</b>	-	-
<b>Total government grants and subsidies</b>	<b>13,000,000</b>	<b>13,248,260</b>

**6 a Transfers from The County Government**

Name of the Entity sending the grant	Amount recognized to Statement of financial performance*	Amount deferred under deferred income	Amount recognised in capital fund:	Total grant income during the year	Comparative Period
			KShs		
Kitui County Government	13,000,000	-	-	13,000,000	12,900,000
<b>Total</b>	<b>13,000,000</b>	<b>-</b>	<b>-</b>	<b>13,000,000</b>	<b>12,900,000</b>

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**Notes to Financial Statements (Continued)**

**7. In Kind Contributions from The County Government**

Description	2024/2025	2023/2024
	KShs	KShs
Salaries and wages	91,869,155	92,810,180
Medical supplies-Drawings Rights (KEMSA)	6,522,790	9,456,290
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	-	-
Casual Labour Paid by County	233,000	-
Utility bills	-	493,194
Supply and installation of network peripherals and 12 desktop computers for Ikutha Level IV Hospital	1,420,190	-
Procurement of 5 CPAP machines for Newborn units	976,000	-
<b>Total grants in kind</b>	<b>101,021,135</b>	<b>102,759,664</b>

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

Description	2024/2025	2023/2024
	KShs	KShs
Other grants (Kepha)	-	348,260
<b>Total grants from development partners</b>	<b>-</b>	<b>348,260</b>

**9. Public Contributions and Donations**

Description	2024/2025	2023/2024
	KShs	KShs
Donations from religious institutions	-	-
Donations from other international organisations and individuals (Donation of medical Supplies, mainly ARVs and TB medication)	8,117,345	-
Other donations( <i>specify</i> )	-	-
Donations in kind-amortised	-	-
<b>Total donations and sponsorships</b>	<b>8,117,345</b>	<b>-</b>

*(Donation in-kind of medical Supplies, is mainly ARVs and TB medication, the amount is part of medical cost in the statement of financial performance)*

Notes to Financial Statements (Continued)

10. Rendering of Services-Medical Service Income

Description	2024/2025	2023/2024
	Kshs	Kshs
Consultation	297,540	-
Medical Cards	129,770	-
Laboratory	110,920	-
Radiology	338,000	-
Orthopedic and Trauma Technology	1,950	-
Inpatient	154,330	-
Outpatient	181,440	-
Pharmacy	365,475	-
Eye	11,500	-
Schools	51,905	-
Dental services	35,000	-
Medical examinations	32,800	-
Other medical services income ( <i>Nhif &amp; SHA claims</i> )	13,114,850	14,485,437
<b>Total revenue from the rendering of services</b>	<b>14,825,480</b>	<b>14,485,437</b>

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

**11. Medical/ Clinical Costs**

Description	2024/2025	2023/2024
	Kshs	Kshs
Dental costs/ materials	-	-
Laboratory chemicals and reagents	-	35,910
Public health activities	-	-
Food and Ration	1,997,935	1,534,250
Uniform, clothing, and linen	-	-
Dressing and non-pharmaceuticals	475,740	34,200
Pharmaceutical supplies (KEMSA Drawing rights)	6,548,790	-
Pharmaceutical supplies (ARVs & TB medication) donations	8,117,345	-
Health information stationery	1,617,380	1,045,780
Sanitary and cleansing Materials	765,800	426,565
Purchase of Medical gases	12,500	10,451
X-Ray/Radiology supplies	-	119,500
<b>Total medical/ clinical costs</b>	<b>19,535,490</b>	<b>3,206,656</b>

**12. Employee Costs**

Description	2024/2025	2023/2024
	Kshs	Kshs
Salaries, wages, and allowances	93,856,290	1,625,300
Contributions to pension schemes - (NSSF)	211,020	192,000
Staff medical expenses and Insurance cover - (SHIF)	44,250	83,100
Other employee costs - Locum	746,550	852,250
<b>Employee costs</b>	<b>94,858,110</b>	<b>2,752,650</b>

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

**13. Board of Management Expenses**

Description	2024/2025	2023/2024
	Kshs	Kshs
Chairman's Honoraria	-	-
Sitting allowance	-	40,000
Mileage	-	-
Insurance expenses	-	-
Induction and training	-	-
Travel and accommodation allowance	-	-
Airtime allowances	-	-
<b>Total</b>	-	<b>40,000</b>

**14. Repairs And Maintenance**

Description	2024/2025	2023/2024
	Kshs	Kshs
Property- Buildings	36,250	351,945
Medical equipment	200,000	43,570
Office equipment	5,000	25,000
Furniture and fittings	142,500	70,000
Computers and accessories	-	-
Motor vehicle expenses	117,250	284,185
Maintenance of Generator	303,200	140,065
<b>Total repairs and maintenance</b>	<b>804,200</b>	<b>914,765</b>

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Notes to the Financial Statements (Continued)

15. General Expenses

Description	2024/2025	2023/2024
	Kshs	Kshs
Catering expenses	154,500	444,705
Bank charges	23,023	9,875
Contracted services - Security	1,303,840	1,111,520
Electricity expenses	687,700	605,000
Fuel and Lubricants	1,395,000	1,925,350
Travel and accommodation allowance	835,550	733,500
Printing and stationery	1,032,200	746,800
Water and sewerage costs	305,750	363,890
Other fuel	535,000	
Telephone and mobile phone services	253,000	211,000
Staff training and development	108,400	157,000
HMT allowance	75,000	
Subscriptions to professional bodies	-	10,000
<b>Total General Expenses</b>	<b>6,678,963</b>	<b>6,318,640</b>

16. Cash And Cash Equivalents

Description	2024/2025	2023/2024
	KShs	KShs
Current account	7,935	32,662
Revenue account	605,200	7,766,512
<b>Total cash and cash equivalents</b>	<b>613,135</b>	<b>7,799,174</b>

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

Description		2024/2025	2023/2024
Financial institution	Account number	KShs	KShs
<b>a) Current account</b>			
Kenya Commercial bank	1217309373	7,935	32,662
Kenya Commercial bank	1217310002	605,200	7,766,512
<b>Grand total</b>		<b>613,135</b>	<b>7,799,174</b>

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

**17. Receivables From Exchange Transactions**

Description	2024/2025	2023/2024
	KShs	KShs
Medical services receivables	4,586,960	3,722,337
<b>Total receivables</b>	<b>4,586,960</b>	<b>3,722,337</b>

**Analysis of Receivables From Exchange Transactions**

Description	2024/2025		2023/2024	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	-	%	-	%
Between 1- 2 years	4,586,960	100%	3,722,337	100%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total (a+b)</b>	<b>4,586,960</b>	<b>%</b>	<b>3,722,337</b>	<b>%</b>

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*Notes to the Financial Statements (Continued)*

**18. Inventories**

Description	2024/2025	2023/2024
	KShs	KShs
Pharmaceutical supplies	1,560,368	2,274,457
Food supplies	47,968	-
Linen and clothing supplies	-	-
Cleaning materials supplies	720	-
General supplies	56,600	-
<b>Total</b>	<b>1,665,656</b>	<b>2,274,457</b>

**Detailed disclosure on inventories**

	2024/2025	2023/2024
Opening balance	2,274,457	-
Additional Inventory in the year	14,640,135	-
Inventory expensed in the year	15,248,936	-
Write-downs in the year	-	-
Others specify	-	-
Closing balance	1,665,656	2,274,457

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*Notes to the Financial Statements (Continued)*

**19. Property, Plant and Equipment**

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (specify)	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh	Ksh
<b>Cost</b>									
At 1 July 2023 (previous year)	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-
Disposals	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Transfers/adjustments	-	-	-	-	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-	-	-	-
<b>At 30<sup>th</sup> June 2024</b>	-	-	-	-	-	-	-	-	-
At 1 July 2024 (current year)	-	-	-	-	-	-	-	-	-
Additions	-	-	-	37,000	1,420,190	976,000	-	-	2,433,190
Disposals	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Transfer/adjustments	-	-	-	-	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-	-	-	-
<b>At 30<sup>th</sup> June 2025</b>	-	-	-	<b>37,000</b>	<b>1,420,190</b>	<b>976,000</b>	-	-	<b>2,433,190</b>
<b>Depreciation and impairment</b>									
At 1 July 2025 (previous year)		-	-	-	-	-	-	-	-

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Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (specify)	Capital Work in progress	Total
Depreciation for the year	-	-	-	-	-	-	-	-	-
Disposals	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Impairment	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
<b>At 30 June 2024</b>	-	-	-	-	-	-	-	-	-
At July 2025 (current year)	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-
Disposals	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Impairment	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Transfer/adjustment	-	-	-	-	-	-	-	-	-
<b>At 30<sup>th</sup> June 2025</b>	-	-	-	37,000	1,420,190	976,000	-	-	2,433,190
<b>Net book values</b>									
At 30 <sup>th</sup> June 2024 (previous)	-	-	-	-	-	-	-	-	-
At 30 <sup>th</sup> June 2025 (current)	-	-	-	37,000	1,420,190	976,000	-	-	2,433,190

*(Depreciation of the assets in the PPE schedule will be done in the next financial year because the assets were acquired at the end of the financial year.)*  
*(Depreciation Policy for the hospital assets is not yet in place)*

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

**20. Trade and other Payables**

Description	24/25		23/24	
	KShs		KShs	
Trade payables	1,658,689		914,540	
Employee dues	545,000		363,000	
Third-party payments ( <i>e.g. unremitted payroll deductions</i> )	-		-	
<b>Total trade and other payables</b>	<b>2,203,689</b>		<b>1,277,540</b>	
<b>Ageing analysis:</b>	<b>24/25</b>	<b>% of the Total</b>	<b>2023/24</b>	<b>% of the total</b>
Under one year	2,203,689	100%	1,277,540	100%
1-2 years	0	%	0	%
2-3 years	0	%	0	%
Over 3 years	0	%	0	%
<b>Total</b>	<b>2,203,689</b>	<b>100%</b>	<b>1,277,540</b>	<b>100%</b>

Notes to the Financial Statements (Continued)

21. Cash Generated from Operations

Description	2024/2025	2023/2024
	KShs	KShs
Surplus for the year before tax	(5,423,176)	11,504,389
<b>Adjusted for:</b>		
Depreciation		-
Non-cash grants received	(2,396,190)	-
<b>Working Capital adjustments</b>		
Increase in inventory	608,801	(506,700)
Increase in receivables	(864,623)	(3,722,337)
Increase in payables	926,149	506,700
<b>Net cash flow from operating activities</b>	<b>(7,149,039)</b>	<b>7,782,052</b>

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

**22. Financial Risk Management**

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

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

**(i) Credit risk**

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024(previous year)	3,772,337	3,772,337		
Receivables from exchange transactions	-	-	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	7,799,174	7,799,174	-	-
<b>Total</b>	<b>11,571,511</b>	<b>11,571,511</b>	-	-
<b>At 30 June 2025 (current year)</b>				
Receivables from exchange transactions	4,586,960	4,586,960	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	613,135	613,135	-	-
<b>Total</b>	<b>5,200,095</b>	<b>5,200,095</b>	-	-

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

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

**(ii) Liquidity risk management**

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2024</b>				
Trade payables	-	1,277,540	-	1,277,540
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	-	<b>1,277,540</b>	-	<b>1,277,540</b>
<b>At 30 June 2025</b>				
Trade payables	-	2,203,689	-	2,203,689
Current portion of borrowings	-	0	-	0
Provisions	-	0	-	0
Deferred income	-	0	-	0
Employee benefit obligation	-	0	-	0
<b>Total</b>	-	<b>2,203,689</b>	-	<b>2,203,689</b>

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

**(iii) Market risk**

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

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

**a) Foreign currency risk**

The entity has no transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The carrying amount of the entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

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

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

**Foreign currency sensitivity analysis**

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

**b) Interest rate risk**

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

**Management of interest rate risk**

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

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

**Sensitivity analysis**

The entity analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has not been performed on the same basis as the prior year.

Using the end of the year figures, the sensitivity analysis indicates no impact on the statement of financial performance.

**iv) Capital Risk Management**

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

Description	2024/2025	2023/2024
	Kshs	Kshs
Revaluation reserve	-	-
Retained earnings	4,662,063	12,518,429
Capital reserve	-	-
<b>Total funds</b>	<b>4,662,063</b>	<b>12,518,429</b>
Total borrowings	-	-
Less: cash and bank balances	(-)	(-)
Net debt/ ( <i>excess cash and cash equivalents</i> )	-	-
<b>Gearing</b>	<b>%</b>	<b>%</b>

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

**23. Related Party Balances**

**Nature of related party relationships**

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

Kitui County Government is the principal shareholder of the Ikutha Level 4 Hospital, holding 100% of the Ikutha Level 4 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

**24. Segment Information**

There is no segment reporting in preparation of the financial statements.

**25. Contingent Liabilities**

There were no capital commitments during this reporting period.

**26. Capital Commitments**

There were no commitments during this financial year other than the pending bills disclosed

**27. Events after the Reporting Period**

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

**28. Ultimate and Holding Entity**

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

**29. Currency**

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

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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.

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
1	Non-disclosure of Property, Plant and equipment	The hospital has some ownership documents like the land title deed. Some other assets are donation and their ownership documents are kept by the donor. Medical equipment and other machinery were bought by the county through the ministry of health. Valuation of all the assets has not been done.	Not resolved	-
2	Unsupported Cash and Cash Equivalents	Bank reconciliation and updated cashbook of both revenue account and operations account have been done in preparation of this current FY financial Year	Resolved	FY 24/25 Financial Statements
3	Budgetary Control and performance	Statement of comparison of budget vs actual is at par with resources received and implementation of budget is at 100% except for the month where the	Resolved	FY 24/25 Financial Statements

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<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
		hospital did not receive monthly allocation from the ministry of health.		
4	Failure to Transfer Revenue to the County Revenue Fund Account	The accumulated amount of Ksh, 7,766,512 was transferred to county revenue fund early this current financial year. See the revenue bank account reconciliation	Resolved	October 2024
5	Deficiencies in Implementation of Universal Health Coverage (UHC)	So many factors at play, but the county through the ministry of health and sanitation is working on improving the quality of health care.	Not resolved	No time frame – continuous improvement
6	Failure to Dispose Unserviceable Assets	The Hospital is waiting the county ministry to initiate the process as per PPAD act.	Not resolved	-
7	Lack of Hospital Management Board	The County Committee Executive of Health is working on gazetting hospital boards	Not resolved	-

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**Guidance Notes:**

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

  
IKUTHA SUB COUNTY HOSPITAL  
MEDICAL SUPERINTENDENT  
.....  
Dr. Diana Mwendu  
Accounting Officer  
P. O. Box 110 -90207  
IKUTHA  
08 NOV 2025

**Appendix II: Projects Implemented by The Entity**

**Projects**

Projects implemented by the Hospital Funded by development partners

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1	-	Kitui County		Project completed	Yes	No
2	-	Kitui County		Project completed	Yes	No

**Status of Projects completion**

SN	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	SUPPLY AND INSTALLATION OF NETWORK PERIPHERALS AND DESKTOP COMPUTER FOR IKUTHA LEVEL IV HOSPITAL	1,420,190	30/06/2025	100%	1,495,665	1,420,190	County Government – Ministry of Health and Sanitation
2	PROCUREMENT OF 5 CPAP MACHINES FOR NEWBORN UNITS	976,000	30/06/2025	100%	982,143	976,000	County Government – Ministry of Health and

(To derive the cost of 5 CPAP machines, divide the total actual cost by 14, multiply by 5)

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

**Appendix III: Inter-Entity Confirmation Letter**

**Name of Transferring entity:** Kitui County Ministry of Health and Sanitation

**Name of Beneficiary entity:** Ikutha Level 4 Hospital

<b>Confirmation of amounts received by Ikutha Level 4 Hospital as at 30<sup>th</sup> June 2025.</b>					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
0001103714	17/08/2024	1,200,000	0	1,200,000	July AIE Allocation
0001104417	4/10/2024	1,200,000	0	1,200,000	August AIE Allocation
0001105417	7/10/2024	1,200,000	0	1,200,000	Sept AIE Allocation
KE/NAIROBI/KE/NAI	5/11/2024	1,200,000	0	1,200,000	October AIE Allocation
KE/NAIROBI/KE/NAI	27/11/2024	2,200,000	0	2,200,000	May & June AIE Allocation (pending last fy)
KE/NAIROBI/KE/NAI	31/12/2024	1,200,000	0	1,200,000	Nov AIE Allocation
KE/NAIROBI/KE/NAI	31/12/2024	1,200,000	0	1,200,000	Dec AIE Allocation
KE/NAIROBI/KE/NAI	30/1/2025	1,200,000	0	1,200,000	Jan AIE Allocation
KE/NAIROBI/KE/NAI	5/3/2025	1,200,000	0	1,200,000	Feb AIE Allocation
KE/NAIROBI/KE/NAI	4/4/2025	1,200,000	0	1,200,000	March AIE Allocation
<b>Total</b>		<b>13,000,000</b>		<b>13,000,000</b>	

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

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

**Head of Accounts Department - Disbursing Entity:**

Name ..... *Himani Mue* ..... Sign ..... *Hm* ..... Date ..... *06/11/25* .....

**Head of Accounts Department - Beneficiary Entity:**

Name ..... *Dr. Mueb Dina* ..... Sign ..... *[Signature]* ..... Date ..... *06/11/25* .....

IKUTHA SUB COUNTY HOSPITAL  
MEDICAL SUPERINTENDENT  
Date: *06/11/25*  
**06 NOV 2025**  
P. O. Box 110 -90207  
IKUTHA

**Appendix IV Reporting of Climate Relevant Expenditures**

Project Name	Project Description	Project Objectives	Project Activities	Quarter				Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		

**Appendix V: Disaster Expenditure Reporting Template**

Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments