

REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**

**OF**



**THE AUDITOR-GENERAL**

**ON**

**KAUWI SUB - COUNTY HOSPITAL**

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

**COUNTY GOVERNMENT OF KITUI**

PAPERS LAID	
DATE	6/3/2025
TABLED BY	Dep Mas Whip
COMMITTEE	
CLERK AT THE TABLE	Maalim



OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30084 - 00100, NAIROBI  
REGISTRY  
31 DEC 2024  
RECEIVED



---

# **KAUWI SUB COUNTY HOSPITAL**

## **(Kitui County Government)**

**REVISED ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2024**

---

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

**Table of Contents**

<b>1. Acronyms &amp; Glossary of Terms</b> .....	ii
<b>2. Key Entity Information and Management</b> .....	iii
<b>3. The Board of Management</b> .....	vi
<b>4. Key Management Team</b> .....	vii
<b>5. Chairman’s Statement</b> .....	xii
<b>6. Report of The Medical Superintendent</b> .....	xiii
<b>7. Statement of Performance Against Predetermined Objectives</b> .....	xiv
<b>8. Corporate Governance Statement</b> .....	xv
<b>9. Management Discussion and Analysis</b> .....	xvi
<b>10. Environmental And Sustainability Reporting</b> .....	xvii
<b>11. Report of The Board of Management</b> .....	xviii
<b>12. Statement of Board of Management’s Responsibilities</b> .....	xix
<b>13. Report of Office of the Auditor-General</b> .....	xx
<b>14. Statement of Financial Performance for The Year Ended 30 June 2024</b> .....	1
<b>15. Statement of Financial Position As At 30<sup>th</sup> June 2024</b> .....	3
<b>16. Statement of Changes in Net Asset for The Year Ended 30 June 2024</b> .....	5
<b>17. Statement of Cash Flows for The Year Ended 30 June 2024</b> .....	6
<b>18. Statement of Comparison of Budget and Actual Amounts for Year Ended 30 Jun 2024</b>	8
<b>19. Notes to the Financial Statements</b> .....	10
<b>20. Appendices</b> .....	58
Appendix 1: Progress on Follow Up of Auditor Recommendations.....	58
Appendix II: Projects Implemented by The Entity .....	60
Appendix III: Inter-Entity Confirmation Letter .....	61
Appendix IV Reporting of Climate Relevant Expenditures .....	63
Appendix V: Disaster Expenditure Reporting Template .....	64
Appendix VI: Pharmaceuticals and Non-Pharmaceuticals In-Kind Supplies .....	65
Appendix VII: Pending payables .....	66

## **1. Acronyms & Glossary of Terms**

*Provide a list of all acronyms and glossary of terms used in the preparation of this report e.g.*

OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
CECM	County Executive Committee Member
Dr.	Doctor
NYC	National Youth Council
PLWDs	People Living With Disabilities
NHIF	National Hospital Insurance Fund
CSR	Corporate Social Responsibility
KEMSA	Kenya Medical Supplies Agency
SRC	Salaries and Remuneration Commission
Fiduciary Management	Key management personnel who have financial responsibility in the entity.

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

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

Kauwi Hospital is a level 3B hospital established under gazette notice number 786 of 17<sup>th</sup> January 2020 and is domiciled in Kitui County under the Health and Services Department. The hospital is governed by a Board of Management.

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

The principal activity/mission/ mandate of the hospital is to provide medical services. The hospital is NHIF accredited and satisfactorily offers medical services including maternity, X-ray Services. Other general medical services offered include:

- Child Wellness Clinic,
- Mother Child Health,
- Laboratory,
- Nutrition,
- Inpatient,
- Outpatient,
- Comprehensive care clinic,
- Pharmacy,
- Physiotherapy and
- Medical Out Patient Clinic (MOPC) services.

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

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

- County department of health
- Board of Management
- Accounting Officer/ Medical Superintendent
- Management
- Others (*specify*)

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

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2024 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	CECM-Finance, Economic Planning and Revenue Management	Peter Mwikya Kilonzo
2.	CECM-Health and Sanitation	Ruth Koki Mwanzia
3.	Chief Officer- Finance, Revenue Management and Accounting	John Makau Kimwele
4.	Chief Officer- Public Health and Sanitation	Lynn Kitwan
5.	Chief Officer- Medical Services	Dr. Benson Musyoka Wambua
6.	Chief Officer-Drugs and Medical Supplies	Aggrey Kinyalili Kamba

No.	Designation	Name
7.	Medical Superintendent	Dr. Winfred Muange

**(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
- Office of the Auditor General
- The County Assembly of Kitui
- Kitui County Assembly Health Committee

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

**(f) Entity Headquarters**

Kauwi Level 4 Hospital  
P.O. Box 460-90200  
Kitui

**(g) Entity Contacts**

Telephone: 0707637669  
E-mail: kauwisdh@yahoo.com  
Website: health@kitui.go.ke

**(h) Entity Bankers**

Co-operative Bank of Kenya  
Kitui Branch  
P. O. Box 1432- 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**

Currently, the Board of Management for the hospital is not in place.







The previous Board of Management was appointed into office vide Gazette Notice No. 6318 of 25<sup>th</sup> June 2021.




Later, their appointment was revoked via Kenya Gazette Notice No. 13546 dated 6<sup>th</sup> October 2023.





The following are the members who held the office early in FY 2023/24:

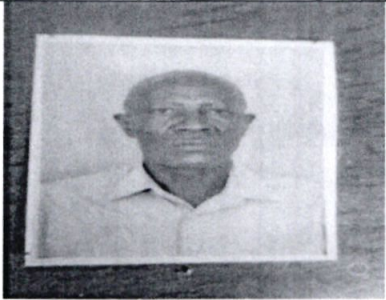


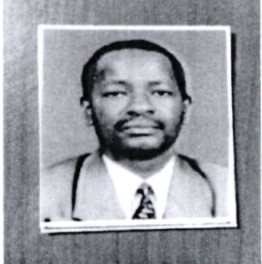
<b>Ref</b>	<b>Directors</b>	<b>Details</b>
1.	Major(Rtd) Boniface Nganda	Chairman
2.	Solomon Mwendwa	Kauwi Ward Administrator
3.	Quineth Nzikali	Representative, Business Community
4.	Lt. Col (Rtd) Pauline M. Makau	Representative, Professional Groups
5.	Mina Petronillah Paul	Representative, Women Groups
6.	Cecilia Kimanzi	Representative, Faith Based Organizations
7.	Charity Kaluki Munyoki	Representative, NYC
8.	Muvya Peter Kimanzi	Representative, PLWDs




**4. Key Management Team**

Ref	Management	Details
1.	 Peter Mwikya Kilonzo	CECM-Finance, Economic Planning and Revenue Management CPA (K)
2.	 Ruth Koki Mwanzia	CECM-Health and Sanitation Bachelor in Medicine and Surgery
3.	 John Makau Kimwele	Chief Officer- Finance, Revenue Management and Accounting CPA (K)
4.	 Lynn Kitwan	Chief Officer- Public Health and Sanitation Degree in Public Health
5.	 Dr. Benson Musyoka Wambua	Chief Officer- Medical Services Degree in Pharmacy
6.	 Aggrey Kinyalili Kamba	Chief Officer-Drugs and Medical Supplies Degree in Pharmacy

7.	 Dr. Winfred Muange	Medical Superintendent Bachelor in Medicine and Surgery with IT
8.	 CPA Winnie Mue	Head of Finance BSc-Human Resource Management, CPA-K
9.	 Monicah Kananu Mutisya	Head of Nursing Department Diploma in Nursing
10.		Head of Pharmacy

	 <p>Dennis Musyoki Ngila</p>	Bachelor of Pharmacy
11.	 <p>Moffat Mutua</p>	Head of Supply Chain Bachelors Degree in Purchasing and Supplies Management
12.	 <p>Grace Nzambi Kanyolo</p>	Head of Nutrition Bachelors Degree in Food, Nutrition and Diatetics
13.	 <p>Najmah Salim Ahmed</p>	Head of Laboratory Diploma in Medical Laboratory

14.	 Kasimbi Kitonga	Head of Revenue Certificate in Records management and Human Resource Management
15.	 Rose Kavuwa	Head of Health Records Health Records and IT
16.	 Rhoda Kanana Nyaga	Head – Clinical Officers Diploma in Clinical Medicine and Surgery
17.	 Mutua Mailu	Health Administrative Officer Bachelor of Arts-Economics and Business Studies

18.	 Mary Nyiva Musyula	Head of Physiotherapy Diploma in Physiotherapy
19.	 Mercy Makale Were	Head of Counselling Bachelors Degree in Counselling Psychology
20.	 Justinah Katonga Kavili	Head of Hospital Maintenance Unit Msc-Project Management

## **5. Chairman's Statement**

Currently, the Board of Management for the hospital is not in place. The previous Board of Management was appointed into office vide Gazette Notice No. 6318 of 25<sup>th</sup> June 2021. Later, their appointment was revoked via Kenya Gazette Notice No. 13546 dated 6<sup>th</sup> October 2023.

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

Kauwi Sub County Hospital has continued to operate fairly well during the financial year ended 30<sup>th</sup> June 2024. Moreover, the Country is yet to heal from the Covid-19 effects and so is Kauwi Sub County Hospital.

During the year ended 30<sup>th</sup> June 2024 the disbursements made to Kauwi Hospital by the County Government of Kitui amounted to Ksh. 6,516,100.

Some of the challenges faced during the year included:

- Inadequate funding from the County Government of Kitui;
- Late disbursement of funds to the hospital by the County Government of Kitui;
- Inadequate Staff both medical and administrative/Operational;
- Huge unpaid NHIF claims;
- Inadequate medical supplies thus reducing patients' workload due to reduced trust from the Hospital side; among others

In the future, the Hospital proposes to:

- Request for additional funding from the County Government of Kitui so as to be able to meet debts as and when they fall due;
- Request for timely funding by the County Government of Kitui;
- Request for additional staff from the County Government of Kitui for an optimal staff establishment;
- Conduct follow ups with NHIF to have claims settled in time; and
- Request for optimal medical supplies from the County Government of Kitui;

In conclusion, with the right equipment, supplies and motivated staff, Kauwi Sub County Hospital will continue to soar higher.

Signed:  .....

Dr. Winfred Muange

**Secretary to the Board**

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

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

Kauwi Sub County Hospital falls under the Ministry of Health and Sanitation of the County Government of Kitui which has several strategic pillars which are broadly summarised in the diagram below:

<b>Strategic Pillar/Theme/Issues</b>	<b>Objective</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
Provide reliable medical services	To provide reliable medical services	<ul style="list-style-type: none"> <li>• Number of medical staff</li> <li>• Adequate Pharmaceutical and non-pharmaceutical stock levels</li> </ul>	<ul style="list-style-type: none"> <li>• Maintaining proper staff levels</li> <li>• Maintaining proper Pharmaceutical and non-pharmaceutical stock levels</li> </ul>	<ul style="list-style-type: none"> <li>• Staff levels improved</li> <li>• Improved Pharmaceutical and non-pharmaceutical stock levels</li> </ul>
Increase revenue	To increase revenue collected	<ul style="list-style-type: none"> <li>• NHIF Claims paid</li> <li>• Revenue swiped to Kitui County Revenue Account</li> </ul>	<ul style="list-style-type: none"> <li>• Follow up on NHIF Unpaid claims</li> <li>• Timely collection of revenue from patients</li> </ul>	<ul style="list-style-type: none"> <li>• NHIF Claims paid</li> <li>• Increased revenue collected</li> </ul>
Customer/Patients’ satisfaction	To increase Patients’ satisfaction	<ul style="list-style-type: none"> <li>• Number of Patients served</li> <li>• Customer complaints received</li> </ul>	<ul style="list-style-type: none"> <li>• Improve customers’ or patients’ service</li> </ul>	<ul style="list-style-type: none"> <li>• Satisfied patients</li> </ul>

## **8. Corporate Governance Statement**

The previous Board of Management for Kauwi Sub County Hospital were gazetted on 25<sup>th</sup> June 2021 as per Kenya Gazette Notice Number 6318. This appointment was later revoked via Kenya Gazette Notice No. 13546 dated 6<sup>th</sup> October 2023.

The functions of the board of management include:

- a. Supervise and control the administration of funds allocated to the hospital;
- b. Through minutes, request the CECM to open and operate a bank account;
- c. Prepare work plans based on estimated expenditure and drug stock levels and usage;
- d. Cause to be kept basic books of accounts;
- e. Cause to be kept records of accounts for income and expenditure and assets and liabilities;
- f. Cause to be kept permanent record of all its deliberations;
- g. Provide oversight to the hospital; among others

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

Remuneration of the board members is as advised by SRC.

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

**9. Management Discussion and Analysis**

The following is a brief outline of management discussion and analysis: -


**Clinical/operational performance**

Kauwi Sub County Hospital being geographically centrally located within Kitui West Subcounty, receives patients from the neighbouring wards including Mutonguni, Matinyani and Kithumula /Kwa Mutonga ward.

During the Financial Year 2023/24 the amount disbursed to Kauwi Sub County Hospital amounted to Kshs. 6,516,100. This amount was utilized as per the agreed budget in running the day to day operations of the hospital. The hospital plans to discuss with the management at County level on the possibility of increasing funding so as to meet its expenses as and when they fall due and also avoid accumulation of pending bills.

Revenue collected from provision of medical services amounted to Kshs.11,137,969. This amount was however transferred to The Kitui County Revenue Account as per the existing standing orders. The unpaid claims by NHIF amounted to Kshs. 3,620,762.

The Maternity ward has a 7-bed capacity while the inpatient rooms are 12 bed capacity giving a total of 19-bed capacity. The facility also has a 3-bed accident and emergency room used for casualty patients.

Signed:  .....

Dr. Winfred Muange

**Secretary to the Board**

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

Kauwi Sub County Hospital exists to transform lives. It's what guides us to deliver our strategy, putting the client/Citizen first, delivering health services, and improving operational excellence. Below is an outline of the organisation's policies and activities that promote sustainability.

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

*The hospital has planted trees around the fence to improve environmental sustainability of the region*

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

*The area around the hospital receives fair amount of rainfall.*

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

*The hospital operates as per the set Human Resource Policies both at County and International levels.*

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

*The following can be stated in relation to Kauwi Sub County Hospital:*

#### ***a) Responsible competition practice.***

*The organization exists to provide medical services for no profit.*

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

*Kauwi Hospital maintains good business practices, and treats its own suppliers responsibly by honouring contracts and paying the dues owed as and when they fall due.*

#### ***c) Responsible marketing and advertisement***

*Being a non-profit making organization, no advertisements are done but the hospital maintains good customer care services*

#### ***d) Product stewardship***

*Kauwi Hospital has several staff each with specific roles so as to uphold proper use of resources allocated to the hospital.*

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

*The hospital has reduced its CSR activities due to continued Covid-19 effects*

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

The Board members submitted their report together with the Audited Financial Statements for the year ended June 30, 2024, which show the state of the *hospital's* affairs.

**Principal activities**

The principal activities of the entity are to provide medical services

**Results**

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

**Board Of Management**

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

**Auditors**

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

By Order of the Board



Dr. Winfred Muange  
Secretary of the Board

**12. Statement of Board of Management’s Responsibilities**

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

The Board of Management is responsible for the preparation and presentation of the *entity’s* financial statements, which give a true and fair view of the state of affairs of the *entity* for and as at the end of the financial year (period) ended on June 30, 2024. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the *entity*; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Board of Management accepts responsibility for the *entity’s* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Board members are of the opinion that the *entity’s* financial statements give a true and fair view of the state of *entity’s* transactions during the financial year ended June 30, 2024, and of the *entity’s* financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the *entity*, which have been relied upon in the preparation of the *entity’s* financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Board of management to indicate that the *entity* 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 27/1/24 and signed on its behalf by:

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

*W. Muange*  
.....  
Name: Dr. Winfred Muange  
Accounting Officer

# REPUBLIC OF KENYA



*Enhancing Accountability*

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

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

## REPORT OF THE AUDITOR-GENERAL ON KAUWI SUB-COUNTY HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2024 – COUNTY GOVERNMENT OF KITUI

---

### PREAMBLE

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

- A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;
- B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for 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 Kauwi Sub-County Hospital – County Government of Kitui set out on pages 1 to 59, which comprise the statement of

---

*Report of the Auditor-General on Kauwi Sub-County Hospital for the year ended 30 June, 2024 – County Government of Kitui*

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kauwi Sub-County Hospital at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012, the County Governments Act, 2012 and the Health Act, 2017.

### **Basis for Qualified Opinion**

#### **1. Unsupported Receivables from Exchange Transactions**

The statement of financial position reflects receivables from exchange transactions balance of Kshs.5,086,775 as disclosed in Note 28 to the financial statements. The amount relates to dues from the National Health Insurance Fund (NHIF). However, the schedule provided for audit indicates a balance of Kshs.3,620,762 resulting to an unexplained variance of Kshs.1,466,013.

In the circumstances, the accuracy and completeness of the Receivables from exchange transactions balance of Kshs.5,086,775 could not be confirmed.

#### **2. Non-disclosure of Property Plant and Equipment**

The statement of financial position reflects property, plant and equipment balance of Kshs.97,500 as disclosed in Note 31 to the financial statement. However, review of Hospital records and physical verification revealed various movable and non-movable assets including land, buildings, motor vehicles, furniture, computers and equipment which were not disclosed in the financial statements at the close of the financial year.

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

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Kauwi Sub-County 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. There were no key audit matters to report in the year under review.

## **Other Matter**

### **Unresolved Prior Year Audit Matters**

In the audit report of the previous year, several issues were raised under Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, However, the issues are yet to be deliberated by the County Assembly.

## **Other Information**

Management is responsible for the other information set out on page i to xix which comprise of the key entity information and management, the Board of Management, 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.

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Deficiencies in Implementation of Universal Health Coverage (UHC)**

Review of Hospital records and interviews on verification of services offered, equipment used and medical specialists in the Hospital at the time of audit revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to staff deficits by 76 staff requirements or 75% of the authorized establishment;

<b>Staff Requirements</b>	<b>Level 4 Standard</b>	<b>Number in Hospital</b>	<b>Variance</b>	<b>Percentage%</b>
Medical officers	16	6	10	63
Anesthesiologists	2	0	2	100
General surgeons	2	0	2	100
Gynecologists	2	0	2	100
Pediatrics	2	0	2	100
Radiologists	2	0	2	100
Kenya Registered Community Health Nurses	75	19	56	75
<b>Total</b>	<b>101</b>	<b>25</b>	<b>76</b>	<b>75</b>

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

<b>Service</b>	<b>Level 4 Hospital Standard</b>	<b>Actuals in the Hospital</b>	<b>Variance</b>	<b>Percentage%</b>
Beds	150	17	133	89
Resuscitaire (2 in labor & 1 in theatre)	2	1	1	50
New born unit incubators	5	0	5	100
New born unit cots	5	0	5	100
Functional ICU beds	6	0	6	100
High Dependency Unit (HDU) Beds	6	0	6	100
Renal Unit with at least 5 dialysis machines	5	0	5	100

Two operational Maternity & General	Functional theatres-	2	0	2	100
---	-------------------------	---	---	---	-----

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

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

## **2. Lack of Quarterly Revenue Reports**

The statement of financial performance reflects Kshs.11,137,969 in relation to the rendering of services - medical income as disclosed in Note 11 to the financial statements. However, the Hospital did not provide evidence to show that the quarterly reports were prepared and submitted the same to the County Treasury with a copy to the Auditor-General as per the requirement of Regulations 64.(1) of the Public Finance Management (County Government) Regulations, 2015 which requires the Accounting Officer or receiver of revenue or collector of revenue to prepare a quarterly report not later than the 15th day after the end of the quarter.

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

## **3. Long Outstanding Trade and Other Payables**

The statement of financial position reflects trade and other payables balance of Kshs.1,357,111 as disclosed in Note 34 to the financial statements. However, included in the figure are trade payables amounting to Kshs.564,306 Which had been outstanding for more than two (2) years which could be an indication of over commitment of funds. This is contrary to Section 53(8) of the Public Procurement and Asset Disposal Act, 2015 requires that the Accounting Officer shall not commence any procurement proceeding until satisfied that sufficient funds to meet the obligations of the resulting contract are reflected in its approved budget estimates.

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

The audit was conducted in accordance with ISSAI 3000 and 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 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 Management of NHIF Claims**

The statement of financial position reflects receivables from exchange transactions balance of Kshs.5,068,775 as disclosed in Note 28 to the financial statements which relates to NHIF claims that been outstanding for more than twelve (12) months. This is contrary to the contract between the Hospital and NHIF which indicates that the period to pay genuine claims is within 30 days of submission.

In the circumstances, the adequacy of the internal controls over trade receivables could not be confirmed.

### **2.0 Inventory Management**

#### **2.1 Expiry of Medical Supplies**

The statement of financial position reflects an inventory balance of Kshs.4,057,042 as disclosed in Note 30 to the financial statements. Included in these amounts are expired medical supplies worth Kshs.899,600. However, the store records on pharmaceuticals and non-pharmaceuticals provided for audit verification had no details on the date of purchase of the expired drugs, the original values, board report on condition and recommendation of board for disposal.

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

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

The statement of financial position reflects an inventory balance of Kshs.4,057,042 as disclosed in Note 30 to the financial statements. However, review of the Hospital stock cards for controlling stores indicated that the Hospital experienced occasional stock out of medical supplies.

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

### **3.0 Asset Management**

#### **3.1 Failure to Maintain a Comprehensive Assets Register**

The Statement of financial position reflects property, plant and equipment balance of Kshs.97,500 as disclosed in Note 31 to the Financial Statement. However, Management did not maintain a comprehensive asset register which would include details such as cost of assets, depreciation rates, location of assets, for parcels of land and each building: - the terms on which it is held, with reference to the conveyance, address, area, dates of acquisition, disposal or major change in use, capital expenditure, lease hold terms, maintenance contracts and other pertinent management details. In its place the Management maintained an inventory register that included the name of the asset, its serial number and the status of the asset. In addition, there was no evidence to show that the hospital has ever evaluated its assets to ascertain the correct market values.

#### **3.1 Lack of Land Ownership Documents**

Kauwi Level 4 Hospital land ownership documents were not provided for audit verification.

#### **3.2 Motor Vehicles without ownership Documents**

The Hospital has a total of four (4) motor vehicles and one (1) motorcycle. However, the motor vehicle ownership documents were not provided for audit verification.

#### **3.3 Failure to Dispose Un-serviceable Assets**

Field verification revealed unserviceable assets that have not been disposed of and the same remain unutilized. Further, the Hospital did not provide an approved disposal plan for its unserviceable assets. This was contrary to the Public Procurement and Asset Disposal Act, 2015 Section 164 (1) which states that the employee in charge of unserviceable, obsolescent, obsolete or surplus assets shall bring the matter to the attention of the Disposal Committee through the Head of the Procurement Function.

In the circumstances, the adequacy of the internal controls over the management of assets could not be confirmed.

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

#### **Responsibilities of Management and the Hospital Board of Management**

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

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

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

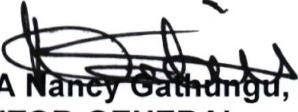
### **Auditor-General's Responsibilities for the Audit**

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

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

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

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

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

Nairobi

10 January, 2025

**Kauwi Sub County Hospital (Kitui County Government)**  
**Revised Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

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


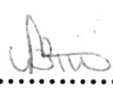
Description	Note	2023/24	2022/23
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from the County Government	6	6,516,100	6,978,629
In-kind contributions from the County Government	7	93,623,434	87,978,795.85
Grants from donors and development partners	8	-	-
Transfers from other Government entities	9	-	-
Public contributions and donations	10	-	-
		<b>100,139,534</b>	<b>94,957,424.85</b>
<b>Revenue from exchange transactions</b>			
Rendering of services- Medical Service Income	11	11,137,969	7,624,580
Revenue from rent of facilities	12	-	-
Finance /Interest Income	13	-	-
Miscellaneous Income-Receipts from NHIF	14	2,213,153	-
<b>Revenue from exchange transactions</b>		<b>13,351,122</b>	<b>7,624,580</b>
<b>Total revenue</b>		<b>113,490,656</b>	<b>102,582,003.85</b>
<b>Expenses</b>			
Medical/Clinical costs	15	2,491,162	2,150,571
Employee costs	16	93,039,978	80,448,311
Board of Management Expenses	17	-	-
Depreciation and amortization expense	18	-	-
Repairs and maintenance	19	337,680	362,229
Grants and subsidies	20	-	-
General expenses	21	2,987,680	2,501,060
Finance costs	22	-	-
Cost of pharms and Non-pharms dispensed			6,676,593
Waivers and Transfer to Kitui County Revenue Account	11	11,137,969	7,624,580
<b>Total expenses</b>		<b>109,994,469</b>	<b>99,763,343</b>

**Kauwi Sub County Hospital (Kitui County Government)**  
**Revised Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

Description	Note	2023/24	2022/23
		Kshs	Kshs
<b>Other gains/(losses)</b>			
Gain/Loss on disposal of non-Current assets	23	-	-
Unrealized gain on fair value of investments	24	-	-
Medical services contracts Gains/Losses	25	-	-
Impairment loss	26	(-)	(-)
Gain on foreign exchange transactions		-	-
<b>Total other gains/(losses)</b>		-	-
<b>Net Surplus / (Deficit) for the year</b>		<b>3,496,187</b>	<b>2,818,660</b>

*(The notes set out on pages 7 to 50 form an integral part of the Annual Financial Statements.)*

The Hospital's financial statements were signed on 27/6/24 by:

.....		
.....	CPA Winnie Mue	Dr. Winfred Muange
<b>Chairman</b>	<b>Head of Finance</b>	<b>Medical Superintendent</b>
<b>Board of Management</b>	<b>ICPAK No:28941</b>	

*Kauwi Sub County Hospital (Kitui County Government)*  
*Revised Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024*

**15. Statement of Financial Position As At 30<sup>th</sup> June 2024**


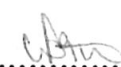
Description	Note	2023/24	2022/23
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	27	60,762	157,216.28
Receivables from exchange transactions	28	5,086,775	3,842,705
Receivables from non-exchange transactions	29	-	-
Inventories	30	4,057,042	2,775,028
<b>Total Current Assets</b>		<b>9,204,579</b>	<b>6,774,949.28</b>
<b>Non-current assets</b>			
Property, plant, and equipment	31	97,500	-
Intangible assets	32	-	-
Investment property	33	-	-
<b>Total Non-current Assets</b>		<b>97,500</b>	<b>-</b>
<b>Total assets (A)</b>		<b>9,302,079</b>	<b>6,774,949.28</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	34	1,357,111	2,423,670
Refundable deposits from customers/Patients	35	-	-
Provisions	36	-	-
Finance lease obligation	37	-	-
Current portion of deferred income	38	-	-
Current portion of borrowings	39	-	-
Social Benefits	41	-	-
<b>Total Current Liabilities</b>		<b>1,357,111</b>	<b>2,423,670</b>
<b>Non-current liabilities</b>			
Provisions	36	-	-
Non-Current Finance lease obligation	37	-	-
Non-Current portion of deferred income	38	-	-
Non - Current portion of borrowings	39	-	-
Service concession Arrangements	40	-	-

**Kauwi Sub County Hospital (Kitui County Government)**  
**Revised Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

Description	Note	2023/24	2022/23
		Kshs	Kshs
Social Benefits	41	-	-
<b>Total non-current liabilities</b>		-	-
<b>Total Liabilities (B)</b>		<b>1,357,111</b>	<b>2,423,670</b>
<b>Net assets (A-B)</b>		<b>7,944,968</b>	<b>4,351,281</b>
<b>Represented by:</b>			
Revaluation reserve		-	-
Accumulated surplus/Deficit		6,318,872	2,822,684
Capital Fund		1,626,096	<b>1,528,596</b>
<b>Net Assets</b>		<b>7,944,968</b>	<b>4,351,281</b>

(The notes set out on pages 7 to 50 form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were signed on 27/9/24 by:

.....	..... 	..... 
.....	<b>CPA Winnie Mue</b>	<b>Dr. Winfred Muange</b>
<b>Chairman</b>	<b>Head of Finance</b>	<b>Medical Superintendent</b>
<b>Board of Management</b>	<b>ICPAK No:28941</b>	

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

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
<b>As at July 1, 2022 (previous year)</b>	-	<b>4,023</b>		<b>4,023</b>
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	2,818,662	-	2,818,662
Capital/Development grants	-	-	-	-
<b>As at June 30, 2023 (previous year)</b>	-	<b>2,822,685</b>	<b>1,528,596</b>	<b>4,351,281</b>
<b>At July 1, 2023 (current year)</b>	-	<b>2,822,685</b>	<b>1,528,596</b>	<b>4,351,281</b>
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	3,496,187	97,500	3,593,687
Capital/Development grants	-	-	-	-
<b>At June 30, 2024 (current year)</b>	-	<b>6,318,872</b>	<b>1,626,096</b>	<b>7,944,968</b>

*Kauwi Sub County Hospital (Kitui County Government)*  
*Revised Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024*

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

Description	Note	2023/24	2022/23
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from the County Government		6,516,100	6,978,629
Grants from donors and development partners		-	-
Transfers from other Government entities		-	-
Public contributions and donations		-	-
Rendering of services- Medical Service Income		11,137,969	7,624,580
Revenue from rent of facilities		-	-
Salaries and wages paid in kind		91,140,348	78,437,175
Finance / interest income		-	-
KEMSA Supplies		1,201,072	-
<b>Total Receipts</b>		<b>109,995,489</b>	<b>93,040,384</b>
<b>Payments</b>			
Medical/Clinical costs		2,491,162	2,150,571
Employee costs		93,039,978	80,248,751
Board of Management Expenses		-	-
Repairs and maintenance		337,680	362,229
Grants and subsidies		-	-
General expenses		2,987,680	2,501,060
Finance costs		-	-
Waivers		1,210	-
Transfer to County Revenue Account		11,136,759	7,624,580
<b>Total Payments</b>		<b>109,994,469</b>	<b>92,887,191</b>
<b>Net cash flows from operating activities</b>	42	<b>1,020</b>	<b>153,193</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment		(97,500)	(-)
Purchase of intangible assets		(-)	(-)
Proceeds from the sale of PPE		-	-
Acquisition of investments		(-)	(-)
<b>Net cash flows used in investing activities</b>		<b>(97,500)</b>	<b>(-)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		-	-

***Kauwi Sub County Hospital (Kitui County Government)***  
***Revised Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024***

Repayment of borrowings		(-)	(-)
Capital grants received		-	-
<b>Net cash flows used in financing activities</b>		<b>(-)</b>	<b>(-)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(96,480)</b>	<b>153,193.13</b>
Cash and cash equivalents as at 1 July	27	157,216	4,023.15
<b>Cash and cash equivalents as at 30 June</b>	<b>27</b>	<b>60,736</b>	<b>157,216.28</b>

*(PSASB has now prescribed the direct method of cashflow presentation for all entities under the IPSAS Accrual basis of accounting).*

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
<b>Revenue</b>						
Transfers from the County Government	8,400,000	-	8,400,000	6,516,100	1,883,900	78%
Grants from donors and development partners	-	-	-	-	-	%
Transfers from other Government entities	-	-	-	-	-	%
Public contributions and donations	-	-	-	-	-	%
Rendering of services- Medical Service Income	11,137,969	-	11,137,969	11,137,969	-	100%
Revenue from rent of facilities	-	-	-	-	-	%
Salaries and wages paid in kind	91,140,348	-	91,140,348	91,140,348	-	100%
Finance / interest income	-	-	-	-	-	%
KEMSA Supplies	2,483,086	-	2,483,086	2,483,086	-	%
<b>Total income</b>	<b>113,161,403</b>	<b>-</b>	<b>113,161,403</b>	<b>111,277,503</b>	<b>1,883,900</b>	<b>100%</b>
<b>Expenses</b>						
Medical/Clinical costs	2,858,622	-	2,858,622	2,491,162	367,460	87%
Employee costs	93,466,074	-	93,466,074	93,039,978	426,096	100%
Remuneration of directors	-	-	-	-	-	%
Repairs and maintenance	624,639	-	624,639	337,680	286,959	100%
Grants and subsidies	-	-	-	-	-	%
General expenses	3,934,340	-	3,934,340	2,987,680	946,660	76%
Waiver	1,210	-	1,210	1,210	-	100%
Revenue Transferred to Kitui Revenue Account	11,136,759	-	11,136,759	11,136,759	-	100%
<b>Total Expenses</b>	<b>112,021,644</b>	<b>-</b>	<b>112,021,644</b>	<b>109,994,469</b>	<b>2,027,175</b>	<b>98%</b>
<b>Surplus for the period</b>	<b>1,139,759</b>	<b>-</b>	<b>1,139,759</b>	<b>1,283,034</b>	<b>(143,275)</b>	<b>%</b>
<b>Capital expenditure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>%</b>

*Kauwi Sub County Hospital (Kitui County Government)*  
*Revised Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024*

---

**Budget notes**

- 1. The 22% variance on Transfers from the County Government is due to underfunding of Kshs 1,883,900*
- 2. The 13% variance on medical costs is due to underutilization of Kshs. 367,460*
- 3. The 24 % variance on general expenses is due to underutilization of Kshs. 946,660*

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

### **1. General Information**

Kauwi Hospital is established by and derives its authority and accountability from PFM Act (2012). The entity is wholly owned by the Kitui County Government and is domiciled in Kitui County in Kenya. The entity's principal activity is providing medical services.

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

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant, and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the *entity's* accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note xx 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 2012, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

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

*i. New and amended standards and interpretations in issue effective in the year ended 30 June 2024*

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 2024.*

<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 Equipment	<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, infrastructure assets and measurement. Heritage assets were previously</p>

Standard	Effective date and impact:
	<p>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><i>State the expected impact of the standard to the Entity if relevant</i></p>
<p>IPSAS 48-</p>	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p>

Standard	Effective date and impact:
Transfer Expenses	The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and 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.

***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 2023/24 was approved by Board on xxxx. 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 *entity* recorded nil additional appropriations on the FY 2023/24 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 financial performance has been presented on page xxx under section xxx of these financial statements.

**c. Taxes**

**Sales tax/ Value Added Tax**

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

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

*Notes to the Financial Statements (Continued)*

**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 xxx 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. 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.

**i. 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.

*Notes to the Financial Statements (Continued)*

**Financial assets**

**Classification of financial assets**

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

**Subsequent measurement**

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

**Amortized cost**

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

*Notes to the Financial Statements (Continued)*

**Fair value through net assets/ equity**

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

**Fair value through surplus or deficit**

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

**Trade and other receivables**

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

**Impairment**

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

**Financial liabilities**

**Classification**

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

*Notes to the Financial Statements (Continued)*

**j. 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.

**k. Provisions**

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

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

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

*Notes to the Financial Statements (Continued)*

**l. 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.

**m. 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.

**n. 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.

**o. Nature and purpose of reserves**

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

**p. 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)*

q. **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.

r. **Foreign currency transactions**

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

s. **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.

t. **Related parties**

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

*Notes to the Financial Statements (Continued)*

**u. 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.

**v. Cash and cash equivalents**

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

**w. Comparative figures**

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

**x. Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2024.

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

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

### **Estimates and assumptions.**

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

### **Useful lives and residual values**

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

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

### **Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note xxx. Provisions are measured at the management's best estimate of the expenditure required to

***Kauwi Sub County Hospital (Kitui County Government)***  
***Revised Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024***

---

settle the obligation at the reporting date and are discounted to present value where the effect is material.

*(Include provisions applicable for your organisation e.g provision for bad debts, provisions of obsolete stocks and how management estimates these provisions).*

**Notes to Financial Statements Continued**

**6. Transfers from the County Government**

Description	2023/24	2022/23
	KShs	KShs
<b>Unconditional grants</b>		
Operational grant	-	-
Level 4/5 grants	-	-
Unconditional development grants	-	-
Other grants ( <i>specify</i> )	-	-
	-	-
<b>Conditional grants</b>	-	-
User fee forgone	-	-
Transforming health services for Universal care project (THUCP)	-	-
DANIDA	-	-
Wards Development grant	-	-
Paediatric block grant	-	-
Administration block grant	-	-
Laboratory grant	-	-
<b>Total government grants and subsidies</b>	-	-

**6 b Transfers from The County Government**

Name of the Entity sending the grant	Amount recognized to Statement of financial performance* KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	Comparative Period
			KShs	KShs	KShs
Kitui County Government	500,000.00			500,000.00	600,000
Kitui County Government	500,000.00			500,000.00	600,000
Kitui County Government	500,000.00			500,000.00	600,000
Kitui County Government	500,000.00			500,000.00	600,000
Kitui County Government	700,000.00			700,000.00	600,000
Kitui County Government	937,100.00			937,100.00	600,000
Kitui County Government	700,000.00			700,000.00	600,000
Kitui County Government	500,000.00			500,000.00	600,000
Kitui County Government	500,000.00			500,000.00	600,000

***Kauwi Sub County Hospital (Kitui County Government)***  
***Revised Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024***

---

Kitui County Government	500,000.00			500,000.00	600,000
Kitui County Government	500,000.00			500,000.00	478,629
Kitui County Government	179,000.00			179,000.00	500,000
<b>Total</b>	<b>6,516,100</b>	<b>-</b>	<b>-</b>	<b>6,516,100</b>	<b>6,978,629</b>

**Notes to Financial Statements Continued**

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

Description	2023/24	2022/23
	KShs	KShs
Salaries and wages	91,140,348	78,437,174.8 5
Medical supplies-Drawings Rights (KEMSA)	2,483,086	9,541,621
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	-	-
Utility bills	-	-
<b>Total grants in kind</b>	<b>93,623,434</b>	<b>87,978,795.8 5</b>

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

Description	2023/24	2022/23
	KShs	KShs
Cancer Centre grant- DANIDA	-	-
World Bank grants	-	-
Paediatric ward grant- JICA	-	-
Research grants	-	-
Other grants ( <i>specify</i> )	-	-
<b>Total grants from development partners</b>	<b>-</b>	<b>-</b>

*(Provide brief explanation for this revenue)*

**8 (a) Grants from donors and development partners (Classification)**

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	KShs	KShs	KShs	KShs
Donor e.g., DANIDA	-	-	-	-	-
JICA	-	-	-	-	-
World Bank	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Notes to Financial Statements Continued**

**9. Transfers From Other Government Entities**

Description	2023/24	2022/23
	KShs	KShs
Transfer from National Government (Ministry of Health)	-	-
Transfer from xxx National Hospital	-	-
Transfer from xxx Institute	-	-
<b>Total Transfers</b>	-	-

#### 10. Public Contributions and Donations

Description	2023/24	2022/23
	KShs	KShs
Public donations	-	-
Donations from local leadership	-	-
Donations from religious institutions	-	-
Donations from other international organisations and individuals	-	-
Other donations( <i>specify</i> )	-	-
Donations in kind-amortised	-	-
<b>Total donations and sponsorships</b>	-	-

#### 10 (a)Reconciliations of amortised grants

Description	2023/24	2022/23
	Kshs	Kshs
<b>Balance unspent at beginning of year</b>	-	-
Current year receipts	-	-
Amortised and transferred to revenue	-	-
<b>Conditions to be met – remain liabilities</b>	-	-

Notes to Financial Statements Continued

11. Rendering of Services-Medical Service Income

Description	2023/24	2022/23
	Kshs	Kshs
Pharmaceuticals	742,260	747,630
Non-Pharmaceuticals	-	-
Laboratory	441,405	573,970
Radiology	-	-
NHIF	8,959,324	5,133,600
Theatre	-	-
Out Patient Department	624,340	443,930
EDU Afya	102,500	99,500
Fee for service	10,500	26,500
Nutrition service	-	-
Injections and Consultation	-	540,450
Exemptions	1,210	-
In patient	256,430	59,000
Paediatrics services	-	-
Farewell home services	-	-
Ambulance services	-	-
Other medical services income ( <i>specify</i> )	-	-
<b>Total revenue from the rendering of services</b>	<b>11,137,969</b>	<b>7,624,580</b>

Notes to the Financial Statements (Continued)

12. Revenue From Rent of Facilities

Description	2023/24	2022/23
	Kshs	Kshs
Residential property	-	-
Commercial property	-	-
<b>Total Revenue from rent of facilities</b>	-	-

13. Finance /Interest Income

Description	2023/24	2022/23
	Kshs	Kshs
Interest income from Cash investments and fixed deposits	-	-
Interest income from short- term/ current deposits	-	-
Interest income from Treasury Bills	-	-
Interest income from Treasury Bonds	-	-
Interest from outstanding debtors	-	-
<b>Total finance income</b>	-	-

14. Miscellaneous Income

Description	2023/24	2022/23
	KShs	KShs
Insurance recoveries	-	-
Income from sale of tender	-	-
Services concession income	-	-
Sale of goods (water, publications, containers etc)	-	-
Write backs (Deposits, payments in advance etc)	-	-
Bad debts recovered	-	-
Receipts from NHIF	2,213,153	-
<b>Total Miscellaneous income</b>	<b>2,213,153</b>	-

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

**15. Medical/ Clinical Costs**

Description	2023/24	2022/23
	Kshs	Kshs
Dental costs/ materials	-	-
Laboratory chemicals and reagents	-	-
Public health activities	-	-
Food and Ration	907,690	819,750
Uniform, clothing, and linen	-	-
Dressing and Non-Pharmaceuticals	-	12,390
Pharmaceutical supplies and No-pharms dispensed	1,201,072	-
Health information stationery	-	-
Reproductive health materials	-	-
Sanitary and cleansing Materials	382,400	690,080
Purchase of Medical gases	-	-
Fuel	-	628,351
X-Ray/Radiology supplies	-	-
<b>Total medical/ clinical costs</b>	<b>2,491,162</b>	<b>2,150,571</b>

**16. Employee Costs**

Description	2023/24	2022/23
	Kshs	Kshs
Salaries, wages, and allowances	1,731,315	1,785,176
Contributions to pension schemes	-	-
Service gratuity	-	-
Performance and other bonuses	-	-
Staff medical expenses and Insurance cover	131,775	37,800
Group personal accident insurance and WIBA	-	-
Social contribution-NSSF	36,540	188,160
Salaries paid by the County-In Kind	91,140,348	78,437,175
<b>Employee costs</b>	<b>93,039,978</b>	<b>80,448,311</b>

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

**17. Board of Management Expenses**

Description	2023/24	2022/23
	Kshs	Kshs
Chairman's Honoraria	-	-
Sitting allowance	-	-
Mileage	-	-
Insurance expenses	-	-
Induction and training	-	-
Travel and accommodation allowance	-	-
Airtime allowances	-	-
<b>Total</b>	-	-

**18. Depreciation and Amortization Expense**

Description	2023/24	2022/23
	Kshs	Kshs
Property, plant and equipment	-	-
Intangible assets	-	-
Investment property carried at cost	-	-
<b>Total depreciation and amortization</b>	-	-

**19. Repairs And Maintenance**

Description	2023/24	2022/23
	Kshs	Kshs
Property- Buildings	187,830	222,629
Medical equipment	-	-
Office equipment	-	-
Furniture and fittings	-	-
Computers and accessories	-	-
Motor vehicle expenses	149,850	139,600
Maintenance of civil works	-	-
<b>Total repairs and maintenance</b>	<b>337,680</b>	<b>362,229</b>

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

**20. Grants And Subsidies**

Description	2023/24	2022/23
	Kshs	Kshs
Community development and social work	-	-
Education initiatives and programs	-	-
Free/ subsidised medical camp	-	-
Disability programs	-	-
Free cancer screening	-	-
Social benefit expenses	-	-
Other grants and subsidies( <i>specify</i> )	-	-
<b>Total grants and subsidies</b>	<b>-</b>	<b>-</b>

*Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42.*

**21. General Expenses**

Description	2023/24	2022/23
	Kshs	Kshs
Advertising and publicity expenses	-	-
Catering expenses	-	-
Waste management expenses	-	-
Insecticides and rodenticides	-	-
Audit fees	-	-
Bank charges	4,100	10,580
Conferences and delegations	-	-
Consultancy fees	-	-
Contracted services	-	-
Electricity expenses	140,060	168,180
Fuel and Lubricants	711,770	-
Insurance	-	-
Research and development expenses	-	-
Travel and accommodation allowance	-	155,200
Legal expenses	-	-
Licenses and permits	-	-
Courier and postal services	-	-
Printing and stationery	1,874,750	1,790,100
Hire charges	-	-
Rent expenses	-	-
Water and sewerage costs	210,000	287,000

*Kauwi Sub County Hospital (Kitui County Government)*  
*Revised Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024*

Description	2023/24	2022/23
	Kshs	Kshs
Skills development levies	-	-
Telephone and mobile phone services	47,000	90,000
Internet expenses	-	-
Staff training and development	-	-
Subscriptions to professional bodies	-	-
Subscriptions to newspapers periodical, magazines, and gazette notices	-	-
Library books/Materials	-	-
Parking charges	-	-
<b>Total General Expenses</b>	<b>2,987,680</b>	<b>2,501,060</b>

**22. Finance Costs**

Description	2023/24	2022/23
	KShs	KShs
Borrowings (amortized cost) *	-	-
Finance leases (amortized cost)	-	-
Interest on Bank overdrafts/Guarantees	-	-
Interest on loans from commercial banks	-	-
<b>Total finance costs</b>	<b>-</b>	<b>-</b>

**23. Gain/Loss on Disposal of Non-Current Assets**

Description	2023/24	2022/23
	KShs	KShs
Property, plant, and equipment	-	-
Intangible assets	-	-
Other assets not capitalised ( <i>specify</i> )	-	-
<b>Total gain on sale of assets</b>	<b>-</b>	<b>-</b>

**24. Unrealized Gain On Fair Value Investments**

Description	2023/24	2022/23
	KShs	KShs
Investments at fair value	-	-
<b>Total gain</b>	<b>-</b>	<b>-</b>

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

**25. Medical Services Contracts Gains /Losses**

Description	2023/24	2022/23
	KShs	KShs
Comprehensive care contracts with NHIF	-	-
Non- Comprehensive contracts care with NHIF	-	-
Linda Mama Program	-	-
Waivers and Exemptions	-	-
<b>Total Gain/Loss</b>	-	-

**26. Impairment Loss**

Description	2023/24	2022/23
	KShs	KShs
Property, plant, and equipment	-	-
Intangible assets	-	-
Investments	-	-
<b>Total impairment loss</b>	-	-

**27. Cash And Cash Equivalents**

Description	2023/24	2022/23
	KShs	KShs
Current accounts	60,762	157,216
On - call deposits	-	-
Fixed deposits accounts	-	-
Cash in hand	-	-
Others( <i>specify</i> )- Mobile money	-	-
<b>Total cash and cash equivalents</b>	<b>60,762</b>	<b>157,216</b>

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

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

Description		2023/24	2022/23
Financial institution	Account number	KShs	KShs
<b>a) Current account</b>			
Co-operative Bank of Kenya	0114130383 8301	60,736	157,216
Co-operative Bank of Kenya	0114130383 8300	26	0
<b>Sub- total</b>		<b>60,762</b>	<b>157,216</b>
<b>b) On - call deposits</b>			
Kenya Commercial bank		-	-
Equity Bank – etc		-	-
<b>Sub- total</b>		-	-
<b>c) Fixed deposits account</b>			
Bank Name		-	-
<b>Sub- total</b>		-	-
<b>d) Others(<i>specify</i>)</b>			
cash in hand		-	-
Mobile money- Mpesa, Airtel money		-	-
<b>Sub- total</b>		-	-
		-	-
<b>Grand total</b>		<b>60,762</b>	<b>157,216</b>

**28. Receivables From Exchange Transactions**

Description	2023/24	2022/23
	KShs	KShs
NHIF Claims	3,620,762	3,842,705
Rent receivables		-
Other exchange debtors		-
Less: impairment allowance		-
<b>Total receivables</b>	<b>3,620,762</b>	<b>3,842,705</b>

**Analysis of Receivables From Exchange Transactions**

Description	2023/24		2022/23	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	-	%	-	%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total (a+b)</b>	-	%	-	%

**29. Receivables From Non-Exchange Transactions**

Description	2023/24	2022/23
	KShs	KShs
Transfers from the County Government	-	-
Undisbursed donor funds	-	-
Other debtors ( <i>non-exchange transactions</i> )	-	-
Less: impairment allowance	(-)	(-)
<b>Total</b>	-	-

**Analysis of Receivables From Non-Exchange Transactions**

Description	2023/24		Insert Comparative FY	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	-	%	-	%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total (a+b)</b>	-	%	-	%

**30. Inventories**

Description	2023/24	2022/23
	KShs	KShs
Pharmaceutical supplies	920,691	1,456,496
Maintenance supplies	-	-
Food supplies	-	-

*Kauwi Sub County Hospital (Kitui County Government)*  
*Revised Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024*

---

Linen and clothing supplies	3,039,834	1,318,532
Laboratory supplies	96,517	-
General supplies	-	-
Less: provision for impairment of stocks	(-)	(-)
<b>Total</b>	<b>4,057,042</b>	<b>2,775,028</b>

*Note: Included in this inventory are expired medical supplies worth Ksh. 899,600. These have been set aside/quarantined awaiting disposal.*

*Kauwi Sub County Hospital (Kitui County Government)*  
*Revised Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024*

*Notes to the Financial Statements (Continued)*

**31. Property, Plant and Equipment**

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
<b>Cost</b>								
At 1 July 2022 (previous year)	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Transfers/adjustments	-	-	(-)	-	-	-	-	(-)
<b>At 30<sup>th</sup> Jun 2023</b>	-	-	-	-	-	-	-	-
At 1 July 2023 (current year)	-	-	-	-	-	-	-	-
Additions	-	-	-	97,500	-	-	-	-
Disposals	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Transfer/adjustments		-		-			(-)	-
<b>At 30<sup>th</sup> Jun 2024</b>	-	-	-	97,500	-	-	-	-
<b>Depreciation and impairment</b>								
At 1 July 2023 (previous year)		-	-	-	-	-		-
Depreciation for the year		-	-	-	-	-		-
Disposals		(-)	(-)	(-)	(-)	(-)		(-)
Impairment		(-)	(-)	(-)	(-)	(-)		(-)
<b>At 30 June 2024</b>		-	-	-	-	-		-

*Kauwi Sub County Hospital (Kitui County Government)*  
*Revised Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024*

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
At July 2023 (current year)		-	-	-	-	-		-
Depreciation		-	-	-	-	-		-
Disposals		(-)	(-)	(-)	(-)	(-)		(-)
Impairment		(-)	(-)	(-)	(-)	(-)		(-)
Transfer/adjustment		-	-	-	-	-	(-)	(-)
<b>At 30<sup>th</sup> June 2024</b>		-	-	-	-	-	-	-
<b>Net book values</b>								
At 30 <sup>th</sup> Jun 2023 (previous)	-	-	-	-	-	-	-	-
At 30 <sup>th</sup> Jun 2024 (current)	-	-	-	<b>97,500</b>	-	-	-	-

Notes to the Financial Statements (Continued)

32. Intangible Assets-Software

Description	2023/24	2022/23
	KShs	KShs
<b>Cost</b>		
<b>At beginning of the year</b>	-	-
Additions	-	-
Additions-Internal development	-	-
Disposal	(-)	(-)
<b>At end of the year</b>	-	-
		-
<b>Amortization and impairment</b>		-
<b>At beginning of the year</b>	-	-
Amortization for the period	-	-
Impairment loss	-	-
<b>At end of the year</b>	-	-
<b>NBV</b>	-	-

33. Investment Property

Description	2023/24	2022/23
	KShs	KShs
<b>At beginning of the year</b>	-	-
Additions	-	-
Disposals during the year	(-)	(-)
Fair value gain	-	-
Depreciation ( <i>where investment property is at cost</i> )	(-)	(-)
Impairment	(-)	(-)
<b>At end of the year</b>	-	-

**Kauwi Sub County Hospital (Kitui County Government)**  
**Revised Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

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

**34. Trade and other Payables**

Description	2023/24		2022/23	
	KShs		KShs	
Trade payables	-		-	
Employee dues	-		-	
Third-party payments (e.g. unremitted payroll deductions)	-		199,560	
Audit fee	-		-	
Pending Bills	1,357,111		2,224,110	
<b>Total trade and other payables</b>	<b>1,357,111</b>		<b>2,423,670</b>	
<b>Ageing analysis:</b>	<b>Current FY</b>	<b>% of the Total</b>	<b>Co mpa rati ve FY</b>	<b>% of the total</b>
Under one year	571,405	42%	-	%
1-2 years	280,816	21%	-	%
2-3 years	258,410	19%	-	%
Over 3 years	246,480	18%	-	%
<b>Total</b>	<b>1,357,111</b>	<b>100%</b>	<b>-</b>	<b>%</b>

**35. Refundable Deposits from Customers/Patients**

Description	2023/24		2022/23	
	KShs		KShs	
Medical fees paid in advance	-		-	
Credit facility deposit	-		-	
Rent deposits	-		-	
Others (specify)	-		-	
<b>Total deposits</b>	<b>-</b>		<b>-</b>	
<b>Ageing analysis:</b>	<b>Current FY</b>	<b>% of the Total</b>	<b>Comparative FY</b>	<b>% of the Total</b>
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%

***Kauwi Sub County Hospital (Kitui County Government)***  
***Revised Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024***

Over 3 years	-	%	-	%
<b>Total</b>	-	%	-	%

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

**36. Provisions**

Description	Leave provision	Bonus provision	Other provision	Total
	KShs	KShs	KShs	KShs
<b>Balance at the beginning of the year</b>	-	-	-	-
Additional Provisions	-	-	-	-
Provision utilised	(-)	(-)	(-)	(-)
Change due to discount & time value for money	(-)	(-)	(-)	(-)
<b>Total provisions</b>	-	-	-	-
Current Provisions	-	-	-	-
Non-Current Provisions	-	-	-	-
<b>Total Provisions</b>	-	-	-	-

**37. Finance Lease Obligation**

Description	2023/24	2022/23
	Kshs	Kshs
Current Lease obligation	-	-
Long term lease obligation	-	-
<b>Total</b>	-	-

**38. Deferred Income**

Description	2023/24	2022/23
	KShs	KShs
Current Portion	-	-
Non-Current Portion	-	-
<b>Total</b>	-	-

Notes to the Financial Statements (Continued)

38 (a) The deferred income movement is as follows:

Description	National government	International funders/ donors	Public contributions and donations	Total
<b>Balance b/f</b>	-	-	-	-
Additions during the year	-	-	-	-
Transfers to Capital fund	(-)	(-)	(-)	(-)
Transfers to statement of financial performance	(-)	(-)	(-)	(-)
Other transfers ( <i>Specify</i> )	(-)	(-)	(-)	(-)
<b>Balance C/F</b>	-	-	-	-

39. Borrowings

Description	2023/24	2022/23
	KShs	KShs
<b>Balance at beginning of the period</b>	-	-
External borrowings during the year	-	-
Domestic borrowings during the year	-	-
Repayments of external borrowings during the year	(-)	(-)
Repayments of domestic borrowings during the year	(-)	(-)
<b>Balance at end of the period</b>	-	-

39. (a) Breakdown of Long- and Short-Term Borrowings

Description	2023/24	2022/23
	KShs	KShs
Current Obligation	-	-
Non-Current Obligation	-	-
<b>Total</b>	-	-

40. Service Concession Arrangements

Description	2023/24	2022/23
	KShs	KShs
Fair value of service concession assets recognized under PPE	-	-
Accumulated depreciation to date	(-)	-
Net carrying amount	=	=
Service concession liability at beginning of the year	-	-

**Kauwi Sub County Hospital (Kitui County Government)**

**Revised Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

Service concession revenue recognized	(-)	(-)
Service concession liability at end of the year	=	=

**41. Social Benefits**

Description	2023/24	2022/23
	Kshs	Kshs
Health social benefit scheme	-	-
Unemployment social benefit scheme	-	-
Orphaned and vulnerable benefit scheme	-	-
People Living with Disabilities benefit Scheme	-	-
Elderly social benefit scheme	-	-
Bursary social benefits	-	-
<b>Total</b>	-	-
	-	-
Current social benefits	-	-
Non- current social benefits	-	-
<b>Total (tie to totals above)</b>	-	-

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

**42. Cash Generated from Operations**

Description	2023/24	Insert Comparative FY
	KShs	KShs
Surplus for the year before tax	-	-
<b>Adjusted for:</b>		
Depreciation	-	-
Non-cash grants received	(-)	(-)
Impairment	-	-
Gains and losses on disposal of assets	(-)	(-)
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
<b>Working Capital adjustments</b>		
Increase in inventory	(-)	(-)
Increase in receivables	(-)	(-)
Increase in deferred income	-	-
Increase in payables	-	-
Increase in payments received in advance	-	-
<b>Net cash flow from operating activities</b>	-	-

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

**43. Financial Risk Management**

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

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

**(i) Credit risk**

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2023 (previous year)				
Receivables from exchange transactions	-	-	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
<b>Total</b>	-	-	-	-
At 30 June 2024 (current year)	-	-	-	-
Receivables from exchange transactions	-	-	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
<b>Total</b>	-	-	-	-

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

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

**(ii) Liquidity risk management**

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2023</b>				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 30 June 2024</b>				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</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 transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The carrying amount of the entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Description	KShs	Other currencies	Total
	Kshs		Kshs
<b>At 30 June 2024</b>			
Financial assets (investments, cash, debtors)	-	-	-
Liabilities			
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

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

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

Description	KShs	Other currencies	Total
	Kshs		Kshs
<b>At 30 June 20xx</b>			
Financial assets (investments, cash, debtors)	-	-	-
Liabilities			
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

**Foreign currency sensitivity analysis**

The following table demonstrates the effect on the 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.

Description	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
<b>2023 (previous year)</b>			
Euro	10%	-	-
USD	10%	-	-
<b>2024 (current year)</b>			
Euro	10%	-	-
USD	10%	-	-

**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 been performed on the same basis as the prior year.

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

**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	Current Period	Comparative Period
	Kshs	Kshs
Revaluation reserve	-	-
Retained earnings	-	-
Capital reserve	-	-
<b>Total funds</b>	-	-
Total borrowings	-	-
Less: cash and bank balances	(-)	(-)
Net debt/ ( <i>excess cash and cash equivalents</i> )	-	-
<b>Gearing</b>	-%	-%

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

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

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

Description	2023/24	2022/23
	Kshs	Kshs
<b>Transactions with related parties</b>		
<b>a) Services offered to related parties</b>		
Services to xxx	-	-
Sales of services to xxx	-	-
<b>Total</b>	-	-
<b>b) Grants from the Government</b>		
Grants from County Government	-	-
Grants from the National Government Entities	-	-
Donations in kind	-	-
<b>Total</b>	-	-
<b>c) Expenses incurred on behalf of related party</b>		
Payments of salaries and wages for xxx employees	-	-
Payments for goods and services for xxx	-	-
<b>Total</b>	-	-
<b>d) Key management compensation</b>		

**Kauwi Sub County Hospital (Kitui County Government)**  
**Revised Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

Description	2023/24	2022/23
	Kshs	Kshs
Directors' emoluments	-	-
Compensation to the medical Sup	-	-
Compensation to key management	-	-
<b>Total</b>	-	-

**45. Segment Information**

*(Where an organisation operates in different geographical regions or in departments, IPSAS 18 on segmental reporting requires an entity to present segmental information of each geographic region or department to enable users understand the entity's performance and allocation of resources to different segments)*

**46. Contingent Liabilities**

Contingent liabilities	2023/24	2022/23
	Kshs	Kshs
Court case xxx against the hospital	-	-
Bank guarantees in favour of subsidiary	-	-
<b>Total</b>	-	-

*(Give details)*

**47. Capital Commitments**

Capital Commitments	2023/24	2022/23
	Kshs	Kshs
Authorised For	-	-
Authorised And Contracted For	-	-
<b>Total</b>	-	-

*(NB: Capital commitments are commitments to be carried out in the next financial year and are disclosed in accordance with IPSAS 17. Capital commitments may be those that have been authorised by the board but at the end of the year had not been contracted or those already contracted for and ongoing)*

**48. Events after the Reporting Period**

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

**49. Ultimate and Holding Entity**

*Kauwi Sub County Hospital (Kitui County Government)*  
*Revised Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024*

---

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

**50. Currency**

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

**Kauwi Sub County Hospital (Kitui County Government)**  
**Revised Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

**20. Appendices**

Appendix 1: Progress on Follow Up of Auditor Recommendations


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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	Non-disclosure of property, plant, and equipment	Being a devolved entity, Kauwi Hospital inherited most of the property, plant, and equipment from the National Government; whose transfer of ownership is yet to be finalized	Not resolved	2026/2027
2.	Unconfirmed inventories balances	The hospital conducted a board of survey at the close of the year and prepared a report on the same	Not resolved	2023/ 2024
3.	Non-disclosure of employees costs paid by the County Government of Kitui	Employees costs paid by the County Government of Kitui were included in the preparation of financial statement for FY 2023/24	Not resolved	2023/2024
4.	Unresolved prior year audit matters	The management awaits invitation to Senate so as to clarify and thus resolve on the prior year audit matters	Not resolved	2024/ 2025
5.	Late submission of Financial Statements	23/24 Financial Statements were submitted on time	Not resolved	2023/2024
6.	Deficiencies in implementation of Universal Health Coverage	The County Ministry of Health and Sanitation is working on the compliance	Not Resolved	2026/ 2027
7.	Failure to prepare quarterly revenue	The management shall endeavour to comply	Not resolved	2024/2025

**Kauwi Sub County Hospital (Kitui County Government)**

**Revised Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

<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>
	reports	with guidelines on quarterly revenue reports		
8.	Unutilized medical equipment	The management will liase with The County Ministry of Health and Sanitation to bring into utilization of the idle equipment.	Not Resolved	2024/2025
9.	Failure to maintain a comprehensive asset register	The management will liase with The County Ministry of Health and Sanitation to value the assets for subsequent development of an asset register	Not resolved	2026/2027
10.	Expired medical supplies	The management has initiated disposal process of the expired medical supplies.	Not Resolved	2024/2025

  
.....  
**Accounting Officer**

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						
2						

**Status of Projects completion**

SN	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1							
2							
3							

**Kauwi Sub County Hospital (Kitui County Government)**  
**Revised Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

Appendix III: Inter-Entity Confirmation Letter

**Name of Transferring entity: Kitui County Government**

**Name of Beneficiary entity: Kauwi Sub County Hospital**

<b>Confirmation of amounts received by Kauwi Sub County Hospital as at 30<sup>th</sup> June 2024</b>					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
Kitui County Rec/0001090109	08/14/23	500,000.00	-	500,000.00	Received
Kitui County Rec/0001091136	09/13/23	500,000.00	-	500,000.00	Received
Kitui County Rec/0001091948	09/29/23	500,000.00	-	500,000.00	Received
Kitui County Rec/0001093328	10/27/23	500,000.00	-	500,000.00	Received
Kitui County Rec/0001094659	12/01/23	700,000.00	-	700,000.00	Received
Kitui County Rec/0001095094	12/22/23	937,100.00	-	937,100.00	Received
Kitui County Rec/0001095883	01/07/24	700,000.00	-	700,000.00	Received
Kitui County Rec/0001097606	02/02/24	500,000.00	-	500,000.00	Received
Kitui County Rec/0001098977	03/06/24	500,000.00	-	500,000.00	Received
Kitui County Rec/0001099829	04/04/24	500,000.00	-	500,000.00	Received

**Kauwi Sub County Hospital (Kitui County Government)**  
**Revised Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

Kitui County Rec/0001100743	05/16/24	500,000.00	-	500,000.00	Received
Kitui County Rec/0001101864	06/10/24	179,000.00	-	179,000.00	Received
<b>Total</b>		<b>6,516,100.00</b>		<b>6,516,100.00</b>	

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

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

Name ..... *Amoscaat Vati* ..... Sign ..... *[Signature]* ..... Date ..... *27/5/24* .....

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

Name ..... *Winnie Nye* ..... Sign ..... *[Signature]* ..... Date ..... *27/5/24* .....

*Kauwi Sub County Hospital (Kitui County Government)*  
*Revised Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024*

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		

***Kauai Sub County Hospital (Kitui County Government)  
Revised Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024***

**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

*Kauwi Sub County Hospital (Kitui County Government)*  
*Revised Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024*

---

Appendix VI: Pharmaceuticals and Non-Pharmaceuticals In-Kind Supplies

**IN-KIND SUPPLIES  
TO KAUWI  
HOSPITAL  
FOR FY 2023/24**

<b>DATE</b>	<b>INVOICE NO.</b>	<b>AMOUNT</b>	<b>SOURCE</b>
29/5/24	EMB-2-018088-2023/24	597,312.00	KEMSA
22/12/23	EMB-2-010539 -2023/24	1,597,689.00	KEMSA
12/6/2024	CMJ-2-00878-2023/24	3,080.00	KEMSA
22/2/24	520199	285,005.00	MEDS
<b>TOTAL</b>		<b>2,483,086.00</b>	

*Kauwi Sub County Hospital (Kitui County Government)*  
*Revised Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024*

---

Appendix VII: Pending payables

COUNTY GOVERNMENT OF KITUI  
 MINISTRY OF HEALTH AND SANITATION  
 KAUWI SUB COUNTY HOSPITAL  
 PENDING BILLS AS AT JUNE 2024

S/NO	NAME OF SUPPLIER	PURPOSE	DATE ISSUED	LPO/LSO NO.	AMOUNT
1	DNM FURNITURE AND GEN.	MAINTANANCE	5/2/2019	1646767	53,980.00
2	KNICKY AUTOMAX	maintenance	12/3/2019	436603	46,500.00
3	MERIC SUPLIES LTD	REFINED FUEL	12/3/2019	3311939	146,000.00
4	SYUKI GEN. CONTRACTORS	OTHER FUELS	1/8/2020	3284381	36,750.00
5	BETTER PHASE LTD	OTHER FUELS	2/19/2020	3311949	20,000.00
6	BETTER PHASE LTD	OTHER FUELS	4/15/2020	3284254	20,000.00
7	BETTER PHASE LTD	OTHER FUELS	6/26/2020	3284274	20,000.00
8	BETTER PHASE LTD	OTHER FUELS	7/26/2020	3284275	20,000.00
9	JOSANE GEN. SUPPLIERS	GEN. OFFI. SUPPLIES	3/11/2021	3284300	7,660.00
10	JOSANE GEN. SUPPLIERS	GEN. OFFI. SUPPLIES	3/11/2021	3284299	134,000.00
11	AUTODYNE POWER SYSTEMS	MNTNCE OF GENERATOR	5/30/2022	1646774	59,415.99
12	SWAYTEAMS INVESTMENTS	GEN. OFFI. SUPPLIES	10/6/2022	2537757	25,400.00
13	CASUAL SALARY- JUNE 2022	CASUAL WAGES	30/6/2022	N/A	196,000.00
14	CASUAL SALARY- JUNE 2024	CASUAL WAGES	30/6/2024	N/A	157,060.00
15	NSSF	STATUTORY DEDUCTIONS	30/6/2024	N/A	94,080.00
16	Postal Corporation of Kenya	Postal Box Office	30/6/2024	N/A	67,408.00
17	KPLC	Electricity	30/6/2024	N/A	252,856.55
		<b>TOTAL</b>			<b>1,357,110.54</b>