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MWINGI LEVEL 4 HOSPITAL

FOR THE YEAR ENDED
30 JUNE, 2025

COUNTY GOVERNMENT OF KITUI

40



OFFICE OF THE AUDITOR GENERAL
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**MWINGI Level 4 HOSPITAL
Kitui County Government**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2025

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

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1. Acronyms & Glossary of Terms

CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
DEPT MED SUP	Deputy Medical Superintendent
HAO	Health Administrative Officer
KEMSA	Kenya Medical Supplies Agency
CECM	County Executive Committee Member
KEMU	Kenya Methodist University
KMTC	Kenya Medical Training College
CPA	Certified Public Accountants
KCB	Kenya Commercial Bank
MBA	Master in Business Administration
REP	Representative
NYC	National Youth Council
PLWDs	People with Disabilities
IPSAS	International Public Sector Accounting Standards
CHMT	County Health Management Team
ENT	Ear Nose and Throat
KU	Kenyatta University
MKU	Mount Kenya University

2. Key Hospital Information and Management

(a) Background information

Mwingi Level IV Hospital is a Gazetted Public Health facility by the Ministry of Health, Kenya Master Health Facility Registry No: 12626 domiciled in Kitui County under the Ministry of Health and Sanitation. The facility is located Off Nzeluni Road in Mwingi Town, Mwingi Central Constituency and it serves a catchment of 58,811 (KHIS 2024).

The hospital board of management is comprised of nine (9) members drawn from various professional backgrounds. The Chairman of the board is an experienced Radiographer with 26 years of experience. While the Secretary is the current Medical Superintendent who is an accomplished Gynaecologist.

(b) Principal Activities

The Hospital's key mandate is to provide quality health care, improve clinical outcomes, improve on procedures and systems as well as strengthening health promotion and disease prevention.

The Hospital has a bed capacity of 250 Beds and the workload for the year 2024-2025 is 162,865

The facility offers outpatient Services, Inpatient Services, and Specialized Services such as Gynaecology, Oncology, ENT, Ophthalmology, General Surgery, Orthopaedic Surgery among others.

(c) Key Management

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

- County department of Health –(CHMT)
- Board of Management
- Accounting Officer/ Medical Superintendent
- Hospital Management Team- (HMT)

(d) Fiduciary Management

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

No.	Designation	Name
1.	Medical Superintendent	Dr. Hellen K Munyao
2.	Head of finance	Charles Mukola
3.	Head of supply chain	Peter N Kutuka
4.	Health Administration Officer	Tony Musyimi
5.	Deputy Superintendent	Kennedy Fundi
6	Nursing in Charge	Japheth Mbinda

- (e) **Fiduciary Oversight Arrangements**
- Kitui County Internal Audit Unit
 - Kitui County Risk Committee
 - Kitui County Assembly
 - Parliamentary committees
 - Kitui County Assembly Public Investment and Accounts Committee
 - Kitui County Assembly County Budget and Appropriation Committee
 - Kitui County Assembly Finance and Economic Planning Committee
 - Kitui County Budget and Economic Forum

Key Hospital Information and Management (continued)

(f) **Mwingi Level IV Hospital Headquarters**

P.O. Box 16-90400
CHMT Building
Kitui Hospital Road
Kitui, Kenya.

(g) **Mwingi Level IV Hospital Contacts**

Telephone: (+254) 716-220-667
E-mail: mwingimedst@yaho.com
Website: www.kitui.go.ke




(h) **Mwingi District Hospital**
Kenya Commercial Banks –Mwingi Branch

(i) **Independent Auditors**
Auditor General
Office of Auditor General
Anniversary Towers, Institute Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya




(j) **Principal Legal Adviser**
The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

(k) **County Attorney**
P.O. Box. 33-90200
Kitui, Kenya




3. The Board of Management

Ref	Directors	Details
1.	 Stephen Mulwa Mitambo Chairman	D.O.B- 11 September 1960 Diploma in Diagnostic Radiography KMTCC Nairobi Diploma in Diagnostic Radiography University of Nairobi Diploma in Ultrasonography Fortys University-Netherlands Senior management- Kenya School of Government Work experience: Chairman for 6 years Procurement committee- Hospital Management Committee Date of Appointment:6 th January 2021
2.	 Alex Mutemi Sub County Administrator	MBA Entrepreneurial and Small Business Studies,- KEMU Bachelor of Business Administration, - KEMU CPA2 Work Experience: 2 Years and 5 Months as a Corporate Relationship Manager , - KCB South Sudan Subsidiary 19 years and 10 months as a Branch Manager KCB Bank Date of Appointment:6 th January 2021
3.	 Salee Musili Muvita Business Community Rep	D.O.B-5 th November 1958 20 Years in Education Profession as a CSO Date of Appointment:6 th January 2021




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4	 <p>Patrick Ndue Kitema Professional Groups Rep</p>	<p>2008- MBA –KU 1986- M.Sc. UK 1983- B.Sc- UoN Date of Appointment:6th January 2021</p>
5	 <p>Lydia Muthili Kimanzi Active Women Group Rep</p>	<p>MOUNT KENYA UNIVERSITY DOCTOR OF PHILOSOPHY IN EDUCATION (EDUCATIONAL PSYCHOLOGY) Educational Psychology PHD IN EDUCATION (EDUCATIONAL PSYCHOLOGY) Career Counsellor/ Lecturer Tangaza University College, Karen, Nairobi Nov 2020 - Present 3 years 11 months TEACHER TEACHERS SERVICE COMMISSION 2001- 2011 (10 years) Date of Appointment:6th January 2021</p>
6	 <p>Dr. Stephen Mwendwa Mwaniki FBO Rep</p>	<p>28 Oct. 1958 ID no/Passport:1220925/A1170933. Email: endwastve 58@gmail Academic qualification: Dip in Transformational church leadership(PAC University);B.Ed (K.U); M.A (UoN); Doctorate in Theology (Evangel Christian University of America); Work experience: 30 years in public/civil service Date of Appointment:6th January 2021</p>




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<p>7</p>	 <p>Sophia Abdallah National Youth Council (NYC) Rep</p>	<p>DOB:1985 Advanced Diploma Business Administration-ABE Diploma Business Administration-ABE Computer User Specialist Certificate Experience in Business Administration Date of Appointment:6th January 2021</p>
<p>8</p>	 <p>Joseph Kyalo Kitangu PLWDs</p>	<p>01 July 1975 Bachelor of Education More than 20 years in Education Profession Date of Appointment:6th January 2021</p>
<p>9</p>	 <p>Dr. Hellen Munyao Medical Superintendent</p>	<p>10th March 1978 Masters of Medicine, Obstetrics and Gynaecology Bachelor of Medicine and Bachelor of Surgery</p>

4. Key Management Team

Ref	Management	Details
1.	 <p>Dr. Hellen Munyao Medical Superintendent</p>	<p>Born On 10th March 1978 Masters of Medicine, Obstetrics and Gynaecology Bachelor of Medicine and Bachelor of Surgery</p>
2.	 <p>Dr. Kennedy Fundi Deputy Medical Superintendent</p>	<p>Born On 18th December 1988 Bachelor of Medicine and Bachelor of Surgery.</p>
3.	 <p>Charles Mukola Accountant</p>	<p>Born on 1st January 1977. CPAK Holder, ATC Graduate A member Of ICPAK Computer Literate: Ms-Excel advanced, Quick books, Sage Accounting. Experienced in monthly Payroll calculations and adjustments. Worked In a Financial Institution as Assistant Manager, checking on monthly payroll, monthly adjustments on employee payments. Experience for 6 Years in commercial Search and Law for Standard Chartered Bank Loan and Mortgages for Companies Department-worked for Lilian Mwaniki and Co Advocates as an Accountant</p>

Mwingi Level IV Hospital Kitui County Government
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4.	 <p>Tony Musyimi Health Administrative Officer</p>	<p>Born on 12th November 1991 Bachelor of Arts Education Post Graduate Diploma in Health Management System MBA</p>
5.	 <p>Peter Kutuka Supply Chain Procurement Officer</p>	<p>Born on 1st November 1993 Bachelor Of Purchasing and Supplies Management CPSP-K Holder</p>
6.	 <p>Japheth Mbinda Nursing Officer in Charge</p>	<p>Born on 22nd February 1974 Member of Nursing council of Kenya. Computer Literate. Master of Public Health (Reproductive Health) K.U Bachelor of Science in Nursing Diploma in Community Nursing.</p>

5. Chairman's Statement

Mwingi Level IV Hospital has continued to operate optimally during the financial year ended 30th June 2025 to actualize its potential as a health service provider in Mwingi Central Sub County and as a Referral Hospital from Nuu, Migwani, Tseikuru, Kyuso in Emergency cases.

However, during the financial year 2024-2025, the Hospital Revenue has increased drastically from Kshs. 111Millions to KShs. 167 Millions and we had Total Improvements in the Hospital Facility as indicated below:

- (a) There was increase in Sales in Pharmaceutical Products and
- (b) The Hospital Adopted a new MPESA upgrade called PUSH for the Payment of Services
- (c) Our Head Office Team Lead by CO Medical drugs constantly supply us with Pharmaceuticals and Non Pharmaceuticals in case of out of stock drugs and non-Pharmaceuticals.
- (d) Mwingi Level IV Hospital to be centre of Excellence in Medical service Provision and be a Level 5 Hospital for training specialized Medical services KU,JKUAT and KMTC students.
- (e) The Hospital Has started an Amenity Ward to increase revenue and encourage Public and Private Partnership.

In this regard, the Hospital proposes for the following going forward,

- Request for our able Kitui County to employ more doctors, nurses, clinical officers and Lab Technicians.
- To have adequate supply of Pharmaceuticals and Non-pharmaceuticals from KEMSA throughout the year.
- Modernized our Hospital with the Building of Mother Child Centre, Modern Mortuary and Amenity Ward.

In conclusion, despite the challenges faced by the Mwingi Level IV Hospital, the Board of management is optimistic that the hospital will serve the patients effectively and efficient manner in its quest to provide quality medical services within Kitui County.



.....
Stephen Mulwa Mitambo

Chairman to the Board

6. Report of The Medical Superintendent

Establishment and operations of Mwingi Level IV Hospital

Mwingi Hospital is a level IV Hospital established under gazette notice number **1019** dated 16th June 1995 as a District Hospital, was gazetted as Mwingi Hospital Vide Gazette Notice no: It is regulated by Ministry of Health under registration number 12626 and domiciled in Kitui County, Mwingi Central Sub County, and Mwingi Central Ward under the Health Department. A Board of Management governs the Level IV Hospital.

Organization structure of Mwingi Level IV Hospital

The Board is composed of nine (9) Board Members and Secretary to the Board. The Members are appointed and gazetted by the County Executive Committee Member for Health and Sanitation under section 5 of the Kitui County Health Facilities Management Committees Act, 2014 and are tasked with management and approval of the budget estimates while the secretary to implement the budgets by undertaking the day-to-day activities of Mwingi Level IV Hospital.

Function of Mwingi Level IV Hospital

The principal activity of the Mwingi Level IV Hospital is to provide high quality standard of Health services to the people of Kitui and the Government of Kenya.

The vision to be a provider of medical services in the entire eastern Kenya.
Our Mission is to provide medical care to all citizen of Kenya.



.....
Dr Hellen K Munyao

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 Hospital’s performance against predetermined objectives.

Mwingi Level IV Hospital has strategic pillars, themes, issues and objectives within the current Strategic Plan for the FY 2024-2025- FY 2025-2026. These strategic pillars, themes, issues are as follows:

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

8. Corporate Governance Statement

The current Board of Management for Mwingi Level IV Hospital was gazetted on 25th June 2021 under gazette notice number 2808.

The functions of the board of management included:

1. Supervision and control of the administration of funds allocated to the Hospital.
2. Through minutes, request the CECM to open and operate a bank account.
3. Make sure basic books of accounts for the Hospital are kept
4. Making sure records of accounts for income and expenditure, asset and liabilities.
5. Provide oversight to the hospital.

Salary and Remuneration Commission advise remuneration of the board members.

Generally, the hospital operates as per the set terms of reference concerning the number of meetings held and the attendance to those meetings by members, succession plan, existence of Charter, Process of appointment and removal of Board members, role and Functions of the induction, and training, Board and member performance, conflict of interest, board remuneration and conduct as well as governance audit.

**9. Management Discussion and Analysis
Clinical/Operational performance**

BED CAPACITY			
WARDS		AVAILABLE BEDS	AVAILABLE COTS
Medical	Male	20	0
	Female	22	0
Surgical	Male	23	0
	Female	34	0
PAEDS	Surgical	15	3
	Medical	15	4
Maternity		47	0
New Born		25	11 Cots
			2 Incubators
Amenity		24	0
EYE WARD	Male	10	0
	Female	10	0
RENAL UNIT		7	0
TOTAL		252	20

AVERAGE ADMISSION PER WARD PER MONTH	
MEDICAL WARD	40
MEDICAL FEMALE	55
SURGICAL MALE	45
SURGICAL FEMALE	50
PAEDS MEDICAL	30
PAEDS SURGICAL	20
MATERNITY	350
NEW BORN UNIT	100
EYE WARD	15
OPD ATTENDANCE PER DAY	400

Clinical / Operational Performance			
1	Patient Attendance	Out Patient	8,000 patients per month
		Inpatient	600 inpatients per month
		Accident & Emergency	50 patients in a month
2	Special Clinics Attendance		500 patients per month
3	Average Length of Stay		17 days
4	Bed Occupancy Rate		95%
5	Mortality rate		5% per Month
6	Surgical theatre utilisation		350 Surgeries per Month
7	Sponsorships and partnerships		CiHelb, CMMB



.....
Dr Hellen K Munyao
Secretary to the Board

10. Environmental And Sustainability Reporting

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

i) Sustainability strategy and profile

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

ii) Environmental performance

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

iii) Employee welfare

The Hospital operate as per the set Human Resource Policies borne

iv) Market place practices-

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

a) Responsible competition practice.

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

b) Responsible Supply chain and supplier relations

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

c) Responsible marketing and advertisement

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

d) Product stewardship

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

v) Corporate Social Responsibility / Community Engagements

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

11. Report of The Board of Management

The Board members submit their report together with the Audited Financial Statements for the year ended June 30, 2025, which show the state of the hospital's affairs.

Principal activities

The principal activity of the hospital is to provide health services to the people of Kitui and Government of Kenya at whole. The Vision is to have a community good Health care Services to all residents regardless of County Origin or Culture.

Results

The results of the **Mwingi Level IV Hospital** for the year ended **30th June 2025** are set out on pages 1 to 6

Board of Management

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

Auditors

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

By Order of the Board



.....
Dr Hellen K Munyao

Secretary to the Board

12. Statement of Board of Management’s Responsibilities

Section 164 of the Public Finance Management Act, 2012 **Mwingi Level IV Hospital** operate under Health Act 2017, requires the Board of Management to prepare financial statements in respect of that *Hospital*, which give a true and fair view of the state of affairs of the *Hospital* at the end of the financial year 2025. The operating results of the *Mwingi Level IV Hospital* for the year 2024-2025. The Board of Management is also required to ensure that the Hospital keeps proper accounting records, which disclose with reasonable accuracy the financial position of the Hospital. The council members are also responsible for safeguarding the assets of the Hospital.

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

The Board of Management accepts responsibility for the *Hospital'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 and Section 43, Health Act 21 of 2017. The Board members are of the opinion that the *Hospital's* financial statements give a true and fair view of the state of *Hospital's* transactions during the financial year ended June 30, 2025, and of the *Hospital's* financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the *Hospital*, which have being relied upon in the preparation of the *Hospital's* financial statements as well as the adequacy of the systems of internal financial control.

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

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

Approval of the financial statements

The Hospital’s financial statements were approved by the Board on 21/11/2025 and signed on its behalf by:


.....

Name:
Chairperson
Board of Management


.....

Name:
Accounting Officer

REPUBLIC OF KENYA



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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 MWINGI LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 - 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 the intended purpose; and,
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Mwingi Level 4 Hospital - County Government of Kitui set out on pages 1 to 34, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget

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

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

Basis for Qualified Opinion

1. Unsupported/Non-Disclosure of Property, Plant and Equipment

The statement of financial position reflects a Nil balance of property, plant and equipment. However, review of the Hospital's records and physical verification carried out in September, 2025 revealed assets including land, buildings, motor vehicles, furniture, computers and equipment which were not disclosed in the financial statements. Further ownership documents for land and motor vehicles were not provided for audit review.

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

2. Long Outstanding Receivables from Exchange Transactions

The statement of financial position reflects receivables from exchange transactions balance of Kshs.110,727,017 as disclosed in Note 17 to the financial statements. Included in the balance are receivables amounting to Kshs.43,725,741 in respect to National Hospital Insurance Fund (NHIF) claims which have been outstanding for more than three (3) years. Although Management issued demand letters to recover the amount, there has been no response from NHIF hence raising doubts on its recoverability.

In the circumstances, the completeness and recoverability of the NHIF claims amounting to Kshs.43,725,741 could not be confirmed.

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

Emphasis of Matter

1. Long Outstanding Trade and Other Payables

The statement of financial position and as disclosed in Note 21 to the financial statements reflect trade and other payables balance of Kshs.52,938,471. Included in the balance are payables totalling Kshs.29,594,077 which have been outstanding for more than two (2) years. Although Management indicated that the payables had been outstanding for long due to financial constraints, there were no measures put in place to clear the payables.

Failure to settle bills during the year to which they relate distorts the financial statements and adversely affects the budgetary provisions for the subsequent year as they form a first charge.

2. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects actual expenditure amount of Kshs.200,359,256 against actual receipts of Kshs.290,967,859 resulting to under-absorption of Kshs.90,608,603 or approximately 31% of the actual receipts.

The under absorption affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of these matters.

Key Audit Matters

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

Other Information

The Management is responsible for the Other Information set out on pages iv to xix which comprise of Key Hospital Information and Management, The Board of Management, Key Management Team, Chairman's Statement, Report of the Medical Superintendent, Statement of Performance Against predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Board of Management and Statement of Board of Management's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN 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 of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Irregular Engagement of Casual Workers

The statement of financial performance reflects employee costs of Kshs.27,751,165 as disclosed in Note 11 to the financial statements. Included in the amount is Kshs.5,592,253 in respect to casuals and contractual staff who were engaged for more than three (3) months. This is contrary to Section B.16(1) of the County Public Service Human Resource Manual of May, 2013 which states that (1) casual workers shall be engaged only on urgent short-term tasks with the approval of the County Public Service Board and they shall not be engaged for more than three months, as stipulated in the Employment Act, 2007.

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

2. Deficiencies in Implementation of Universal Health Coverage (UHC)

Review of the Hospital's records and interviews on verification of services offered, equipment used and medical specialists in the Hospital as at the time of audit in October, 2025 revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to staff deficits by twelve (12) or approximately 15% of the authorized establishment.

Staff Requirements	Level 4 Standard	Number in Hospital	Variance	Percentage % Variance
Anesthesiologists	2	0	2	100
General Surgeons	2	1	1	50
Radiologists	2	0	2	100
Kenya Registered Community Health Nurses	75	68	7	9
Total	81	69	12	15

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

Service	Level 4 Hospital Standard	Actuals in the Hospital	Variance	Percentage % Variance
New Born Unit Incubators	5	4	1	20
Functional ICU Beds	6	0	6	100
HDU Beds	6	0	6	100
Renal Unit with at least 5 Dialysis Machines	5	0	5	100

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

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

3. Failure to Dispose of Unserviceable Assets

The statement of financial position reflects a Nil balance of property, plant and equipment. However, field verification revealed unserviceable assets that have not been disposed of and remain unutilized. This is contrary to Section 164(1) of the Public Procurement and Assets Disposal Act, 2015 which states that the employee in-charge of unserviceable, obsolescent, obsolete or surplus assets shall bring the matter to the attention of the Disposal Committee through the Head of the Procurement Function.

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

4. Failure to Retain Facilities Improvement Funds (FIF) at the Hospitals

Review of revenue records revealed that the Hospital collected a total Kshs.167,583,664 towards the Health Facilities Improvement which include a total of Kshs.76,365,691 that was transferred to County Revenue Fund. This is contrary to Section 5(1) of the Facilities Improvement Financing Act, 2023 which requires that monies raised or received by or on behalf of Public Health Facilities be retained by the Facility and be paid into a separate Facility Improvement Financing Account.

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

The audit was conducted in accordance with ISSAIs 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. Expired Medical Supplies

The statement of financial position reflects inventories balance of Kshs.21,622,141 as disclosed in Note 19 to the financial statements. Review of records on pharmaceuticals and non-pharmaceuticals supplies revealed that twenty-eight (28) units of various drugs of undetermined value had expired.

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

2. Stock-Out of Essential Medical Supplies

The statement of financial position reflects inventories balance of Kshs.21,622,141 as disclosed in Note 19 to the financial statements. Review of the Hospital's stock cards for controlling stores indicated that the Hospital experienced stock-outs of medical supplies ranging from one (1) month to thirteen (13) months.

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

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

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Hospital's ability to continue as a going concern, disclosing, as applicable, matters related

to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

02 December, 2025

Mwingi Level IV Hospital Kitui County Government
Annual Report and Financial Statements for The Year Ended 30th June 2025

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


Description	Note	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	123,382,695	128,695,207
In-kind contributions from the County Government	7	433,537,848	418,234,913
Grants from donors and development partners	8	7,379,776	-
		564,300,319	546,930,120
Revenue from exchange transactions			
Rendering of services- Medical Service Income	9	167,583,664	111,711,285
Revenue from exchange transactions		167,583,664	111,711,285
Total revenue		731,883,983	658,641,405
Expenses			
Medical/Clinical costs	10	56,548,268	50,111,490
Employee costs	11	27,751,165	25,996,579
In-kind contributions from the County Government	7	433,537,848	418,234,913
Grants from donors and development partners	8	7,379,776	-
Repairs and maintenance	12	4,879,099	6,735,809
General expenses	13	34,815,033	37,638,724
Non recoverable Revenue	14	7,796,955	9,125,729
Transfer to County Government	16	76,365,691	102,585,556
Total expenses		649,073,835	650,428,800
Total other gains/(losses)		-	-
Net Surplus for the year		82,810,148	8,212,605

The notes set out on pages 7 to 34 form an integral part of the Annual Financial Statements.

The Hospital's financial statements were approved by the Board on 21/11/2025 and signed on its behalf by:



Chairman
Board of Management



Head of Finance
ICPAK No: 21239



Medical Superintendent

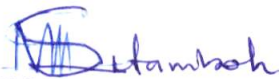
*Mwingi Level IV Hospital Kitui County Government
Annual Report and Financial Statements for The Year Ended 30th June 2025*


15. Statement of Financial Position As At 30th June 2025

Description	Note	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	15	38,450,473	167,274
Receivables from exchange transactions	17	110,727,017	56,597,774
Receivables from non-exchange transactions	18	-	13,727,030
Inventories	19	21,622,141	23,919,106
Total Current Assets		170,799,630	94,411,184
Total assets (A)		170,799,630	94,411,184
Liabilities			
Current liabilities			
Trade and other payables	21	52,938,471	47,435,540
Total Current Liabilities		52,938,471	47,435,540
Net Assets		117,861,159	47,435,540
Non-current liabilities			
Working Capital			
Represented by:			
Revaluation reserve		-	-
Accumulated surplus/Deficit		98,363,012	8,212,605
Capital Fund		19,498,147	38,763,039
Net Assets		117,861,159	94,411,184

The notes on pages 7 to 34 form an integral part of the Annual Financial Statements.

The Hospital's financial statements were approved by the Board on 21/11/2025 and signed on its behalf by:


.....
Chairman
Board of Management


.....
Head of Finance
ICPAK No: 2/239


.....
Medical Superintendent

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

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2023	-	7,340,259	-	7,340,259
Prior Year AIE Received Late		-	-	-
Surplus for the year	-	8,212,605	-	8,212,605
As at June 30, 2024	-	15,552,864	-	15,552,864
At July 1, 2024 (current year)	-	15,552,864	-	15,552,864
Prior Year AIE late Received	-	-	-	-
Reserve	-	-	19,498,147	19,498,147
Surplus for the year	-	82,810,148	-	82,810,148
At June 30, 2025 (current year)	-	98,363,012	19,498,147	117,861,159

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

Description	Note	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government	6	123,382,695	114,968,177
Rendering of services- Medical Service Income	9	111,785,814	111,711,285
Total Receipts		235,168,509	226,679,462
Payments			
Medical/Clinical costs		53,074,322	-44,510,326
Employee costs	11	27,751,165	-
Repairs and maintenance	12	4,879,099	25,996,579.00
Refund paid to the County Government	16	76,365,691	-6735809
General expenses	13	34,815,033	-87,271,527
Non-Recoverable Revenue	14	-	-
Total Payments		196,885,310	37,638,724.00
Net cash flows from operating activities		38,283,199	-15,227,288
Cash flows from investing activities			
Purchase of Property, Plant, Equipment & Intangible assets			
Net Cash flow used in Investing activities			
Cash flow from financing Activities			
Net Cash flow Used in Financing Activities			
Net Increase/(Decrease) in Cash and Cash equivalent		38,283,199	15,400,770
Cash and cash equivalents as at 1 July 2024		167,274	80,533
Cash and cash equivalents as at 30 June 2025	15	38,450,473	167,274

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

Description	Original budget	Adjustment	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue						
Transfers from the County Government	162,976,860	-	162,976,860	123,382,695	39,594,165	75.71%
Rendering of services- Medical Service Income	120,000,000	-	120,000,000	167,585,164	47,585,164	139.65%
Total income	282,976,860	-	282,976,860	290,967,859	-7,990,999	102.80%
Expenses						
Medical/Clinical costs	65,519,188	-	65,519,188	56,548,268	8,970,920	86.31%
Employee costs	34,222,872	-	34,222,872	27,751,165	6,471,707	81.09%
Repairs and maintenance	19,120,000	-	19,120,000	4,879,099	14,240,901	25.52%
General expenses	44,114,800	-	44,114,800	34,815,033	9,143,620	78.92%
Transfers to County Government	90,000,000	-	90,000,000	76,365,691	13,634,309	84.85%
Total Expenses	252,976,860		252,976,860	200,359,256	52,461,457	79.20%
Surplus for the period	-	-	30,000,000	90,608,603	34,561,725	%
Capital expenditure	-	-	-	-	-	-

NB: The budget for Rendering Services, there was an increase Volume of Patients per Month due to better Services received; increased birth rate for the Mother Child for our Maternity ward thus increased our Revenue drastically.

19. Notes to the Financial Statements

1. General Information

Mwingi Hospital is a level IV Hospital established under gazette notice number **1019** dated 16th June 1995 as a District Hospital, was gazetted as Mwingi Hospital Vide Gazette Notice no: It is regulated by Ministry of Health under registration number 12626 and domiciled in Kitui County, Mwingi Central Sub County, and Mwingi Central Ward under the Health Department. A Board of Management governs the Level IV Hospital.

2. Statement of Compliance and Basis of Preparation

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

3. Adoption of New and Revised Standards

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

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

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

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2026</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the Hospital.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2026</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 1st January 2026</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 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</p>

Standard	Effective date and impact:
	<p>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><i>Applicable 1st January 2026</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
<p>IPSAS 47- Revenue</p>	<p><i>Applicable 1st January 2026</i></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 Hospital shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
<p>IPSAS 48- Transfer Expenses</p>	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial 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</p>

Standard	Effective date and impact:
	transfers on accounting for such transfers.
IPSAS 49- Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>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.</p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p><i>Applicable 1st January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the Hospital's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.

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 *Hospital* 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.

Notes to the Financial Statements (Continued)

ii) Revenue from exchange transactions

Rendering of services

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

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 Hospital.

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.

b. Budget information

Board approved the original budget for FY 2024-205 on **26th July 2024**. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Hospital upon receiving the respective approvals in order to conclude the final budget. The *Hospital'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

Notes to the Financial Statements (Continued)

in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

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

c. Taxes

Sales tax/ Value Added Tax

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

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

d. Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Hospital recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in

surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Notes to the Financial Statements (Continued)

e. 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.

f. Biological Assets

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

g. Research and development costs

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

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

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when

development is complete and the asset is available for use. It is amortized over the period of 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.

Notes to the Financial Statements (Continued)

Financial assets

Classification of financial assets

The Hospital classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit based on both the Hospital'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 cash flows 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 a Hospital has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

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

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is

recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Notes to the Financial Statements (Continued)

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

Notes to the Financial Statements (Continued)

h. Inventories

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

Costs incurred in bringing each product to its present location and conditions are an 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 Hospital.

i. Provisions

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

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

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

Notes to the Financial Statements (Continued)

j. Social Benefits

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

k. Contingent liabilities

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

l. Changes in accounting policies and estimates

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

m. Employee benefits

Retirement benefit plans

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

through lump-sum payments or increased future contributions on a proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

Notes to the Financial Statements (Continued)

n. Related parties

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

o. Service concession arrangements

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

p. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and 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.

q. Comparative figures

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

Notes to the Financial Statements (Continued)

r. 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, 2026.

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Hospital'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 Hospital based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Hospital. 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 Hospital.
- 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. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Notes to the Financial Statements (Continued)

6. Transfers from the County Government

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Unconditional grants		
Operational grant	123,382,695	128,695,207
Conditional grants		
Total government grants and subsidies	123,382,695	128,695,207

6 b Transfers from The County Government

Name of the Hospital 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 2023/2024
			KShs	KShs	KShs
Kitui County Government	000	000	000	000	13,727,030
Total	000	000	000	000	13,727,030

7. In Kind Contributions from The County Government

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Salaries and wages	5,792,550	4,072,845
Salaries Permanent and Pensiabile	367,820,080	363,657,891
Medical supplies-Drawings Rights (KEMSA)	50,281,584	38,522,651
Utility bills	9,643,634	11,981,526
Total grants in kind	433,537,848	418,234,913

8. Grants From Donors And Development Partners

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
AMREF	2,463,686	-
GLOBAL FUND	4,757,471	-
GOK GF COUNTERPART FUNDS	11,960	-

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GOK/MOH-HIV	21,255	-
IMPERIAL DP WORLD CO.	850	-
UNFPA	32,978	-
USAID	91,577	-
Total grants in kind	7,379,777	-

Notes to the Financial Statements (Continued)

9. Rendering of Services-Medical Service Income

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Pharmaceuticals	27,338,612	17,298,516
Laboratory	16,825,963	14,437,922
Radiology	19,192,001	6,928,444
Orthopedic and Trauma Technology	2,146,053	1,097,733
Theatre	12,126,869	4,004,949
Ear Nose and Throat service	581,272	184,738
Nutrition service	1,939,385	870,596
Dental services	2,096,601	677,759
Reproductive health	14,082,601	19,438,490
Paediatrics services	8,203,201	3,087,152
Farewell home services	9,892,286	7,832,637
Other medical services income	53,158,820	35,852,349
Total revenue from the rendering of services	167,583,664	111,711,285

10. Medical/ Clinical Costs

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Dental costs/ materials	6,082,750	2,922,500
Laboratory chemicals and reagents	9,064,015	9,086,451
Food and Ration	18,946,043	19,414,030
Uniform, clothing, and linen	232,800	180,200
Dressing and Non-Pharmaceuticals	5,242,713	6,527,217
Pharmaceutical supplies	267,500	-
Health information stationery	5,544,038	4,152,392
Sanitary and cleansing Materials	3,551,009	2,548,700
X-Ray/Radiology supplies	7,617,400	5,280,000
Total medical/ clinical costs	56,548,268	50,111,490

Notes to the Financial Statements (Continued)

11. Employee Costs

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Salaries, wages, and allowances	25,232,546	22,863,079
Nurses Locum	2,518,619	3,133,500
Employee costs	27,751,165	25,996,579

12. Repairs And Maintenance

Description	FY 2024/2025	FY 2023-2024
	Kshs	Kshs
Property- Buildings	1,647,505	2,628,047
Medical equipment	460,032	1,787,705.00
Office Equipment	-	191,300.00
Furniture and fittings	86,483	141,000.00
Computers and accessories	993,656	1,063,193.00
Motor vehicle expenses	1,691,423	924,564
Total repairs and maintenance	4,879,099	6,735,809

13. General Expenses

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Catering expenses	714,803	167,795
Bank charges	139,539	123,127
Conferences and delegations	224,300	152,000
Contracted services	12,468,499	9,794,902
Electricity expenses	156,147	1,300,000
Fuel and Lubricants	4,351,749	6,509,512
Other Fuels-LPG	2,676,692	5,095,148
Electrical Materials	156,147	1,354,271
Travel and accommodation allowance	5,848,095	7,043,580
Printing and stationery	3,795,569	3,109,616
Water and sewerage costs	2,196,853	1,714,373
Telephone and mobile phone services	2,050,640	1,274,400
Internet expenses	36,000	-
Total General Expenses	34,815,033	37,638,724

Notes to the Financial Statements (Continued)

14. Unrecoverable Revenue

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
WAIVERS	5,616,524	6,852,217
EXEMPT	1,393,938	1,682,620
PRISONS	465,276	510,028
PLWD	321,217	80,864
Total	7,796,955	9,125,729

15. Cash And Cash Equivalents

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Current accounts	38,450,473	167,274
Cash in hand	-	-
Total cash and cash equivalents	38,450,473	167,274

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

Description		FY 2024/2025	FY 2023/2024
Financial institution	Account number	KShs	KShs
a) Current account			
Kenya Commercial Bank- Revenue Account	1156708869	35,309,791	192
Kenya Commercial Bank- Operation Account	1156709008	3,140,682	167,082
Sub- total		38,450,473	167,274
Grand total		38,450,473	167,274

16. Transfer To County Government

Source		FY 2024/2025	FY 2023/2024
		KShs	KShs
Transfer from Kenya Commercial Bank-Revenue Account		54,824,160	75,873,841
M-Pesa Direct Payments		21,541,531	26,711,715
Total		76,365,691	102,585,556

17. Receivables From Exchange Transactions

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Medical services receivables	110,727,017	56,597,774
Total receivables	110,727,017	56,597,774

17 (a) Analysis of Receivables From Exchange Transactions

Description	FY 2024/2025		FY 2023/2024	
	Kshs		Kshs	
	FY2024/2025	% of the total	FY2023/2024	% of the total
Less than 1 year	67,001,276	%	13,054,996	24%
Between 1- 2 years	-	%	-	0%
Between 2-3 years	-	%	42,434,824	76%
Over 3 years	43,725,741	%	-	%
Total (a+b)	110,727,017	100%	56,597,774	100%

18. Receivables From Non-Exchange Transactions

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Transfers from the County Government	-	13,727,030
Total	-	13,727,030

Analysis of Receivables From Non-Exchange Transactions

Description	FY 2024-2025		FY 2023-2024	
	Kshs		Kshs	
	FY 2024/2025	% of the total	2023/2024 FY	% of the total
Less than 1 year	-	0%	13,727,030	1.07%
Total (a+b)	-	0%	13,727,030	1.07%

19. Inventories

Description	FY 2024-2025	FY 2023/2024
	KShs	KShs
Pharmaceutical supplies	9,566,968	3,679,473
Laboratory Commodities	3,755,743	-
Non- Pharmaceuticals supplies	7,863,186	20,153,816
Food supplies	361,244	85,817
Linen and clothing supplies	75,000	-
Total	21,622,141	23,919,106

19 (a) Detailed disclosure on inventories

	FY 2024/2025	FY2023/2024
Opening balance	23,919,106	-
Additional Inventory in the year	50,281,584	-
Inventory expensed in the year	52,578,549	-
Closing balance	21,622,141	23,919,106

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Notes to the Financial Statements (Continued)

20. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (specify)	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh	Ksh
Cost									
At 1 July 2024	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-	-	-	-
At 30th Jun 2024	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
At 1 July 2024	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-	-	-	-
At 30th Jun 2025	-	-	-	-	-	-	-	-	-
Depreciation and impairment									
At 1 July 2024	-	-	-	-	-	-	-	-	-
Depreciation for the year	-	-	-	-	-	-	-	-	-
Disposals		-	-	-	-	-	-	-	-

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Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (specify)	Capital Work in progress	Total
Impairment		-	-	-	-	-	-	-	-
At 30 June 2024		-	-	-	-	-	-	-	-
At July 2024		-	-	-	-	-	-	-	-
Depreciation		-	-	-	-	-	-	-	-
Disposals		-	-	-	-	-	-	-	-
Impairment		-	-	-	-	-	-	-	-
Transfer/adjustment		-	-	-	-	-	-	-	-
At 30th June 2025		-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-
Net book values		-	-	-	-	-	-	-	-
At 30 th Jun 2024	-	-	-	-	-	-	-	-	-
At 30 th Jun 2025	-	-	-	-	-	-	-	-	-

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Notes to the Financial Statements (Continued)

21. Trade and other Payables

Description	FY 2024/2025		FY 2023/2024	
	KShs		KShs	
Trade payables	47,674,795		45,243,072	
Employee dues	2,921,616		2,192,276	
Third-party payments (NSSF)	2,342,060		-	
Total trade and other payables	52,938,471		47,435,348	
Ageing analysis:	FY 2024/2025	% of the Total	FY 2023/2024	% of the total
Under one year	6,220,893	%	10,817,770	22%
1-2 years	17,123,501	%	7,023,501	15%
2-3 years	28,597,077	%	28,597,077	60%
Over 3 years	997,000	%	997,000	3%
Total	52,938,471	100%	47,435,348	100%

22. Cash Generated from Operations

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Surplus for the year before tax	82,810,148	8,212,605
Adjusted for:		
Working Capital adjustments		
Decrease in inventory	2,296,968	6,068,859
Increase in receivables	-54,139,243	-32,836,194
Decrease in Receivable of non-Exchange transaction	13,727,030	4,727,030
Increase in payables	5,503,123	8,054,472
Net cash flow from operating activities	50,198,026	-15,227,288

23. Financial Risk Management

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

(i) **Credit risk**

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024 (previous year)				
Receivables from exchange transactions	56,597,774	10,254,043	46,343,731	-
Receivables from non-Exchange transactions	13,727,030	13,727,030		
Bank balances	-	-	-	-
Total	70,324,804	23,981,073	46,343,731	-
At 30 June 2025(current year)				
Receivables from exchange transactions	110,727,017	110,727,017	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	38,450,473	38,450,473	-	-
Total	149,177,490	149,177,490	-	-

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 Hospital has significant concentration of credit risk on amounts due from 30 June 2025. 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 Hospital's short, medium and long-term funding and liquidity management requirements. The Hospital manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the 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
At 30 June 2024				
Trade payables	10,817,770	7,023,501	27,401,801	45,243,072
Employee benefit obligation	2,192,276	-	-	2,192,276
Total	13,010,046	7,023,501	27,401,801	47,435,348
At 30 June 2025				
Trade payables	6,220,893	17,123,501	24,330,401	47,674,795
Employee benefit obligation	5,263,676	-	-	5,263,676
Total	11,484,569	17,123,501	24,330,401	52,938,471

Notes to the Financial Statements (Continued)

24. Related Party Balances

Nature of related party relationships

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

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

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

Description	2024/2025	2023/2024
	Kshs	Kshs
Transactions with related parties		
a) Services offered to related parties		
Services to other Hospitals	-	-
Total	-	-
b) Grants from the Government		
Grants from County Government	123,382,695	128,695,207
Grants from the National Government Entities	-	-
Total	123,382,695	128,695,207
Total	123,382,695	128,695,207

25. Events after the Reporting Period

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

26. Ultimate and Holding Hospital

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

27. Currency

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

20. Appendices

Appendix 1: Progress on Follow Up of Auditor Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
4.8	Lack of Approved Policy on Exemptions and Waivers	For waivers, the hospital uses the MOH guidelines for Waivers as contained in the Facility Improvement (FIF) Manual. In line with this, the hospital has a waiver Committee that sits and considers recommendation by social workers, religious leaders, chiefs and other community leaders. please find attached a copy of the hospital waiver form. New guideline by Council of Governors.	Resolved	New guideline by COG
4.12	Failure to disclose Property, Plant and Equipment in the Financial Statements	The County owns all the Assets in the Hospital. Hence, the records of these were kept in the County Head Quarters. The hospital does not have the values of the property, plant and equipment inherited from the National Government and those from County Government. Going forward, the HMT will liaise with the County Treasury to get copies of these and include them in the subsequent financial statements.	Not Resolved	1 Year
4.13	Lack of Ownership Documents for Assets	The assets in the hospital are owned by the County Government of Kitui. As such, all the ownership documents for the assets are kept at County Head Quarters. Therefore, the HMT has requested for copies of the Logbooks from County Hqs. Please find attached.	Not Resolved	1 Year

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
4.14	Failure to adhere to Health Act 2017 on staffing and resources of the hospital	Initially, hospitals were not reporting entities. Also, All the Assets in the Hospital are owned by the County. Hence, the records of these were kept in the County Head Quarters. The hospital does not have the values of the property, plant and equipment inherited from the National Government and those from County Government. Going forward, the HMT will liaise with the County Treasury to get copies of these and include them in the subsequent financial statements.	Not Resolved Is addressed by the County Government-Board	1 Year
4.15	Projects Unutilized.	It is true the hospital has unutilized buildings. The HMT will liaise with the County Government Headquarters to complete the projects by equipping the Surgical and Amenity Wards so that they can be used for the intended purpose.	Resolved	1 Year
4.17	Absence of a Hospital Board/Health Services Management Committees Criteria	The HMT will liaise with the County Government Headquarters especially county Executive Committee Member (County Minister) to expedite the appointment of a new Hospital Management Committee in line with the relevant laws.	Not Resolved	1 Year

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report.
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from the final external audit report that is signed by Management.

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- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your Hospital responsible the for implementation of each issue.
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.


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Accounting Officer

MEDICAL SUPERINTENDENT
MWINGI LEVEL IV HOSPITAL
21 NOV 2025
P.O. Box 16 - 90400, MWINGI
Email: mwingimedsupt@yahoo.com

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Appendix II: Projects Implemented by the Hospital

Projects

Projects implemented by the Hospital Funded by Kitui County Government

MINISTRY OF HEALTH AND SANITATION										
PROJECTS IMPLEMENTATION STATUS FY 2024/2025										
S/No	Department	Project	Location		Budget Allocation	Date Project Started (Contract Signed)	Date of completion as per Contract Agreement	Project Cost as per Contract/Agreement	% of work done	Project Status
			Sub-County	Ward						
1	Medical Services	PROPOSED CONSTRUCTION OF PERIMETER WALL AT MWINGI LEVEL IV HOSPITAL PHASE 5	Mwingi central	Mwingi Central	3,000,000	10/03/25	10/06/25	2,998,950	100 %	Complete
2	Medical Services	PROPOSED CONSTRUCTION A WOMEN UNIT (A NEW BORN UNIT, MATERNITY UNIT AND MEDICAL WARD) PHASE 2	Mwingi Central	Central	5,000,000	11/12/24	11/03/25	4,994,970	100 %	Awarded works 100% complete. Completion status of the structures is at 15%

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3	Public Health and Sanitation	CONTINUATION OF PROPOSED CONSTRUCTION OF MORTUARY AT MWINGI LEVEL IV HOSPITAL-PHASE 3	Mwingi Central	Central	3,500,000	03/06/25	03/09/25	3,498,675	5%	Contractor on site
4	Public Health and Sanitation	PROCUREMENT OF MORTUARY EQUIPMENT FOR KCRH AND MWINGI HOSPITAL	Kitui central, Mwingi Central	Township, Central	1,600,000	05/02/25	05/04/25	1,626,040	100%	Delivered
5	Drugs and Medical Supplies	PROPOSED RENOVATION OF DRUG STORE AT MWINGI LEVEL IV HOSPITAL	Mwingi central	Mwingi Central	1,800,000	22/04/25	22/07/25	1,806,640	100%	Complete
6	Drugs and Medical Supplies	PROCUREMENT OF FOUR INFANT INCUBATORS FOR MWINGI SUB-COUNTY HOSPITALS	Mwingi Central,	Mwingi Central	2,202,400	27/03/2025	27/06/25	2,189,997	100%	Delivered and installed
7	Drugs and Medical Supplies	PROCUREMENT OF FOURTEEN CPAP MACHINES FOR NEWBORN UNITS FOR MWINGI LEVEL IV HOSPITAL	All Sub-Counties	All Sub-Counties	2,750,000	13/01/25	13/04/25	2,732,800	100%	Delivered. Distribution ongoing

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8	Drugs and Medical Supplies	PROCUREMENT OF MEDICAL EQUIPMENT FOR PHYSIOTHERAPY AND ORTHOPAEDIC DEPARTMENT IN MWINGI LEVEL IV HOSPITAL	Mwingi Central	Central	2,053,820	28/03/25	28/06/25	2,048,292	100 %	Delivered and installed
9	Drugs and Medical Supplies	PROCUREMENT OF EQUIPMENT FOR SURGICAL/AMENITY WARD AT MWINGI SUB COUNTY HOSPITAL	Mwingi Central	Central	2,500,000	15/04/25	15/07/25	2,497,395	100 %	Delivered and installed
10	Drugs and Medical Supplies	PROCUREMENT OF BIOSAFETY CABINETS (CLASS 11, TYPE A2) FOR MWINGI LEVEL IV HOSPITAL,	Kitui Central, Mwingi Central	Township, Central	3,610,000	24/04/25	24/07/25	3,610,000	100 %	Delivered and installed

Appendix III: Inter-Hospital Confirmation Letter

COUNTY GOVERNMENT OF KITUI

Email; health@kitui.go.ke



Mwingi Level IV Hospital
P.O. Box 16-90400
KITUI

MINISTRY OF HEALTH AND SANITATION

Name of Beneficiary Hospital MWINGI LEVEL IV HOSPITAL..

Confirmation of amounts received by MWINGI LEVEL IV Hospital as at 30th June 2025

Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
	21/06/2025	17,629,066.00	-	17,629,066.00	
	02/05/2025	8,488,599.00	-	8,488,599.00	
	04/04/2025	9,000,000.00	-	9,000,000.00	
	05/03/2025	9,000,000.00	-	9,000,000.00	
	31/01/2025	9,000,000.00	-	9,000,000.00	
	31/12/2024	9,000,000.00	-	9,000,000.00	
	31/12/2024	9,000,000.00	-	9,000,000.00	
	05/11/2024	9,000,000.00	-	9,000,000.00	
	27/11/2024	13,727,030.00	-	13,727,030.00	

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	27/11/2024	2,538,000.00	-	2,538,000.00	
	03/10/2024	9,000,000.00	-	9,000,000.00	
	07/10/2024	9,000,000.00	-	9,000,000.00	
	16/08/2024	9,000,000.00	-	9,000,000.00	
Total		123,382,695.00	-	123,382,695.00	

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

Head of Accounts Department - Disbursing Hospital:

Name Sign Date

Head of Accounts Department - Beneficiary Hospital:

Name CHARLES MUKOLA Sign  Date 21/4/2025

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Appendix IV Reporting of Climate Relevant Expenditures

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

Appendix V: Disaster Expenditure Reporting Template

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