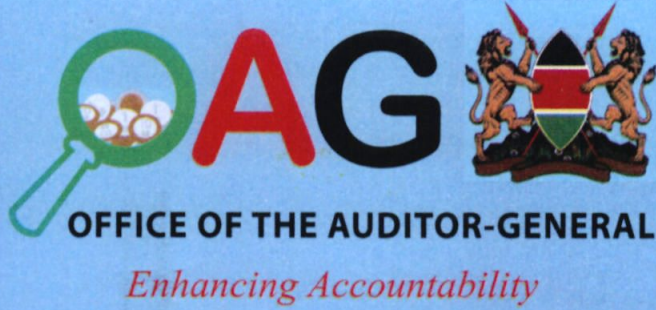


REPUBLIC OF KENYA



REPORT

OF

THE AUDITOR-GENERAL

ON

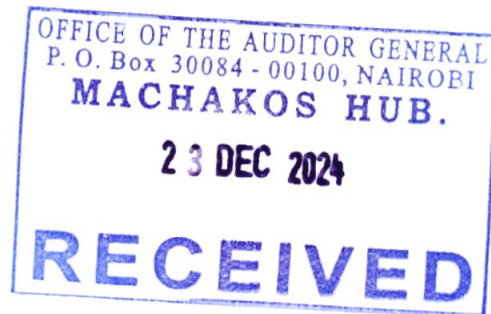
MUTOMO LEVEL 4 HOSPITAL

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

COUNTY GOVERNMENT OF KITUI

PAPERS LAID	
DATE	6/3/2025
TABLED BY	Dep. May Whip
COMMITTEE	
CLERK AT THE TABLE	Maahim





MUTOMO LEVEL 4 HOSPITAL (Kitui County Government)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2024

**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

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

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

2. Key Entity Information and Management

(a) Background information

Mutomo Level IV Hospital is a gazetted public health facility by the Ministry of Health domiciled in Kitui South Sub County.

The hospital is situated in Mutomo town along Kitui - Kibwezi road and about 70 KM from Kitui County. The facility started as a health centre in the year 2002. In 2016 the facility was upgraded to a Level IV Hospital

The facility serves a catchment population of approximately 15,022 households from Mutha ward, Kanziko ward, Mutomo /Kibwea ward and part of Ikanga ward.

It also acts as a link facility for 8 health centres, and about 20 dispensaries within Kitui South Sub County. Mutomo Level 4 Hospital refers most of its patients to Our Lady of Lourdes Mutomo Mission Hospital, Mutomo Level 4 Hospital, Kitui County Referral Hospital and occasionally to Makindu Hospital which is in the neighbouring Makueni County.

(b) Principal Activities

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

Vision: To be the leading hospital in the provision of affordable, quality, client- centred health care services.

Mission: To provide accessible, affordable quality healthcare services to all and facilitate training, research and policy development.

Core Value: Integrity, Professionalism, Team Work, Accountability, Responsiveness.

(c) Key Management

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

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

(d) Fiduciary Management

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

1.	CECM - COUNTY TREASURY	PETER MWIKYA KILONZO
2.	CECM – HEALTH AND SANITATION	RUTH KOKI
3.	CHIEF OFFICER – FINANCE	JOHN KIMWELE
4.	CHIEF OFFICER - MEDICAL SERVICES	DR. BENSON MUSYOKA
5.	CHIEF OFFICER DRUGS AND MEDICAL SUPPLIES	AGGREY KAMBA
6.	CHIEF OF OFFICER PUBLIC HEALTH	LYNN KITWAN
7.	MEDICAL SUPERINTENDENT	DR. DORCAS KWAMBOKA

(e) Fiduciary Oversight Arrangements

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

Key Entity Information and Management (continued)

(f) Entity Headquarters

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

(g) Entity Contacts

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

(h) Entity Bankers

Kenya Commercial Bank

Mutomo Branch
P.O BOX 26 - 90201
Mutomo, Kitui

(i) Independent Auditors

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

(j) Principal Legal Adviser

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

(k) County Attorney

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

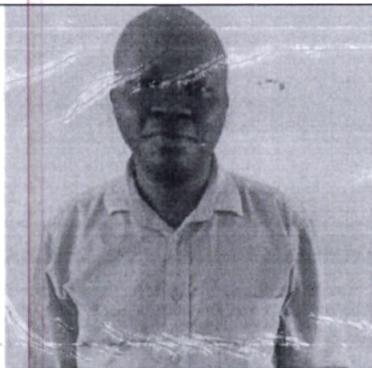
3. The Board of Management

Ref	Directors	Details
1.	Professor Muasya	Chairperson
2.	Dr. Dorcas Kwamboka	Board Secretary and the facility medical Superintendent
3.	Florence Ngilai	Kitui South Sub County Administrator
4.	Rev Richard Mbui	Member Representative, Faith Based Organizations.
5.	Pauline Wayani Mwangangi	Member Representative Active Women Groups
6.	Kaluku Nguuta	Member Representative Professional Group
7.	Beatrice Mutwii	Member Representative Business Community
8.	Milton Nyamai	Member Representative Youth
9.	Hazinah Monicah	Member Representative People Living with Disability

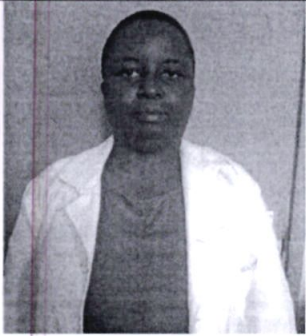
(The board was revoked on 6th October 2023 and there we could not access their passport-size photo, key profession/academic qualifications, age, work experience)

The secretary to the board is not an ICS member, the Medical Superintendent is Medical Superintendent is an ex-officio member of the board and therefore the secretary to the board by position)

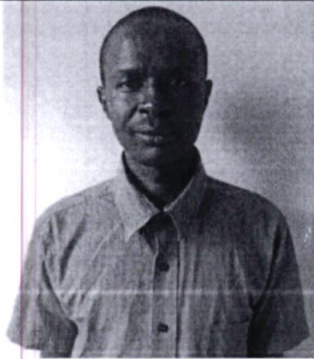
4. Key Management Team

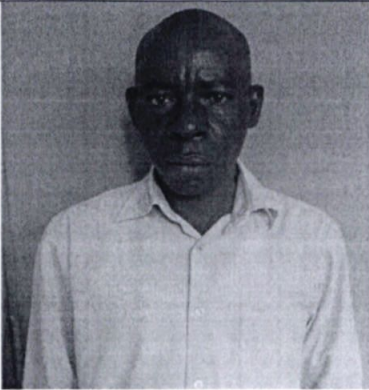
Management	Details
 Dr. Dorcas Kwamboka Anyega Bachelors of Medicine and Surgery	Medical Superintendent
 Dickson Mutua Degree in Business Administration	Health Administrative Officer
 Rebecca Bernadetter Kisilu Kenya Registered Community Health Nursing (KRCHN)	Head of Nursing Department

 Janeffer Mueni Muisyo Diploma in Pharmacy		Head of Pharmacy Department
 Francisca Syombua Muli Diploma in Medical Laboratory Technologist		Head of Laboratory Department
 Redempta Muthoki Kyalo Diploma in Occupational Therapy		Head of Occupational Therapy Department

	 Ruth Mutinda Diploma in Clinical Medicine and Surgery	Head of Clinical Department
	 Rosalia Kimuli Bachelor of Science in Human Nutrition and Dietetic	Head of Nutrition Department
	 Maureen Kambua King'endu Diploma in Health Records and Information	Head of Health Records and Information Department

	 Jacinta Mumbe David Bachelor of Commerce - Finance CPA Part III	Head of Accounts Department
	 Joshua Masai Kavyu Kenya Certificate of Secondary Education Certificate in Computer Application	Head of Revenue Department
	 Norman Muasya Andrew Bachelor of Management & Leadership - Supplies Management.	Head of Supply Chain Department

	Diploma in Purchasing and Supplies Management	
	Raphael Mwangangi Bachelor of Science in Instrumentation & Control Engineering	Head of Biomedical Engineering Department
	Phylis Kalunde Chamia Diploma in Physiotherapy	Head of Physiotherapy Department

	 Joseph Mwangangi Certificate in Mortician	Head of Mortuary Department
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5. Chairman's Statement

The board of management was not in place at the end of the financial year as their appointment was revoked during the 2nd quarter of the financial year 2023/2024 under the gazette notice number 13546 dated 6th October 2023.

.....
Name

Chairman to the Board

6. Report of The Medical Superintendent

The hospital management is proud of the achievements realised by the facility during this financial year, towards a healthier, productive and globally competitive nation.

This financial year reaffirmed our strong sense of purpose in delivering high quality and personalized healthcare services in a professional and innovative manner.

I am honored to state that Mutomo Level IV Hospital has become the public health facility of choice for the people of Kitui South.

The facility offers the following array quality health care services; General Outpatient, Laboratory, Pharmacy, Inpatient, Family Planning, Antenatal & Postnatal, Maternity and PMTCT and Mortuary Services.

Other Specialised services that the facility offers include Physiotherapy, Radiology services, Occupational Therapy.

The hospital offers special clinics which include; Medical Outpatient Clinic, Diabetic Outpatient Clinic, Gynaecology Outpatient Clinic, Paediatrics Outpatient Clinic, Surgical Outpatient Clinic, TB Clinic.

Recently the hospital is running a young adolescent diabetic outpatient clinic supported by MOH.

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

In the financial year 2023/2024 the hospital generated Ksh 5,751,226 in revenue. The funds were generated as the patients paid for the services that they received in the facility. The facility's performance has seen substantial growth, reflected in a 1,631,725 increase in revenue compared to the previous year.

The revenue is collected through two main channels Mpesa and NHIF.

The facility received an equivalent of Ksh 5,930,000 from the Kitui County government on Monthly disbursement basis through the Facility improvement funds (FIF).

These funds are used to run the day-to-day activities of the facility and also to pay wages for the contracted officers. The allocations was not sufficient to cater for all our operating expenses hence some pending bills accrued during this financial year. The comprehensive guide on how the funds were utilised is outlined in a later part of this report.

During the financial year the County Government of Kitui through the ministry of health implemented various projects.

-Completing Theatre Block (floor,drainage,scrub room,store)

Construction of Modern OPD block.

The hospital faced several challenges throughout the year. Water supply remained a significant issue due to the semi-arid climate, which has a direct impact on daily operations. Power supply was also unstable, with frequent disruptions from the national grid, which hindered service delivery. Additionally, several key pieces of medical equipment, including the fridges,cold room and lab equipment experienced breakdowns, limiting the hospital's diagnostic capabilities and service delivery.Other challenges experienced include;Staffing shortage, lack of equipped theatre and some departments like occupational therapy, physiotherapy lacking the basic equipment for service delivery.

Looking ahead, Mutomo Level 4 Hospital in Partnership with County Government of Kitui aims to address its challenges through a comprehensive plan for infrastructure improvement and service expansion. Ensuring a reliable water supply is a top priority, and the hospital is exploring options such as rainwater harvesting systems. The maternity theatre will be strengthened to operate at full capacity, with plans to expand the range of surgical services offered..The hospital will continue its tree planting initiatives, contributing to environmental sustainability while fostering teamwork among staff. Additionally, digitization efforts will be expanded to reduce reliance on paper-based systems and improve overall efficiency in hospital management.

Finally, the hospital management team extends its sincere appreciation to the Governor of Kitui County and the leadership of the Kitui County Ministry of Health and Sanitation, led by the County Executive Committee Member (CECM) and Chief Officers, for their unwavering support throughout this financial year. The facility looks forward to continued collaboration in the coming year to further improve service delivery and enhance clients satisfaction.



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

7. Statement of Performance Against Predetermined Objectives

Mutomo Level IV Hospital has 3 Strategic pillars and objectives within the current strategic plan for the FY 2023-2024.

Pillar 1: Reducing morbidity and mortality burden

Pillar 2: Quality Service Delivery

Pillar 3: Increased Revenue generation

Mutomo Level IV Hospital develops its annual work plans based on the above 3 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The facility achieved its performance targets set for the FY 2023/2024 period for its 3 strategic pillars, as indicated in the diagram below:

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

					Increased recovery rate and reduced in hospital mortality rate
Increase Revenue	Increased revenue generation from the facility	Percentage Increase in revenue generated	-Reviewing daily reports to close any gaps. - Training revenue clerks on NHIF system for optimal claims success. -CMEs on revenue generation for all staff -Benchmarking other facilities	Percentage increase in revenue generated compared to the previous financial year	

8. Corporate Governance Statement

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

Membership

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

1. The chairperson Prof. Reuben Muasya who was nominated by the County Executive Committee Member for Health and Sanitation and approved by the Governor Kitui County
2. The secretary to the committee and ex-officio, Dr Dorcas Kwamboka who is the Medical Superintendent of the hospital
3. The Sub-County Administrator- Florence Ngalai
4. The Business community representative -Beatrice Mutwii
5. Representative of professional groups- Kaluku Nguuta
6. Representative of women's groups- Pauline Wayani Mwangangi
7. Representative of Faith based organisations- Rev Richard Mbui
8. Representative of Youth through the National Youth council- Milton Nyamai
9. Representative of people living with disability with bias to gender rule based on other members of the committee - Hazinah Monicah

Succession

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

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

Funds of the Committee

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

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

Meetings of the Committee

- (a) The committee shall meet at least four times a year and shall maintain records for its deliberations and shall further allow room for emergency meetings in case of outbreaks or disasters.
- (b) The quorum for the meeting of the committee shall be five of all the members including the secretary.
- (c) The secretary shall maintain records for all committee deliberations.
- (d) The Committee shall, not later than twenty-eight (28) days after a meeting, submit copies of the minutes and reports of that meeting to the County Executive Committee Member and the committee members.
- (e) A meeting of a committee shall be held at the hospital in respect of which the committee is established.

- (f) The County Executive Committee Member may attend any meeting of a committee, provided the area members of the county assembly in the sub-county where the hospital is situated shall be at liberty to attend any meetings of the committee in furtherance of their oversight role.

(g)

Functions of the Hospital Management Committee

The committee shall –

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

Core responsibilities of the Mutomo level 4 hospital Management Committee

The responsibilities of the committee are outlined as follows: -

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

Vacation of office and remuneration of the committee members.

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

- (a) if a member is absent from three consecutive meetings of the committee without permission from the chairperson
- (b) in the case of a member of a public benefits organization, the member ceases to hold the office by virtue of which his or her nomination was made
- (c) a member is convicted of a criminal offense and sentenced to a term of imprisonment of six months or more or a fine exceeding one hundred thousand Kenya shillings
- (d) a member ceases to reside or practice in the area of hospital jurisdiction
- (e) a member voluntarily resigns in writing from the committee formally
- (f) a member is found to be unfit to hold the position on medical grounds
- (g) a member dies

- (h) a member is involved in an act resulting to conflict of interest with the position held by the member
- (i) a member is guilty of gross misbehaviour or misconduct
- (j) a member is found to be incompetent to hold the position
- (k) a member is convicted of an offence involving dishonesty or fraud
- (l) a member is adjudged bankrupt or enters into a composition scheme of arrangement with his or her creditors or
- (m) a genuine petition from the public is lodged against the member.

Remuneration: -

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

Relationship between the Hospital Management team and Hospital Management Committee

- (1) The Hospital Management committee shall notify the hospital management team of all its meetings and ensure that the minutes and plans of every meeting are supplied to the hospital management team within seven (7) days of its meetings.
- (2) The hospital management team shall ensure that the minutes received under this section are forwarded to the Chief officer in the county ministry of health and sanitation who shall in turn brief the County Executive Committee member on the minutes and plans.

9. Management Discussion and Analysis

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

Clinical/operational performance

Mutomo Level IV Hospital is located at the centre of Kitui South Sub - County. It serves as the public referral hospital of about 22 health centre and dispensaries from Mutha, Kanziko, Kibwea, Kyatune and Mutomo wards.

Population Estimate

The Following is the population estimate/target for Mutomo Level IV Hospital for the period ended June 30th 2024.

SR.NO	INDICATOR	ESTIMATED TOTAL	
		2024	2023
1.	TOTAL CATCHMENT POPULATION	12892	12590
2.	UNDER 1 YEAR POPULATION	348	340
3.	UNDER 5 YEARS POPULATION	1354	1322
4.	UNDER 15 YEARS POPULATION	5428	5300
5.	15- 24 YEARS POPULATION	2798	2732
6.	25-59 YEARS POPULATION	116	3525
7.	POPULATION OVER 60 YEARS	980	957
8.	WOMEN OF CHILD BEARING 15-49	1083	2996
9.	ESTIMATED PREGNANT WOMEN	373	365
10.	ESTIMATED DELIVERIES	374	353

Under 5 yrs - OPD Attendance

This category of population receive free OPD medical services, an initiative by the government to boost healthy growing children.

	JAN	FEB	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPT	OCT	NOV	DEC
2023	339	328	260	316	314	357	275	365	290	246	263	259
2024	416	422	315	23	11	0	156	101				

Over 5 yrs OPD Attendance

The over 5 yrs out patient department workload is outlined with a quick comparison of 2023 vs 2024 up to August as below;

	JAN	FEB	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPT	OCT	NOV	DEC
2023	890	818	963	741	852	723	870	755	840	829	588	638
2024	819	883	817	84	66	59	339	516				

The medical officers and clinical officers labour strike affected the workload of the last quarter of the financial year hence nil workload.

The facility is in the forefront of fighting cancer in the community by vigorously undertaking screening our clients and especially women.

Outline below is a summary report of cancer screening during the financial year.

ABNORMAL	POSITIVE	SCREENED2	SUSPICIOUS2	ABNORMAL2	POSITIVE2
		298	5		0
	6	0			
4		334		10	
		130			

Inpatient Department

The hospital inpatient department is growing with 20 beds capacity and two NBU in the maternity ward. Most of the inpatient is maternity cases

	ADMISSIONS 2023	TRANSFER OUT 2023	ADMISSION 2024	TRANSFER OUT2024
G.WARDS	8	1	0	0
PAEDS	71	6	2	0
MATERNITY	456	65	333	45
NBU	14	0	15	2

Deliveries - Maternity Department

MODE OF DELIVARIES	2023	2024
SVD	430	313
BBA	10	9
AVD	7	2
BREECH	1	0
TOTAL	448	324

Specialised Clinic Attendance

Outlined below is the workload for the period under review for Specialised clinics

TB Clinic - 380

Comprehensive Care Clinic CCC - 4380

Psychiatry Clinic - 84

Occupational Therapy Clinic - 170

Physiotherapy Clinic - 494

Other key points on clinical /operational performance

- Average length of stay for in patient is 3-4 days
- Bed occupancy rate for the facility is 75% of the 17 beds.

Sponsorships and partnerships

The facility is privileged to have partnered with various sponsors and partners during this financial year

The hospital has employees contracted by CIHEB . All staff in CCC department.

CIHEB also supported special services like chest X-ray for PTB with specialist's report (1,410 patients) and Obstetric Ultrasound (348 mothers)

CMMB supported the maternity department through out the financial with essential supplies for the mother and child.

Financial Performance

In the financial year ended June 2024, the facility collected a total of Ksh. 5,751,226. The revenue was collected as service fees for the various health care services rendered to the patients throughout the year. The Patients pay for these services via two main methods, Mpesa and NHIF.

The hospital received Facility Improvement Fund(FIF) amounting to Ksh.5,930,000 in the financial year 2023/2024.

The funds were used in the day -to- day running of the hospital activities like, Food and Rations, Cleaning and Sanitation, Casual wages, Health Records Materials, Utility bills, Refined fuels, Maintenance of Motor Vehicle, Buildings , Plant and Machinery among others.



.....
Name: Dr. Dorcas Kwamboka
Medical Superintendent

10. Environmental And Sustainability Reporting

1. Environmental And Sustainability Reporting

Mutomo level 4 hospital exists to transform lives. It's what guides us to deliver our strategy, putting the Client/Citizen first, delivering health services, and improving operational excellence. Below is an outline of the organization's policies and activities that promote sustainability.

i) Sustainability strategy and profile

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

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

ii) Environmental performance

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

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

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

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

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

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

iii) Employee welfare

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

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

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

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

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

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

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

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

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

iv) Market place practices-

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

a) Responsible competition practice.

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

b) Responsible Supply chain and supplier relations

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

c) Responsible marketing and advertisement

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

d) Product stewardship

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

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

v) Corporate Social Responsibility / Community Engagements

The facility management in close liaison with the board of management, County government of Kitui, the Kitui south sub county management team, public health officers, Health promotion officers have endeavoured to carry out activities of community engagement including giving health talks at chiefs baraza several times, massive deworming and nutrition campaigns in conjunction with other partners.

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, 2024, which show the state of the Mutomo level 4 hospital affairs.

Principal activities

The principal activities of the entity is to provide healthcare services.

Results

The results of the entity for the year ended June 30 2024 are set out on pages 1 to 6

Board of Management

The members of the board who served during the year are shown on page vi. During the financial year the board was degazatted on 6th October 2023, gazette notice 13546.

Auditors

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

By Order of the Board



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

12. Statement of Board of Management's Responsibilities

Section 164 of the Public Finance Management Act, 2012 requires the Board of Management to prepare financial statements in respect of that hospital, which give a true and fair view of the state of affairs of the Mutomo Level IV Hospital at the end of the financial year and the operating results of the hospital for that period. 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 financial statements, which give a true and fair view of the state of affairs of the hospital for and as at the end of the financial year ended on June 30, 2024. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the 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 judgement and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Board members are of the opinion that the hospital's financial statements give a true and fair view of the state of hospital's transactions during the financial year ended June 30, 2024, 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 been 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 *entity* will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

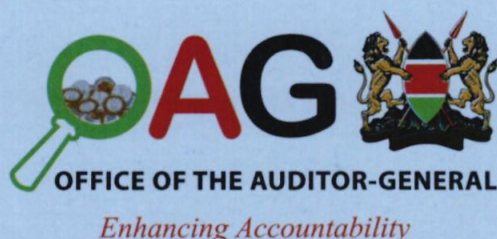
The Hospital's financial statements were approved by the Board on 26/09/24 and signed on its behalf by:

.....
Name:
Chairperson
Board of Management


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

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON MUTOMO LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2024 - COUNTY GOVERNMENT OF KITUI

PREAMBLE

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

- A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;
- B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for 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 Mutomo Level 4 Hospital - County Government of Kitui set out on pages 1 to 43 which comprise of the statement of

Report of the Auditor-General on Mutomo Level 4 Hospital for the year ended 30 June, 2024- County Government of Kitui

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Mutomo Level 4 Hospital - County Government of Kitui as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Health Act, 2017, the County Government Act, 2012 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1.0. Non-Disclosure of Property, Plant and Equipment

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

2.0. Unsupported Trade and Other Payables

The statement of financial position and as disclosed in Note 19 to the financial statements reflect trade and other payables balance of Kshs.1,831,875. However, the balance was not supported by creditor's register/ledger containing complete details of the work done or services rendered, invoices, Local Purchase Orders /Local Service Orders, certificates of completion, evidence of service delivery and supplier statements.

In the circumstances, the existence, completeness, accuracy of trade and other payables balance of Kshs.1,831,875 could not be confirmed.

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Mutomo Level 4 Hospital - County Government of Kitui 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

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis of Kshs.12,349,012 and Kshs.11,019,523 respectively resulting to a shortfall of Kshs.1,329,489 or approximately 11% of the budget.

The underfunding may affect the planned activities and may impact negatively on service delivery to the public.

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 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 iii to xxix which comprise of Key Entity Information and Management, The Board of Management, Key Management Team, Chairman's Statement, Report of the medical superintendent, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Board of Management and Statement of Board of Management's Responsibilities. The other information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN 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

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

Review of Hospital records and interviews on verification of services offered, equipment used and medical specialists in the Hospital as at the time of audit revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to staff deficits by 84 or approximately 83% of the authorized establishment.

Staff Requirements	Level 4 standard	Number in Hospital	Variance	Percentage
Medical officers	16	2	-14	86%
Anesthesiologists	2	0	-2	100%
General surgeons	2	0	-2	100%
Gynecologists	2	0	-2	100%
Pediatrics	2	0	-2	100%
Radiologists	2	0	-2	100%
Kenya Registered Community Health Nurses	75	15	-60	80%
Total	101	17	-84	83%

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

Service	Level 4 standard	Actuals in the Hospital	Variance	Percentage
Beds	150	17	-133	89%
Resuscitaire (2 in labor & 1 in theatre)	3	3 (1 not in use)	0	0
New born unit incubators	5	2	-3	60%
New born unit cots	5	5	0	100%
Functional ICU beds	6	0	-6	100%
High Dependency Unit (HDU) Beds	6	0	-6	100%
Renal Unit with at least 5 dialysis machines	5	0	-5	100%
Two Functional operational theatres-Maternity & General	2	1 (Not in use)	-1	50%

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

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

2.0. Long Outstanding Trade and Other Payables

The statement of financial position and as disclosed in Note 19 to the financial statements reflect trade and other payables balance of Kshs.1,831,875. Included in the amount are trade payables amounting to Kshs.1,410,830 or approximately 77% of the total payables which had been outstanding for more than three (3) years. This is Contrary to Section 53 (8) of the Public Procurement and Disposal Act, 2015 which states that an Accounting Officer shall not commence any procurement proceedings until satisfied that sufficient funds to meet the obligations of the resulting contract (s) are reflected in approved budget estimates.

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

3.0. Inconsistencies in Presentation and Disclosure in the Financial Statements

- (i) The Board of Management disclosure on page vi omitted Director's passport-size photo, key profession/academic qualifications, age, work experience and did not indicate whether the Director is independent or alternate.
- (ii) Board of Management Chairman has not signed the financial statements.

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

REPORT ON 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. Lack of Hospital Management Board

During the financial year under review, the Hospital Board had not been established. Management indicated and provided a copy of the Kitui Health Facilities Improvement

Financing Bill, 2024 which is awaiting approval by the County Assembly to provide for the formation of the Hospital Management Board. As a result, the annual report and the financial statements for the year ended 30 June, 2024 have not been signed by the Chairman of the Hospital Board in accordance with the reporting framework prescribed for by the Public Sector Accounting Standards Board (PSASB).

In the circumstances, the Hospital may not achieve its strategic objectives.

2. Lack of Internal Audit Function and an Audit Committee of the Board

The Hospital Management has not established an internal audit function and an Audit Committee of the Board. This is contrary to Regulation 167 of the Public Finance Management (County Governments) Regulations, 2015 which provides for the establishment of an Audit Committee of the Board. As such the Hospital did not benefit from the assurance and advisory services from the internal audit function as well as oversight from the Audit Committee.

In the circumstances, the effectiveness of the internal controls could not be confirmed.

3. Lack of an Approved Staff Establishment

The hospital did not have an approved staff establishment indicating the optimal number of staff for each category, the current number of staff in post and the variance.

In the circumstances, it was not possible to determine whether the Hospital operated with an optimal number of staff.

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

Responsibilities of the Management and those Charged with Governance

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

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

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

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

activities, financial transactions and information reflected in the financial statements comply with the authorities which govern them and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

10 January, 2025

Mutomo Level IV Hospital (Kitui County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

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

Description	Note	2023/2024	2022/2023
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	5,930,000	6,881,933
In-kind contributions from the County Government	7	45,307,904	39,546,829
		51,237,904	46,428,762
Revenue from exchange transactions			
Rendering of services- Medical Service Income	8	5,751,226	4,119,501
Revenue from exchange transactions		5,751,226	4,119,501
Total revenue		56,989,130	50,548,263
Expenses			
Medical/Clinical costs	9	1,293,240	1,110,117
Employee costs	10	1,334,320	1,322,700
Repairs and maintenance	11	2,150,355	2,558,650
General expenses	12	1,205,567	1,822,239
Transfer to county Revenue Fund	13	5,089,523	4,119,501
In kind Contribution Expense	14	45,307,904	39,546,829
Total expenses		56,380,909	50,480,036
Other gains/(losses)			
Total other gains/(losses)			-
Net Surplus / (Deficit) for the year		608,221	68,227

(The notes set out on pages 6 to 43 form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were approved by the Board on 26/6/24 and signed on its behalf by:

.....
Chairman

Board of Management


.....
Head of Finance

ICPAK No: 19698


.....
Dr. Dorcas Kwamboka

Medical Superintendent

Mutomo Level IV Hospital (Kitui County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

15. Statement of Financial Position As At 30th June 2024

Description	Note	2023/2024	2022/2023
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	15	28,342	81,824
Receivables from exchange transactions	16	661,703	-
Inventories	17	1,782,652	1,361,607
Total Current Assets		2,472,697	1,443,431
Non-current assets			
Property, plant, and equipment	18	-	-
Total Non-current Assets		-	-
Total assets (A)		2,472,697	1,443,431
Liabilities			
Current liabilities			
Trade and other payables	19	1,831,875	1,410,830
Total Current Liabilities (B)		1,831,875	1,410,830
Non-current liabilities			
Total non-current liabilities		-	-
Net assets (A-B)		640,822	32,601
Represented by:			
Revaluation reserve		-	-
Accumulated surplus/Deficit		640,822	32,601
Capital Fund		-	-
Net Assets		640,822	32,601

(The notes set out on pages 6 to 43 form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were approved by the Board on 26/09/24 and signed on its behalf by:

.....
Chairman
Board of Management


.....
Head of Finance
ICPAK No: 19698


.....
Dr. Dorcas Kwamboka
Medical Superintendent

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

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2022 (previous year)	-	-35,626	-	-35,626
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	68,227	-	68,227
Capital/Development grants	-	-	-	-
As at June 30, 2023 (previous year)	-	32,601	-	32,601
				-
At July 1, 2023 (current year)	-	32,601	-	32,601
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	608,221	-	608,221
Capital/Development grants	-	-	-	-
At June 30, 2024 (current year)	-	640,822	-	640,822

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

Description	Note	2023/2024	2022/2023
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government		5,930,000	6,881,933
Rendering of services- Medical Service Income		5,089,523	4,119,501
Total Receipts		11,019,523	11,001,434
Payments			
Medical/Clinical costs		1,293,240	1,110,117
Employee costs		1,334,320	1,322,700
Repairs and maintenance		2,150,355	2,558,650
General expenses		1,205,567	1,822,239
Transfer to County Revenue Fund		5,089,523	4,119,501
Total Payments		11,073,005	10,933,207
Net cash flows from operating activities	20	(53,482)	68,227
Cash flows from investing activities			
Purchase of property, plant, equipment		-	-
Purchase of intangible assets		-	-
Proceeds from the sale of PPE		-	-
Acquisition of investments		-	-
Net cash flows used in investing activities		-	-
Cash flows from financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Capital grants received		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		(53,482)	68,227
Cash and cash equivalents as at 1 July	15	81,824	13,597
Cash and cash equivalents as at 30 June	15	28,342	81,824

Mutomo Level IV Hospital (Kitui County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

17. Statement of Comparison of Budget and Actual Amounts for Year Ended 30 June 2024

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	a		c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs		Kshs	Kshs	Kshs	
Revenue						
Transfers from the County Government	7,259,489		7,259,489	5,930,000	1,329,489	81.69%
Rendering of services-Medical Service Income	5,089,523		5,089,523	5,089,523	-	100.00%
Total income	12,349,012		12,349,012	11,019,523	1,329,489	89.23%
Expenses			-			
Medical/Clinical costs	1,642,284		1,642,284	1,293,240	349,044	78.75%
Employee costs	1,365,400		1,365,400	1,334,320	31,080	81.25%
Remuneration of directors	-		-	-	-	
Repairs and maintenance	2,638,205		2,638,205	2,150,355	487,850	81.51%
General expenses	1,613,600		1,613,600	1,205,567	408,033	74.71%
Transfer to county Revenue Fund	5,089,523	-	5,089,523	5,089,523	-	100.00%
Surplus for the period	-		-	53,482	53,482	
Capital expenditure						

(The annual original budget by the ministry of health was Ksh. 7,259,489 ,however, the hospital received an allocation of Ksh.5,930,000.)

18. Notes to the Financial Statements

1. General Information

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

2. Statement of Compliance and Basis of Preparation

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

3. Adoption of New and Revised Standards

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

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

ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024.

Standard	Effective date and impact:
IPSAS 43	<i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> The Standard requires, 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: 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.
IPSAS 45- Property Plant and Equipment	<i>Applicable 1st January 2025</i> 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

Standard	Effective date and impact:
	scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.
IPSAS 46 Measurement	<i>Applicable 1st January 2025</i> The objective of this standard was to improve measurement guidance across IPSAS by: 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. The standard also introduces a public sector specific measurement bases called the current operational value.
IPSAS 47- Revenue	<i>Applicable 1st January 2026</i> This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.
IPSAS 48-	<i>Applicable 1st January 2026</i>

Standard	Effective date and impact:
Transfer Expenses	The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS 49- Retirement Benefit Plans	<i>Applicable 1st January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.

iii) Early adoption of standards

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

4. Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the 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.

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Rental income

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

Notes to the Financial Statements (Continued)

b. Budget information

The original budget for FY 2023/2024 was periodically approved by county ministry of health board through issue of AIEs. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the hospital recorded no additional appropriations. The hospital budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 8 under section 17 of these financial statements.

c. Taxes

Sales tax/ Value Added Tax

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

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

Notes to the Financial Statements (Continued)

d. Investment property

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

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

e. Property, plant and equipment

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

Notes to the Financial Statements (Continued)

f. Leases

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

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

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

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

g. Intangible assets

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

Notes to the Financial Statements (Continued)

h. Research and development costs

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

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

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

i. Financial instruments

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

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

Notes to the Financial Statements (Continued)

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

Notes to the Financial Statements (Continued)

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

The entity assesses, on a forward-looking basis, did not expect credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL).

Financial liabilities

Classification

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

Notes to the Financial Statements (Continued)

j. Inventories

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

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

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

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

k. Provisions

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

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

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

Notes to the Financial Statements (Continued)

l. Social Benefits

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

m. Contingent liabilities

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

n. Contingent assets

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

o. Nature and purpose of reserves

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

p. Changes in accounting policies and estimates

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

Notes to the Financial Statements (Continued)

q. Employee benefits

Retirement benefit plans

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

r. Foreign currency transactions

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

s. Borrowing costs

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

t. Related parties

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

Notes to the Financial Statements (Continued)

u. Service concession arrangements

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

v. Cash and cash equivalents

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

w. Comparative figures

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

x. Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

Provisions were not raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is done. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Notes to Financial Statements Continued

6. Transfers from the County Government

Description	2023/2024	2022/2023
	KShs	KShs
Unconditional grants		
Operational grant	5,930,000	6,881,933
Other grants (<i>specify</i>)	-	-
	5,930,000	6,881,933
Conditional grants		
Total government grants and subsidies	5,930,000	6,881,933

6 a Transfers from The County Government

Name of the Entity sending the grant	Amount recognized to of financial performance*	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year	Comparative Period
	KShs	KShs			
			KShs	KShs	KShs
Kitui County Government	5,930,000	-	-	5,930,000	6,881,933

Notes to Financial Statements Continued

7. In Kind Contributions from The County Government

Description	2023/2024	2022/2023
	KShs	KShs
Salaries and wages	43,418,918	34,371,041
Medical supplies-Drawings Rights (KEMSA)	1,888,986	5,175,788
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	-	-
Utility bills	-	-
Total grants in kind	45,307,904	39,546,829

Notes to Financial Statements Continued

8. Rendering of Services-Medical Service Income

Description	2023/2024	2022/2023
	Kshs	Kshs
Pharmaceuticals		1,233,850
Laboratory	-	1,029,875
Farewell home services	-	1,441,826
Ambulance services	-	-
Other medical services income (<i>Medical exam, Cards , consultation</i>)	5,751,226	413,950
Total revenue from the rendering of services	5,751,226	4,119,501

(Total revenue from the rendering of services Ksh.5,751,226 - NHIF claims = 2,244,361 and Mpesa Collection =3,506,865)
(This revenue is not spend at the source)

Notes to the Financial Statements (Continued)

9. Medical/ Clinical Costs

Description	2023/2024	2022/2023
	Kshs	Kshs
Food and Ration	549,955	486,555
Dressing and Non-Pharmaceuticals	425,990	200,000
Pharmaceutical supplies - Kemsas & Meds		5,175,788
Health information stationery	111,845	173,562
Reproductive health materials	-	-
Sanitary and cleansing Materials	205,450	250,000
Total medical/ clinical costs	1,293,240	6,285,905

10. Employee Costs

Description	2023/2024	2022/2023
	Kshs	Kshs
Salaries, wages, and allowances	1,164,600	1,322,700
Contributions to pension schemes - NSSF	114,120	-
Staff medical expenses and Insurance cover - NHIF	55,600	-
Other employee costs (County Employees P&P)	-	34,371,041
Employee costs	1,334,320	35,693,741

11. Repairs And Maintenance

Description	2023/2024	2022/2023
	Kshs	Kshs
Property- Buildings	296,455	475,640
Office equipment	11,2350	-
Maintenance of electricity	48,600	-
Furniture and fittings	226,700	-
Motor vehicle expenses	126,250	373,010
Refined Fuel	1,340,000	1,710,000
Total repairs and maintenance	2,150,355	2,558,650

12. General Expenses

Description	2023/2024	2022/2023
	Kshs	Kshs
Catering expenses	26,700	-
Bank charges	3,262	10,127
Electricity expenses	65,000	-
Other Fuel and Lubricants	-	40,000
Travel and accommodation allowance	395,800	496,500
Printing and stationery	323,155	173,562
Water and sewerage costs	158,500	862,050
Telephone and mobile phone services	233,150	240,000
Total General Expenses	1,205,567	1,822,239

13. Transfers to County Revenue Fund

Source	2023/2024	2022/2023
	KShs	KShs
NHIF reimbursement	1,582,658	
Mpesa	3,506,865	
Total	5,089,523	4,119,501

Notes to the Financial Statements (Continued)

14. In Kind Contribution Cost

Description	2023/2024	2022/2023
	KShs	KShs
Salaries and wages	43,418,918	34,371,041
Medical supplies-Drawings Rights (KEMSA)	1,888,986	5,175,788
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	-	-
Utility bills	-	-
Total grants in kind	45,307,904	39,546,829

Notes to the Financial Statements (Continued)

15. Cash And Cash Equivalents

Description	2023/2024	2022/2023
	KShs	KShs
Current accounts	28,342	81,824
Total cash and cash equivalents	28,342	81,824

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

Description		2023/2024	2022/2023
Financial institution	Account number	KShs	KShs
a) Current account			
Kenya Commercial bank - Operations account	1219303062	28,342	13,597
Cooperative Bank - Revenue account	01141810402200	0	0
Grand total		28,342	13,597

16. Receivables From Exchange Transactions

Description	2023/2024	2022/2023
	KShs	KShs
Medical services receivables	661,703	-
Rent receivables	-	-
Other exchange debtors	-	-
Less: impairment allowance	-	-
Total receivables	661,703	-

Analysis of Receivables From Exchange Transactions

Description	2023/2024		2022/2023	
	Kshs		Kshs	
	2023/2024	% of the total	Comparative 2022/2023	% of the total
Less than 1 year	661,703	100%	-	%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (a+b)	661,703	100%	-	%

17. Inventories

Description	2023/2024	2022/2023
	KShs	KShs
Pharmaceutical supplies	1,782,652	1,320,462
Food supplies	-	37,595
Cleaning materials supplies	-	3,550
Less: provision for impairment of stocks	-	-
Total	1,782,652	1,361,607

Mutomo Level IV Hospital (Kitui County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

Notes to the Financial Statements (Continued)

18. Property, Plant and Equipment

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

Mutomo Level IV Hospital (Kitui County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

Description	Land	Buildings	Motor vehicles	Furniture, fittings, and	ICT Equipment	Plant and medical	Capital	Total
Depreciation		-	-	-	-	-		-
Disposals		-	-	-	-	-		-
Impairment		-	-	-	-	-		-
Transfer/adjustment		-	-	-	-	-	-	-
At 30th June 2024		-	-	-	-	-	-	-
Net book values								
At 30 th Jun 2023	-	-	-	-	-	-	-	-
At 30 th Jun 2024	-	-	-	-	-	-	-	-

(Valuation of the hospital assets has not been done, the county ministry of Health and Sanitation is in the process of procuring valuation services. The assets list was provided during audit)

Mutomo Level IV Hospital (Kitui County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

Notes to the Financial Statements (Continued)

19. Trade and other Payables

Description	2023/2024		2022/2023	
	KShs		KShs	
Trade payables	1,715,275		1,410,830	
Employee dues	116,600		-	
Third-party payments (e.g. unremitted payroll deductions)	-		-	
Total trade and other payables	1,831,875		1,410,830	
Ageing analysis:	2023/2024	% of the Total	2022/2023	% of the total
Under one year	421,045	23.53%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	1,410,830	76.47%	1,410,830	100%
Total	1,831,875	100.00%	1,410,830	100%

Mutomo Level IV Hospital (Kitui County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

Notes to the Financial Statements (Continued)

20. Cash Generated from Operations

Description	2023/2024	2022/2023
	KShs	KShs
Surplus for the year before tax	608,221.00	68,227.00
Adjusted for:		
Depreciation	-	-
Non-cash grants received	-	-
Impairment	-	-
Gains and losses on disposal of assets	-	-
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
Working Capital adjustments		
Increase in inventory	-421,045.00	-13,012.00
Increase in receivables	-661,703.00	-228,843.00
Increase in deferred income	-	-
Increase in payables	421,045.00	241,855.00
Increase in payments received in advance	-	-
Net cash flow from operating activities	-53,482.00	68,227.00

Notes to the Financial Statements (Continued)

22. Financial Risk Management

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

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

(i) Credit risk

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

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

Notes to the Financial Statements (Continued)

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for

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uncollectible amounts that the hospital has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The entity has no significant concentration of credit risk on amounts due. The board of management sets the hospital's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(ii) Liquidity risk management

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2023 (previous year)				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2024 (current year)	-	-	-	-
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-

Notes to the Financial Statements (Continued)

(iii) Market risk

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

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

a) Foreign currency risk

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

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

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

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Notes to the Financial Statements (Continued)

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

Foreign currency sensitivity analysis

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

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

b) Interest rate risk

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

Management of interest rate risk

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

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Notes to the Financial Statements (Continued)

Sensitivity analysis

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

iv) Capital Risk Management

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

Description	2023/2024	2022/2023
	Kshs	Kshs
Revaluation reserve	-	-
Retained earnings	-	-
Capital reserve	-	-
Total funds	-	-
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/ (excess cash and cash equivalents)	-	-
Gearing	%	%

Notes to the Financial Statements (Continued)

23. Related Party Balances

Nature of related party relationships

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

Kitui County Government is the principal shareholder of the 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 entity, both domestic and external. The related parties include:

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

There were no related party transactions in the financial statements.

24. Segment Information

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

25. Contingent Liabilities

There were no contingent liabilities during the financial year.

26. Capital Commitments

There was no capital commitments during this financial year.

27. Events after the Reporting Period

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

28. Ultimate and Holding Entity

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

29. Currency

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

18. Appendices**Appendix 1: Progress on Follow Up of Auditor Recommendations**

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Inaccuracies of the Financial Statement	Reconciliation and amendments has been done to close the variance	Resolved	FY 23/24
2	Undisclosed PPE	Listing all assets done. Valuation process to commence later	Not resolved	-
3	Lack of Risk Management policy	Adopted the County Risk Management Policy	Resolved	FY 23/24
4	Long Outstanding Trade payables	The facility is now using first in first paid to eliminate long outstanding bills	Resolved	FY 23/24
5	Non Compliance with Kenya Quality Model for Health Policy Guidelines	County employed some staff in severely understaffed departments and developed some infrastructure e.g upgrading theatre	Not resolved	Long term
6	Lack of Asset Register	Asset list Prepared. Valuation of the assets pending.	Not resolved	-

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Guidance Notes:

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



Dr. Dorcas Kwamboka
Accounting Officer

Appendix II: Projects Implemented by The Entity

Projects

Projects implemented by the Hospital Funded by development partners

Project title	Project Number	Donor/Development Partner	Period/duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1. Construction of Mutomo Outpatient Department (OPD) Block	1	Kitui County Government	FY 23/24	7,248,610	NO	NO
2. Completing Theatre Block (Floor,Scrub room,Store	2	Kitui County Government	FY 23/24	2,732,322	NO	NO

Status of Projects completion

SN	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Construction of Mutomo Outpatient Department (OPD) Block	8,411,790	Completed	100%	8,411,790	7,248,610	Kitui County Government
2	Completing Theatre Block (Floor,Scrub room,Store	4,447,970	-	90%	4,447,970	2,732,322	Kitui County Government

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Appendix III: Inter-Entity Confirmation Letter

Name of Transferring entity : Kitui Government

Name of Beneficiary entity: Mutomo Level IV Hospital

Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30 th June (Current FY)					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
0001088822	03/7/2023	500,000	0	500,000	
0001090115	14/8/2023	500,000	0	500,000	
0001091142	13/9/2023	500,000	0	500,000	
0001091954	29/9/2023	500,000	0	500,000	
0001093330	27/10/2023	500,000	0	500,000	
0001094637	01/12/2023	500,000	0	500,000	
0001095889	04/1/2024	500,000	0	500,000	
0001097612	02/2/2024	570,000	0	570,000	
0001098975	06/3/2024	570,000	0	570,000	
0001099835	04/4/2024	570,000	0	570,000	
001100737	16/5/2024	570,000	0	570,000	
0001102173	10/6/2024	150,000	0	150,000	
Total		5,930,000		5,930,000	
I confirm that the amounts shown above are correct as of the date indicated.					
Head of Accounts Department - Disbursing Entity:					

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Name *Annastacia Njiru* Sign *AN* Date *10/1/25*

Head of Accounts Department - Beneficiary Entity:

Name *BORCAS ANTEGA* Sign *[Signature]* Date *26/04/24*

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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