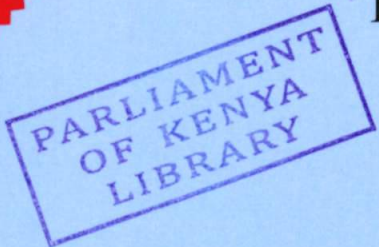


REPUBLIC OF KENYA



REPORT

88

OF

THE AUDITOR-GENERAL

ON

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MATILIKU LEVEL 4 HOSPITAL

FOR THE YEAR ENDED
30 JUNE, 2025

COUNTY GOVERNMENT OF MAKUENI

88

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
MACHAKOS HUB.

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**MATILIKU LEVEL 4 HOSPITAL
(Makueni County Government)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2025

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

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1. Acronyms & Glossary of Terms

CSR	- Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
MTLKSCH	Matiliku Sub County Hospital
UHC	Universal Health Coverage
NHIF	National Health Insurance Fund
SHA	Social Health Authority
Fiduciary Management	Key management personnel who have financial responsibility in the entity.

2. Key Entity Information and Management

(a) Background information

Matiliku Sub County Hospital is a level (4) hospital established under gazette notice number 786 and is domiciled in Makueni County under the Health Department. The hospital is governed by a Board of Management. It started as a community dispensary with a small structure at Administration Police camp (AP) grounds. It was relocated to the current grounds Matiliku market, Matiliku location, Nzaui sub location within Nzaui-Kilili – Kalamba Ward in Makueni Sub County, Makueni county. The facility is off Emali –Ukia road 27 kilometers west of Wote town and 19 kilometers East of Emali town and lies on 3.7 acres' piece of land. In 1986, the facility was elevated to a health centre and on 30th April 2010 it was gazetted to a Sub County Hospital.

It has a catchment population of 11,978 and an average workload of 5,000 patients per month. It has 34 bed capacity and offers general outpatient and in-patient services.

(b) Principal Activities

The principal activity of the hospital is to promote and participate in the provision of integrated and efficacious promotive, preventive, curative and rehabilitative health care services to all Kenyans. This includes general outpatient and in-patient services, medical outpatient clinic, laboratory services, pharmacy services, maternity and child welfare services, theatre services, comprehensive care clinic, occupational services, nutritionist services, physiotherapy services, ortho-trauma services, dental services, imaging/radiology services, psychosocial services, ambulance services, health talks and teaching /training for medical students from various training colleges and universities.

Vision

To be an efficient and high-quality health care hospital that is accessible, equitable and affordable for all Kenyans.

Mission

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

Core Values

- Patient-centred/customer-focused
- Partnership
- Professionalism
- Integrity and transparency
- Innovation and excellence
- Impartiality

Strategic Objectives

1. Eliminate Communicable Conditions
2. Halt, and reverse the rising burden of non-Communicable conditions.
3. Minimize exposure to health risk factors
4. Provide essential health services...

(c) Key Management

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

- County department of health
- Hospital Management Committee
- Medical Superintendent
- Hospital Management Team

(d) Fiduciary Management

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

No.	Designation	Name
1.	Medical Superintendent	Dr. Leonard Cedric Makau
2.	Head of finance	Dorothy Ngome
3.	Head of supply chain	Asenath Mutevu
4.	Head nursing	Samuel Muoki
5.	Head pharmacy	Ann Munyi

(e) Fiduciary Oversight Arrangements

Clinical Research and Standards Committee.

We have a functional clinical committee which meets on weekly basis to ensure adherence to quality care, mortality audits and other relevant clinical objectives are met. It assists the hospital in ensuring quality standards are adhered, patient safety is ensured and medical errors are minimized.

The Committee is responsible for:

- Review the weekly ward round reports
- Review and reprioritize the utilization of Hospital clinical resources
- Set performance targets for clinical units
- Review various research findings and related policy documents
- Review clinical audit reports and follow-up on implementation of recommendations

Risk Committee and Audit committee

The Committee assists the health management committee in fulfilling its corporate governance responsibilities and in particular to strengthen the effectiveness of the internal audit function; maintaining oversight on internal control systems; provision of general oversight in risk and compliance matters; and ensuring quality, integrity, effectiveness and reliability of the Hospital's risk management framework. The Committee held four (4) regular meetings in the year under review.

Hospital management committee

Hospital management committee consists of head of departments. It is chaired by the medical superintendent and the secretary is health administrative officer. The members meet on monthly basis to discuss, evaluate and strategies on day to day running of the hospital. Members share the departmental reports, data analysis and the trends of utilization of services.

Medical therapeutic committee

This committee is mandated in ensuring good commodity management and quality clinical practices. The committee chaired by the medical superintendent meets quarterly. It sets downs policies and standards to guide in use of drugs, management of common conditions and essential drug list.

Executive Expenditure committee

This committee consists of the executive managers who meet on monthly basis to check the expenditure of the hospital. The committee also reviews revenue collection, banking and strengthens ways to generate more revenue from the departments. It also sets annual departmental revenue targets and consolidates quarterly departmental budgets for presentation to the Hospital Management Committee. This committee comprises of 6 members as outlined below;

- Medical superintendent
- Health administrative officer
- Nursing officer
- Accountant
- Pharmacist

Key Entity Information and Management (continued)

(f) Entity Headquarters

P.O. Box 27-90140
Hospital Building,
Ukia-Emali Road, Matiliku Market
Makueni, KENYA

(g) Entity Contacts

Telephone: +254714767831
E-mail: matiliku.hospital@makueni.go.ke
Website: www.go.ke

(h) Entity Bankers

Kenya Commercial Bank
Emali Branch

(i) Independent Auditors

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




(j) Principal Legal Adviser

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

(k) County Attorney




P.O. Box. 78- 90300
Makueni, Kenya




3. The Board of Management

Ref	Directors	Details
1	 <p>Name: Bernard Kilonzi Mwalimu</p>	<p>Ag. CHAIRPERSON Date of Appointment: 1st August 2024</p> <p>Age: 75 years. He is a member of the Board of Management, with 31 yrs of experience and a retired Senior Personnel officer. He holds a diploma in human resource.</p>
2	 <p>Name: Dr. Leonard Cedric Makau</p>	<p>SECRETARY TO THE BOARD Date of Appointment: 1st August 2024</p> <p>Aged 37 years, Dr. Makau is a senior medical doctor and the medical superintendent. He has over 10yrs experience in Hospital and healthcare management having been a medical superintendent for cumulatively 8 years. He is a transformational leader, resource mobilizer and a team player. He holds a bachelor's degree in medicine and surgery and a master's degree in healthcare management from Strathmore business school.</p>
3	 <p>Name: Benjamin Mutua Joseph</p>	<p>MEMBER. Date of Appointment: 1st August 2024 Age; 44yrs Holds a pre-Diploma in Electrical and a Diploma in Telecommunication Engineering from Mombasa Polytechnic. A T2 certified officer in solar installations from University of Nairobi. Currently running a business in the community and a focal opinion leader in the community.</p>

	 <p>Name: Damaris Muli</p>	<p>MEMBER</p> <p>Date of Appointment: 1st August 2024 Aged 51 years Damaris holds a diploma from Nzaui bible School in Theology and currently she is a pastor at AIC Nduumoni</p>
	 <p>Name: Dr. Benard Mutunga</p>	<p>MEMBER.</p> <p>Date of Appointment: 1st August 2024</p> <p>Aged 37years A pharmacist. Holds a degree in pharmacy. Currently the sub county medical officer of health Makueni sub county. With a unique blend of pharmaceutical expertise and hands-on experience in public health, I've built my career around improving access to quality care through Primary Health Care (PHC) systems. Over the years, I have consistently championed community-focused health initiatives, integrating preventive care, health education, and essential medical services to support underserved populations. My dual roles allow me to bridge the gap between clinical practice and public health policy, ensuring that patients receive holistic and sustainable care.</p>

4. Key Management Team

Ref	Management	Details
	 <p>Dr. Leonard Cedric Makau</p>	<p>MEDICAL SUPERINTENDENT</p> <p>Aged 37 years. Dr. Makau is a medical doctor and the medical superintendent for the last 2 years. He has over 10yrs experience in hospital and healthcare management having been a medical superintendent for cumulatively 8 years. He is a transformational leader, resource mobilizer and team player.</p> <p>He holds a bachelor’s degree in medicine and surgery and a master’s degree in healthcare management.</p>
	 <p>Samuel Muoki</p>	<p>NURSING OFFICER INCHARGE.</p> <p>Aged 36yrs. Holds a Bachelor’s Degree in Nursing from the University of Nairobi. He is a healthcare leader with over 7 years’ experience in both private and public practise. Certified in Basic Life Support (BLS), HIV prevention and care, Reproductive health, Monitoring and Evaluation and Clinical research.</p>
	 <p>Ann Munyi</p>	<p>PHARMACY INCHARGE</p> <p>Aged 43years</p> <p>She holds a diploma in pharmaceutical technology. She is the head pharmacy department.</p>

	 <p>CPA Isack Liku</p>	<p>SUB COUNTY ACCOUNTANT</p> <p>He is the Sub County Accountant. He holds a bachelor's degree in Commerce (Finance) from The Catholic University of Eastern Africa. He is a Certified Public Accountant Finalist CPA(K). He has 13 years' experience in Accounting and Financial management in both private and public sector.</p>
	 <p>Dorothy Mutindi Ngome</p>	<p>HOSPITAL ACCOUNTANT.</p> <p>Aged 46yrs. She holds CPA Section one, certificate in personal administrative assistant course and passed proficiency examinations accounts option.</p>
	 <p>Asenath Muthen Mutevu</p>	<p>SUPPLY CHAIN MANAGEMENT OFFICER.</p> <p>Aged 47yrs. Holds a Diploma in management, purchasing and supplies option from the Kenya Institute of Supplies Management. She heads the supply and stores department</p>

5. Chairman's Statement



Mr. Bernard Kilonzi Mwalimu

Since beginning of my tenure as the acting chair of the Hospital Management committee dating 1st August 2024, Matiliku Sub County Hospital has undergone tremendous change and growth. The board has taken a leadership and governance role with assistance of the hospital management committee to carry out key strategic decisions and activities.

We have continuously carried governance role through quarterly board meetings, ensuring functional subcommittees and approval of budgets. The Sub Committee are; quality and primary health committee and finance and general-purpose committee.

Service delivery and utilization of hospital services has improved over years with the hospital workload increasing from average of 4000 in 2023/2024 to 5000 in 2024/2025. This has been contributed by additional of services provided, motivated healthcare workers and good working environment due to great support from the community.

During the F/Y 2024/2025 the Hospital was able to carry out the following development projects which included,

1. Commissioning of a Dental Unit,
2. Ambulance services
3. Acquisition of hospital land tittle
4. Renovation of staff house
5. Greening of hospital compound and subsequently planted over 500 trees.
6. Purchase of laundry machine



The challenges for the year under review include;

1. Inadequate financial resources as a result of longstanding trade receivables from various insurance programs
2. Inadequate supply of Water
3. Unstable power supply
4. Inadequate staffing
5. Lack of key infrastructure projects in the Facility namely Mortuary, Xray room, New born unit, paediatric ward and maternity ward.
6. Asbestos roofing
7. Need to relocate the police post which occupies part of the hospital land to enable future expansion.

.....
Mr. Benard Kilonzo Mwalimu
Ag. Chairman to the Board

24 NOV 2025

6. Report of The Medical Superintendent



Dr. Leonard Cedric Makau – Medical superintendent

The success of organizations relies on teamwork, effective leadership, and good governance, especially in the rapidly changing health ecosystem. Investment in healthcare is driven by health programs and investment areas, and is guided by the WHO health system building blocks, which include adequate human resources for health, an efficient service delivery system, adequate health infrastructure, access to essential health products, adequate health information, adequate health financing, and comprehensive health leadership.

With the current transformational changes in terms of healthcare financing with a push to achieve universal health care coverage (UHC) in the country, there is need for hospitals to align to these changes with a focus of improving financial access, strengthening the health system and leveraging on technology to improve its processes. UHC is a key pillar of Kenya's health sector transformation, with the goal of boosting human capacity, driving economic growth, and reducing poverty. Although there has been an overall improvement in hospital utilization in both outpatient and inpatient services, financial reports indicate a shift to out-of-pocket expenditure and a decline in insurance uptake. This trend could lead to catastrophic expenditure and impoverishment.

1. Service delivery

The hospital has taken significant steps to improve the quality of services offered, including weekly clinical meetings, the establishment of a dental unit, ortho trauma unit, additional staff, functional

HMT sub-committees, and weekly continuous medical education meetings. These efforts have increased overall utilization of services. The facility enjoys zero maternal death in the year FY2024/2025. This resulted from continuous mentorship of staff on preventable causes of maternal morbidities and mortalities and introduction of heat stable carbetocin which has significantly reduced postpartum haemorrhage.

2. Governance and leadership

The hospital enjoys good leadership and governance. There is great working relationship between the hospital management and the hospital board. The hospital management committee meets quarterly while hospital management teams meet monthly. We have also directed all departmental heads to hold monthly departmental meetings with their respective staffs. We further initiated a quarterly general staff meetings and this has resulted to good working environment.

3. Health infrastructure

Matiliku sub county hospital has not enjoyed commensurate investment in infrastructures compared to the increased utilization of services. This has resulted to congestion, patient sharing beds in maternity, female patients sharing with paediatric patients, lack of new born unit, congestion in the outpatient department and lack of office space for some specialist departments namely psychologist, occupational therapy, ortho-trauma and medical outpatient clinic. The injection room/casualty space is inadequate resulting to delayed provision of services to patients.

In order to realize its dream of being efficient and high-quality health care hospital that is accessible, equitable and affordable for all Kenyans, the hospital management has continuously engaged various stakeholders to strengthen health investment in line with the WHO building blocks. The hospital management is mobilizing resources to construct and equip rehabilitation unit which will entail Xray, ultrasound, physiotherapy, occupational, plaster, Orth trauma and psychologist rooms. We have also fostered a collaborate approach with the local community resulting in great advocacy of our services and support. Additionally, we are also engaging the health department and its leadership to allocate more resources in expanding hospital infrastructure.

4. Human resource for health

Matiliku sub county hospital experiences a great challenge of staff shortage across all carders. The nursing department is most affected with 18 nurses to a population of 10,000. This gives a nurse patient ratio of 1:577 verses WHO recommend ratio of 1:5. There is need for an additional records officer, laboratory technician, pharmacy technician, plaster technician, Ortho trauma, dentist, social worker and nutritionist.

Staff need gap

SNO.	ITEM	AVAILABLE	GAP
1	Medical officers	1	2
2	Health administrative officer	0	1
3	Public Health Officer	1	1
4	Pharmacist	0	1
5	Nursing officer	19	5
6	Clinical officer	9	2
7	Records officer	3	1
8	Office secretary	1	1
9	Dental officer	0	1
10	COHO	1	1
11	Plaster technologist	0	1
12	Laboratory technologist	7	2
13	Pharmaceutical technologist	5	2
14	Social worker	0	1
15	Nutritionist	2	0
16	Psychologist	1	0
17	Ortho-trauma technologist	1	0
18	Occupational Therapist	1	1
19	Physiotherapist	1	1
20	HTS	1	1
21	Supply Chain Management Officer	1	0
22	Accountant	1	0
23	Clerical officer	1	0
24	Bio Medical Engineer	2	0
25	Radiographer	1	1
26	Driver	1	1



5. Health commodities and vaccines

Throughout the financial year, we encountered significant issues with the supply of commodities. There were several periods where we experienced pharmaceutical stock outs, lacked key non-pharmaceutical commodities such as gloves, and struggled with laboratory supplies. The hospital management team has put measures to avert this through proper quantification, strengthening commodity security and lobbying for more resource allocation.

6. Healthcare financing

We made significant progress in revenue collection this year, surpassing our annual target. This was achieved through prudent revenue collection methods, cashless payment systems, and the automation of processes. It's also good to note that financial reports indicate a shift to out-of-pocket expenditure and a decline in insurance uptake. This trend could lead to catastrophic expenditure and impoverishment.

7. Health information

The hospital relies on manual storage of information. The management is in the process of automating its services through Taifa care HMIS which will result in improved efficiency in its processes.

Despite the great milestone achieved, we still face challenges namely

1. Staff shortage especially nurse, laboratory technician, medical officers, sonographer, social worker
2. Lack of rehabilitation unit (Xray, occupational, physiotherapy, plaster departments.)
3. Lack of proper mother and child unit.
4. Inadequate hospital land
5. Lack of hospital mortuary
6. Lack of utility vehicle
7. Asbestos roofing

Matiliku Level 4 Hospital (Makueni County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

8. Lack of reliable water supply
9. Inadequate infrastructure for delivery of services (psychologist, nutritionist, public health and records rooms)



.....
Dr. Leonard Cedric Makau

Secretary to the Board



7. Statement of Performance Against Predetermined Objectives

Matiliku sub county hospital has 4 strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 24- FY 25. These strategic pillars/ themes/ issues are as follows:

Pillar /theme/issue 1: Eliminate Communicable Conditions

Pillar/theme/issue 2: Halt, and reverse the rising burden of non-Communicable conditions.

Pillar/theme/issue 3: Minimize exposure to health risk factors

Pillar/theme/issue 4: Provide essential health services

Matiliku sub county hospital develops its annual work plans based on the above 4 pillars/Themes/Issues. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The facility achieved its performance targets set for the FY 2024/2025 period for its strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Eliminate communicable conditions	1. Reducing transmission of HIV.	1.The hospital commits to reduce new HIV/AIDS infections	1. Scaling up HIV testing and counselling services in Matiliku Sub County Hospital to identify and link 80 HIV positive to care and treatment.	100% achievement
	2.Reducing transmission of TB	2.Early identification of 55 new TB patients (30%)	2.Early identification of 55 new TB patients (30%)	100% achievement
Halt and reverse the rising burden of non-	1.Prevention of Alcohol and Drug Abuse	1. Reach out to 2500 people through		100% achievement

Matiliku Level 4 Hospital (Makueni County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

communicable conditions		counselling services (50%) 2.Mainstream counselling intervention in all departments (50%)		
Minimize exposure to health risk factors	Safety and Security Measures	The hospital commits to carry out safety and security baseline assessment	Preparing tools for baseline assessment (50%) Sensitizing managers to carry out the assessment (50%)	100% achievement
Provide essential health services	1.Reducing average length of hospital stay 2.The hospital commits to develop service charters for all departments 100% 4.Reducing facility based maternal mortality rate	1.The hospital commits to reduce the average length of hospital stay from 5.13 days to 4.3 days through: The hospital commits to maintain facility maternal mortality rate at 0 persons through strengthening MPDSR by ensuring:	1.Preparing hygiene protocols for all wards (50%) Holding monthly mortality audits (50%) Monthly reporting from the hospital committees (100%)	100% achievement 100% achievement

8. Corporate Governance Statement

Matiliku sub county Hospital Management committee is responsible for the overall governance of the hospital and is accountable to the Government for ensuring that the hospital complies with the law and the highest standards of best practices corporate governance and business ethics. The board was gazetted under gazette notice No. 11777 dated 13th September 2024 for a period of three (3) years with effect from 1st August, 2024. The appointment was done by the county committee member for health. The members are 6 in number

The members are committed to fostering a culture that values ethical behaviour, integrity and respect and the need to conduct business and operations of the hospital in accordance with generally accepted corporate practices.

The members believe that adopting and operating in accordance with high standards of corporate governance is essential for sustainable long-term performance and value creation.

In discharging its mandate, the Board is guided by the Board Charter, Code of Conduct and Ethics, and Board Manual to effectively fulfil its corporate governance responsibility towards stakeholders.

In addition, it has adopted Guidelines on Corporate Governance developed by the Mwongozo Code of Governance for State Corporations. The Board Charter defines the roles, responsibilities, scope and functions of the Directors in the governance of the hospital and provides for free exercise of independent judgment.

The Board provides oversight to the Management and ensures the employees operate within the Code of Conduct and Ethics; Public Officers and Ethics Act; Leadership and Integrity Act; and Mwongozo Code of Governance for State Corporations.

The hospital management committee during the FY2024-2025 held four (4) board meetings and four (4) subcommittee meetings for both primary health and quality and finance and general-purpose committees. Majority of the members attend and actively participate in the deliberations of the meetings.

9. Management Discussion and Analysis

Matiliku sub county hospital has made tremendous improvement towards improving quality of services offered and meeting the needs of the community. In FY 2024-2025, health service indicators were greatly affected by the shift from National Hospital Insurance Fund to Social Health Authority. This shift affected health seeking behaviours of the community with decrease in workload as a result financial challenge. The shift also affected maternity work load due to termination of the Linda Mama program which was providing financial access to mothers for antenatal, delivery and Postnatal services. Other challenges experienced which affected performance were inadequate supply on both pharmaceuticals and non-pharmaceuticals.

Notably during the Fy2024-2025, the facility undertook key projects namely;

1. Operationalization of dental unit



2. Operationalization of digital portable x- ray



Receiving of the portable digital x-ray machine and commissioning of the same by his excellency the governor Makueni County.

3. Ambulance services



4. Renovation of staff house



Before renovation



After renovation

5. Pipping of oxygen to all departments supported by Amref-kenya



Oxygen pipping and manifold complete supported by Amref- Kenya

6. Purchase of laundry machine



Clinical/operational performance

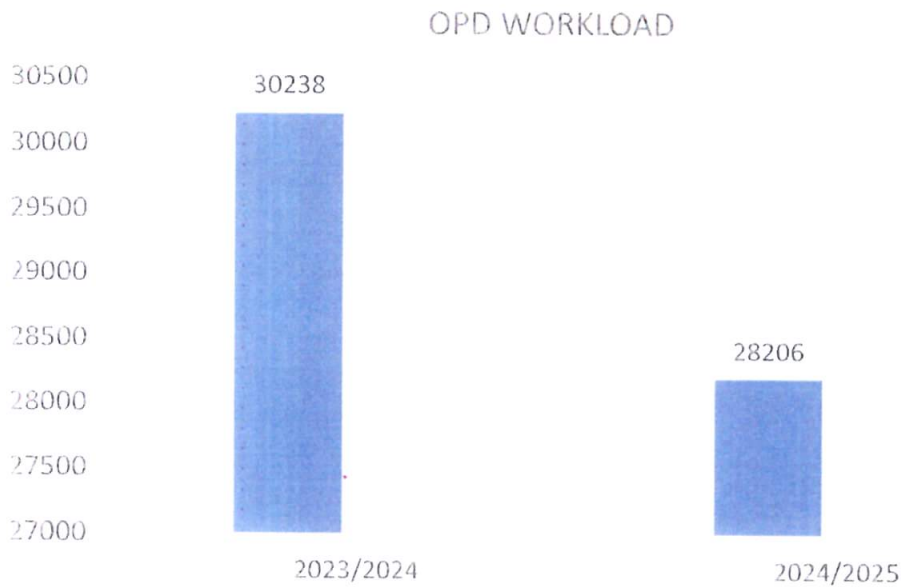


Fig. 1 OPD WORK LOAD

There was a decrease in OPD workload in the FY2024/2025 compared to FY2023/2024 due to healthcare workers strike affecting doctors, nurses and other UHC staff.

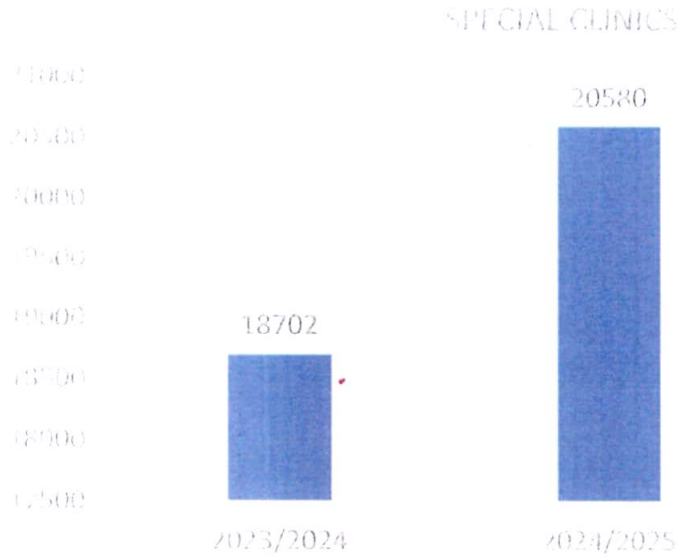


Fig 2. Special clinics work load.

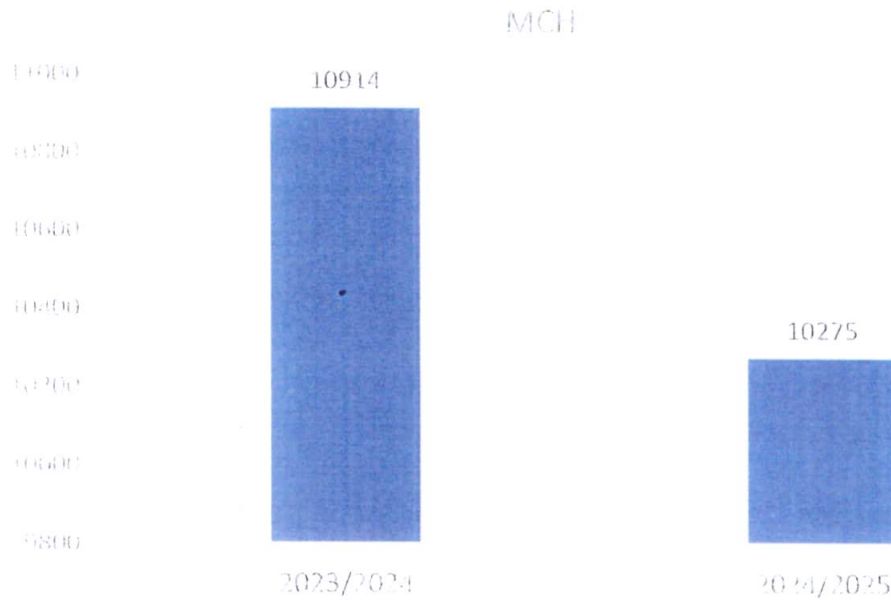


Fig 3. MCH workload. There was a significant decrease in MCH numbers in the FY2024/25. This was due to termination of free Linda Mama program services in the month of October with introduction of Social Health Authority. Services which were free i.e. antenatal, delivery and

postnatal services, mothers were required to register to the new social health program and pay their premiums and some of them could not afford.

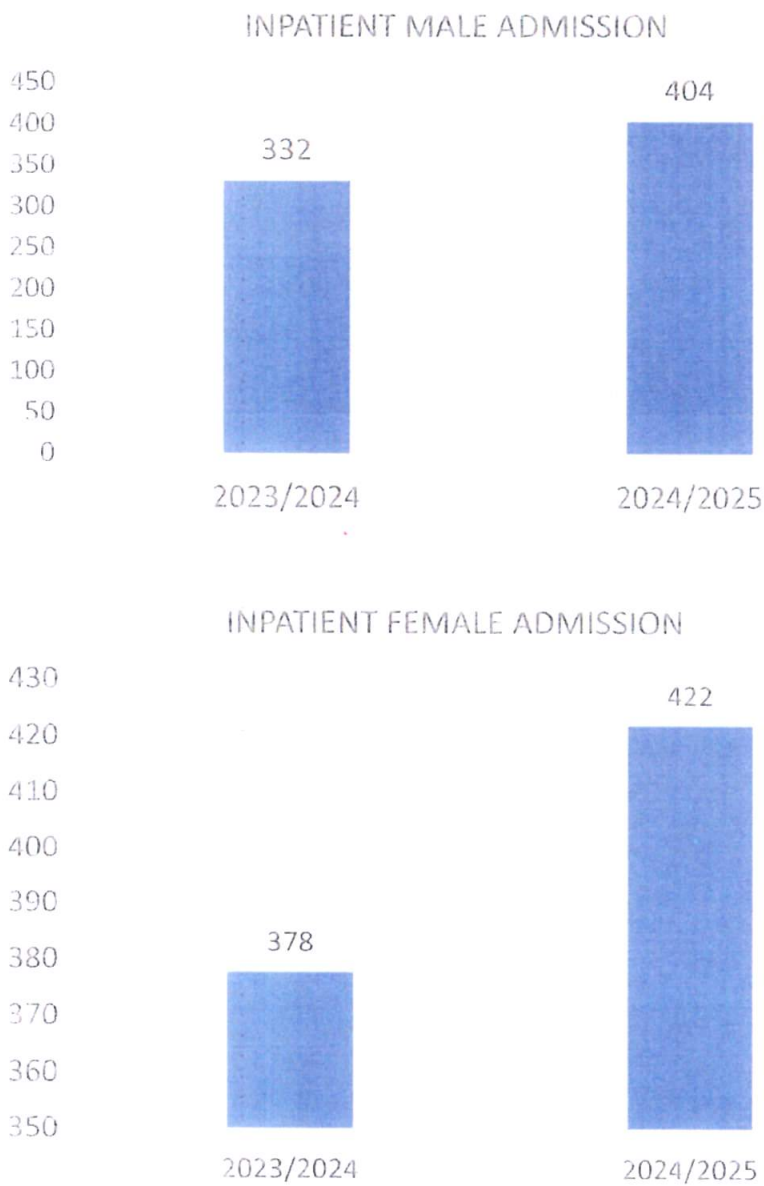


Fig 4 Inpatient utilization decreased in the FY2024/2025

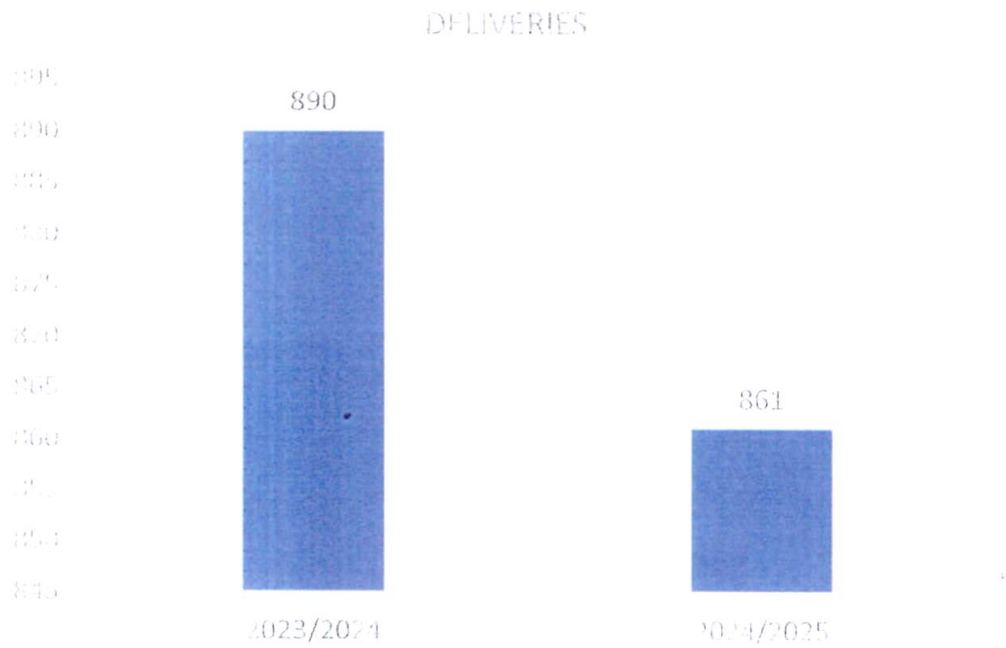
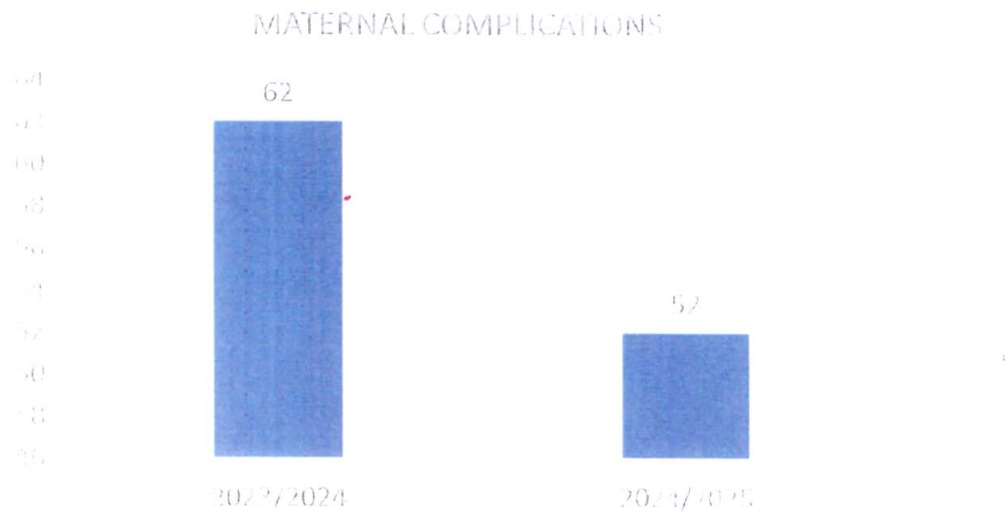


Fig 5. The number of skilled birth deliveries reduced due to termination of free Linda Mama program services in the month of October with introduction of Social Health Authority. Services which were free i.e. antenatal, delivery and postnatal services, mothers were required to register to the new social health program and pay their premiums and some of them could not afford



MATERNITY MORTALITY

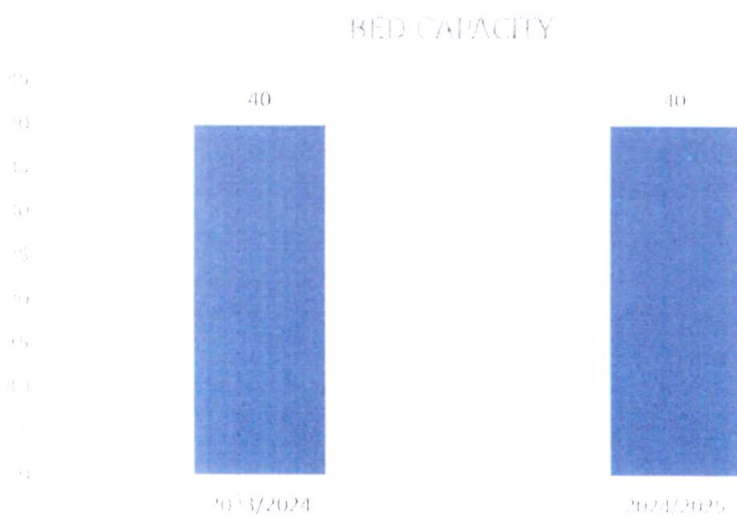
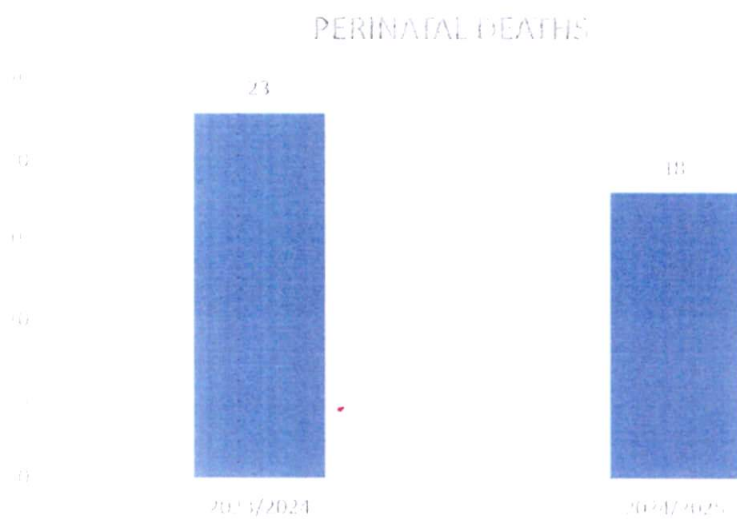


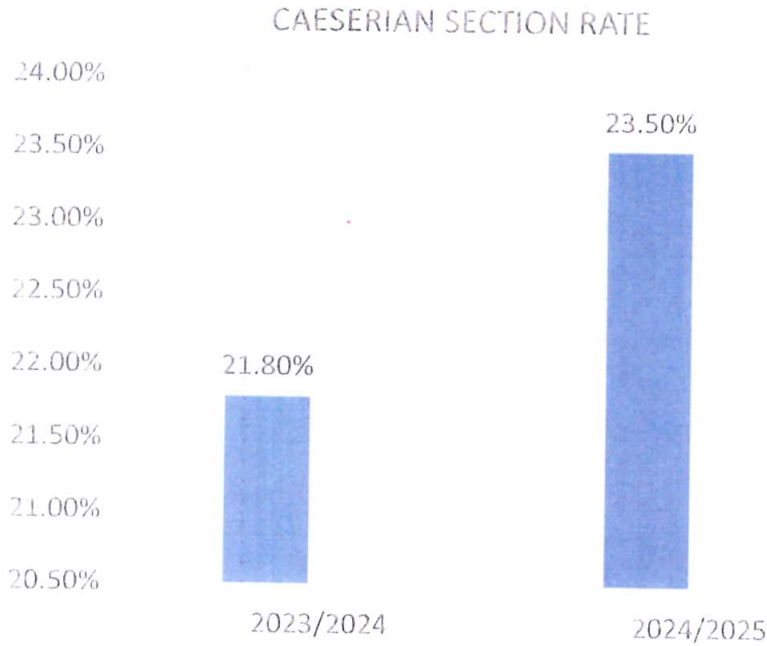
Maternal complications reduced due to;

- i. Continuous medical education for nurses and midwives working in maternity department.
- ii. Regular drills on maternal emergencies.
- iii. Implementation of Ampli-PPHI project which introduced new drugs for the prevention and management of PPH.
- iv. Improved response to emergencies especially those requiring surgical interventions.
- v. Health education at MCH including the use of SMS prompts to educate and identify complications early, even for mothers at home during pregnancy.
- vi. Prompt referral systems to the next points of care thus reducing the turn-around time.
- vii. Tracking of mothers post-Cs to identify any complications

LABORATORY







In general, the performance of the hospital has improved in the FY2024-2025 compared FY2023-2024.

Despite this improvement, the hospital has faced few challenges namely;

- Poor health seeking behavior due to financial constraints.
- Poor transport network especially during the rainy season making the hospital inaccessible to some patients.
- Poor nutrition with some of the patients presenting with severe anemia in pregnancy thus the risk for complications.
- Understaffing affecting some departments thus affecting service delivery.
- Lack of adequate space especially for maternity and rehabilitation units leading to congestion.
- Lack of some critical facilities including a functional casualty and NBU thus hindering delivery of specialized care.
- Outage of some commodities especially Family planning commodities and some drugs contributed to the drop in both outpatient and MCH clients.
- Transition period from NHIF to SHA brought some uncertainty to some patients thus opting to seek services in other facilities.

Financial performance

The financial performance in the financial year 2024/2025 showed a significant improvement in revenue collection. This was achieved through prudent revenue collection methods, cashless payment systems, and the automation of processes. FIF collections improved from 4,354,603 in previous year to 7,742,399 in the current year. There was also improvement in NHIF and other insurance reimbursements from 6,734,540 to 8,957,595. However, there was a reduction in Makueni Care universal healthcare reimbursement, which had an overall impact on the financing of hospital operations and sustainability. It's also good to note that financial reports indicate a shift to out-of-pocket expenditure and a decline in insurance uptake. This trend could lead to catastrophic expenditure and impoverishment. With the transition from NHIF to SHA, there is need to improve public awareness on healthcare insurance uptake in order to promote prepaid health care financing model to the citizens.

Major risks facing the hospital are

1. Clinical Risks:

Related to patient safety and care, such as medical errors, falls, hospital-acquired infections, medication management issues, and risks from nutritional problems.

2. Operational Risks:

Involve the day-to-day functioning of the hospital, including equipment failures, infrastructure problems (like fire hazards), and challenges with processes.

3. Financial Risks:

Concerns related to financial stability, including reimbursement challenges, escalating healthcare costs, and potential legal liabilities.

4. Compliance and Legal Risks:

Arise from failing to adhere to healthcare regulations, privacy laws (e.g., HIPAA), accreditation standards, and other legal obligations.

5. Reputational Risks:

Damage to the hospital's public image due to negative incidents, whether related to patient care, security breaches, or other ethical concerns.

6. Common Hazards

Hospitals are exposed to various hazards, including:

7. Biological Hazards:

Exposure to bloodborne pathogens and other infectious agents.

8. Chemical Hazards:

Risks associated with handling drugs and other chemical substances.

9. Physical Hazards:

Involve machinery like lasers and X-rays, as well as potential exposure to radiation.

10. Ergonomic Hazards

11. Environmental Hazards

Purpose of Risk Management

1. Improve Patient Safety

Reduce preventable injuries and ensure a safe environment for patients.

2. Ensure Financial Stability:

Prevent financial losses from incidents and manage costs effectively.

3. Maintain Compliance:

Adhere to all relevant healthcare laws, regulations, and standards.

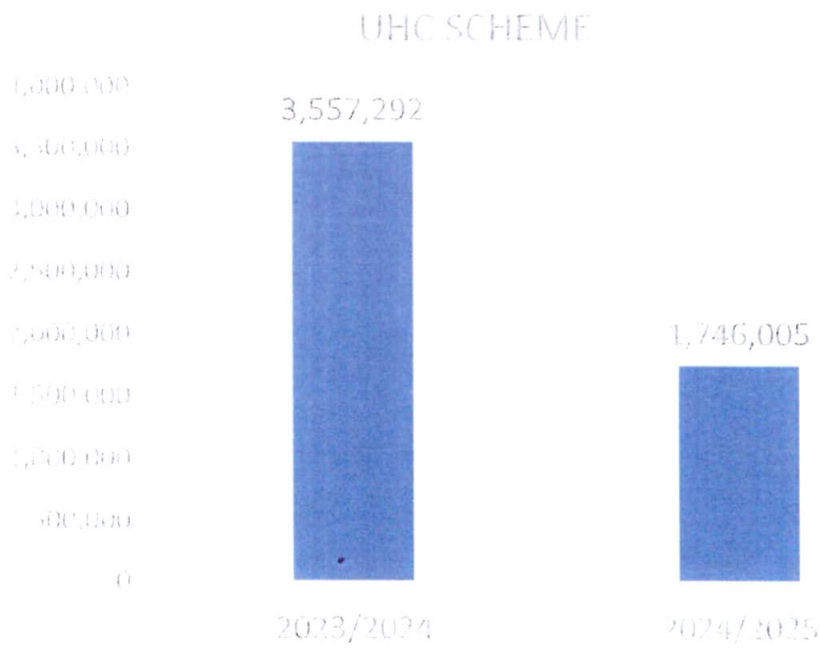
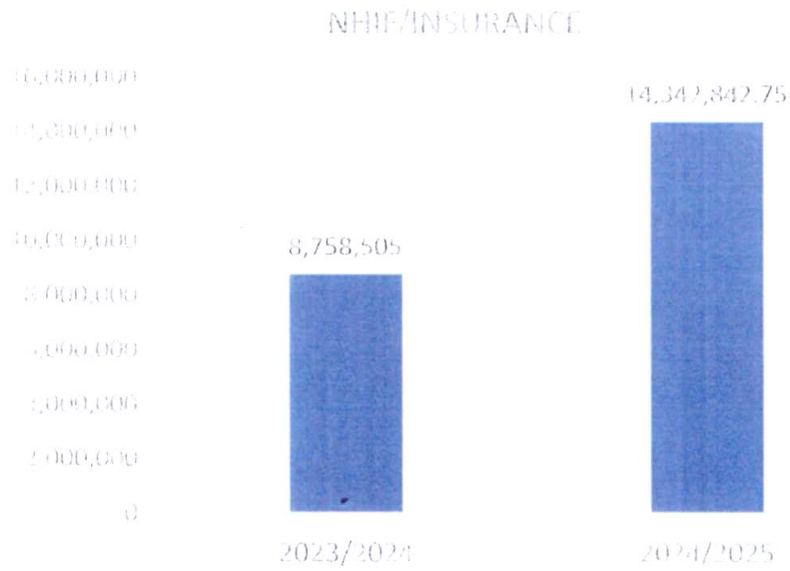
4. Protect Reputation:

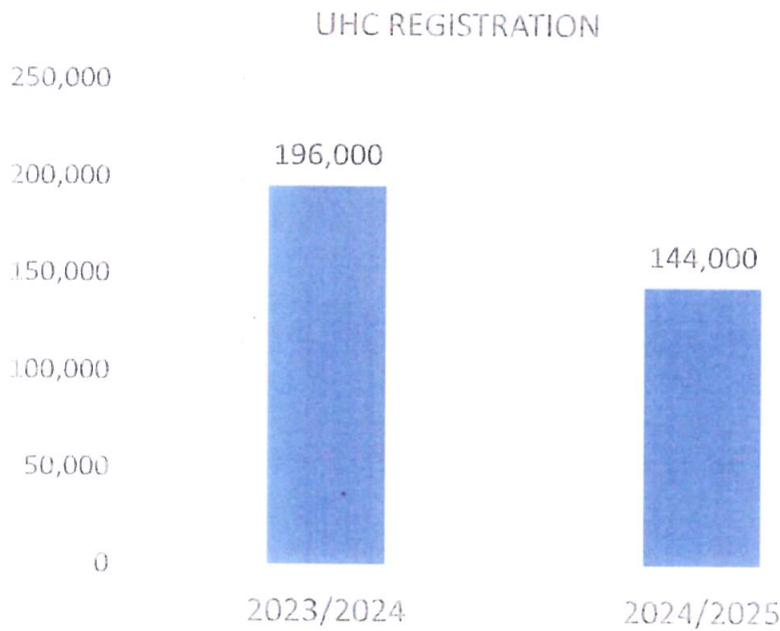
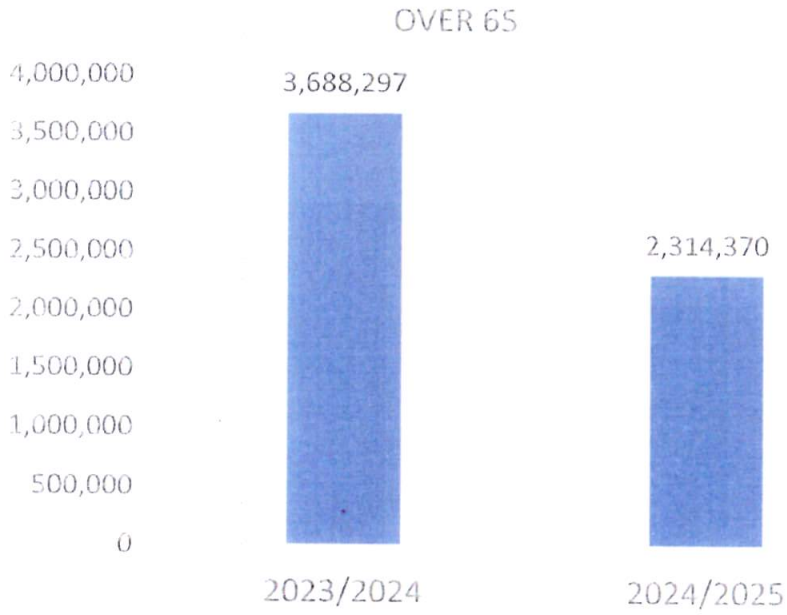
Maintain public trust and a positive image by managing crises and preventing negative publicity.

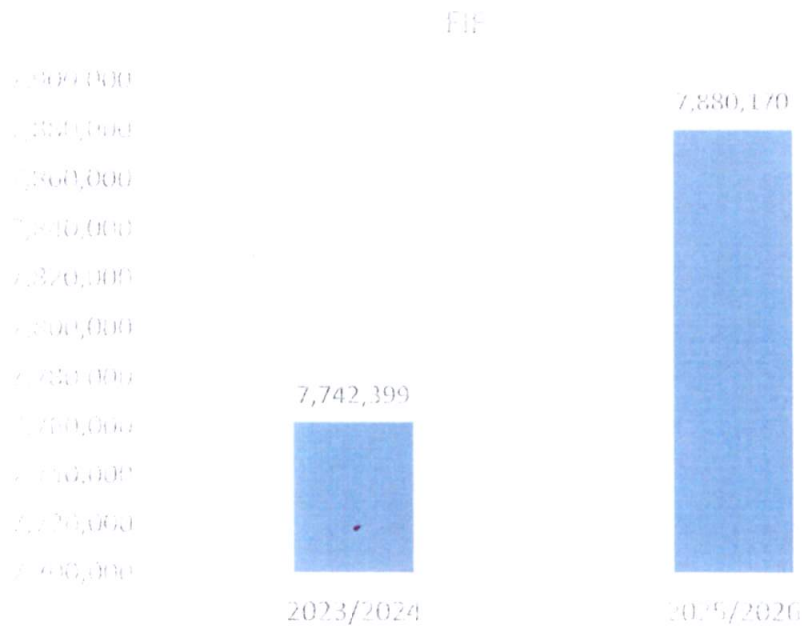
5. Foster Continuous Improvement:

Learn from mistakes and trends to continuously enhance quality and safety protocols.

REVENUE STREAMS	FY 2023/2024	FY 2024/2025
County Government Grant	4,500,000	3,280,000
Other Debtors (Matiliku Boys)	100,000	206,320.00
Medical Bills Reimbursements	252,860	727,105.00
FIF	7,742,399	7,880,170
NHIF/INSURANCE	8,758,505	14,342,842.75
Makueni Care Registration	196,000	144,000
Makueni Care UHC	3,557,292	1,746,005
Over 65 YRS SCHEME	3,688,297	2,314,370
GRAND TOTAL	28,795,353	30,640,812.75







There was overall improvement in revenue performance in the FY204-2025 compared to FY2023- 2024.

There is an increase in out-of-pocket expenditure compared to insurance schemes and hence there is need to create awareness in the community and stakeholders to embrace insurance schemes.

10. Environmental And Sustainability Reporting

i) Sustainability strategy and profile

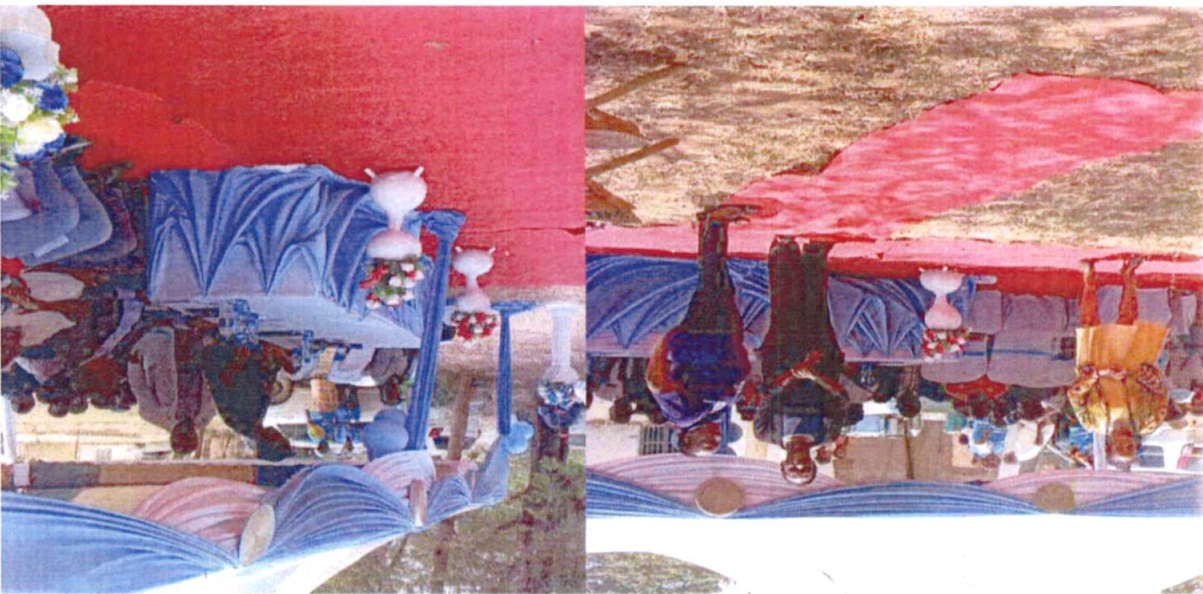
MTLKSCH recognizes the current limited resources from the county government due to the competitive nature of the limited resources available at the county level. This has resulted to inadequate supplies of non-pharmaceuticals, pharmaceuticals and developmental resources. There is need for the hospital to strengthen its revenue streams and debt collection mechanisms to bridge the gap. The shift from NHIF to SHA has affected healthcare seeking behaviour with citizens having financial access. Stakeholder involvement has been a key strategy for sustainability. MTLKSCH key stakeholders include: patients, doctors, employees and trade unions, suppliers, healthcare funders, government and authorities, industry associations, investors, the community and the media. The facility recognises its accountability to its stakeholders and is committed to effective and regular engagement with them, and to publicly report on its sustainability performance.



The Hospital's main environmental impacts are the utilisation of resources, predominantly energy, through electricity consumption and water, and the disposal of healthcare risk waste. The Hospital is fully aware of the need to use resources responsibly and is committed to minimising its environmental impacts to the extent possible. The hospital has asbestos roofing. The management recognises the environmental risk they pose. Resources are being mobilized to remove them and already waiting block section asbestos were removed. The Hospital recognises the risks that regulatory changes, environmental constraints and climate change present to its operations. Potential impacts include rising costs, reduced access to facilities, interruptions in service, and incidents of extreme weather events as a result of climate change. The hospital has embarked on greening the hospital through planting of trees at the hospital compound.

ii) Environmental performance

Stake holders forum





Greening of the hospital during world environmental day

iii) Employee welfare

The focus of attracting and utilising talent in a challenging healthcare market continues to be in accident and emergency room doctors. MTLSCH management has focused on creating conducive work environment in order to attract, train and retain workers. We have continuously through the human resource and advisory committee improved the capacity, skills and knowledge of staff through approving of trainings, Continuous Medical Educations, supporting conference attendance and supporting and financing senior courses. The staff have quarterly meetings to discuss their affairs. The staff are also subjected to annual performance and appraisal system which tracks their performance.

c) Responsible marketing and advertisement or Responsible engagement with citizens
When clients are served well, they advertise and inform others about the good quality services available which are friendly and cost effective. MTLKSCCH holds regular stakeholder's forum with key stakeholders and the community members to educate and pass regular information to the community health promoters. Community health promoters also serve as key partners in sensitizing the community on services provided. Through these forums

b) Responsible Supply chain and supplier relations
Those interested to do business with the organisation, buy tenders when advertised through the various social media after every two years. Those who qualify are given orders and are paid in good time.

a) Responsible competition practice.
The organisation ensures service charters are put in strategic place for services rendered for all to read. Payment for services rendered its cashless and clients are given receipt for any money paid and are given services they have paid. The hospital carries out varies outreach services to the community in a way of promoting and creating awareness for the services rendered to the community. Community health promoters also serve as key partners in sensitizing the community on services provided.

iv) Market place practices-

Staff meeting





community members are given opportunity to share their concerns and come up with action plan on solving problems identified.

d) *Product stewardship or Awareness Creation*

High priority in terms of accountability and honest is given on all services provided, frequent checks on inventory are carried on to ensure product stewardship. Patient information is safe guarded.

v) *Corporate Social Responsibility / Community Engagements*

The commitment of MTLKSCH to social responsibility and the pursuit of societal good through inclusive healthcare inspired us towards fulfilling public healthcare needs. We focus on bringing quality healthcare within the reach of all people regardless of their geographic location or economic status. MTLKSCH aspires to be a socially responsible corporate citizen delivering superior and sustainable value to all. MTLKSCH Corporate Social Responsibility initiatives express our commitment and concern to the welfare of our employees and the patients we serve. These initiatives focus on community development and health, human rights, empowering people through education and dissemination of information. Community trainings on different aspects remain as one of the key Corporate Social Responsibility. Education and support of the expectant and breast-feeding mothers through provision of mother pack is a program designed to ensure the facility remain a centre for preferred Health Care services provision in the surrounding Community.



Mutitiku sub county hospital NCD support group receiving hand bangles and engaging on exercise



Provision of food to deserving family

11. Report of The Board of Management

The board members submit their report together with the audited financial statements for the year that ended June 30, 2025, which show the state of the *hospital's* affairs.

Principal activities

The principal activities of the hospital are to promote and participate in the provision of integrated and efficacious promotive, preventive, curative and rehabilitative health care services to all Kenyans. This includes general outpatient and in-patient services, medical outpatient clinic, laboratory services, pharmacy services, maternity and child welfare services, theatre services, comprehensive care clinic, occupational services, nutritionist services, physiotherapy services, ortho-trauma services, dental services, imaging/radiology services, psychosocial services, ambulance services, health talks and teaching /training for medical students from various training colleges and universities.

Results

The results of the entity for the year ended June 30 2025 are set out on pages 1 to 9.

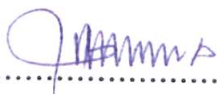
Board of Management

The members of the Board who served during the year are shown on page vii and viii. During the year, no director(s) retired/ resigned, and no director (s) was appointed with effect from date.

Auditors

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

By Order of the Board



Name *DR. LEONARD CHARLES MAKENI*

Secretary to the Board

74 NOV 2025

12. Statement of Board of Management's Responsibilities

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

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

The Board of Management accepts responsibility for the entity's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Board members are of the opinion that the entity's financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 20xx, and of the entity's financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the entity, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

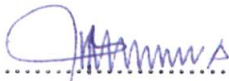
In preparing the financial statements, the Directors have assessed the Fund's ability to continue as a going concern.

Approval of the financial statements

The Hospital's financial statements were approved by the Board on 24/11/2025 and signed on its behalf by:


Name: _____
Chairperson
Board of Management

Bernard M. M. M.


Name: DR. LEONARD CEDRIC M. M.
Accounting Officer

14 NOV 2025

REPUBLIC OF KENYA



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Email: info@oagkenya.go.ke
Website: www.oagkenya.go.ke

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

REPORT OF THE AUDITOR-GENERAL ON MATILIKU LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 - COUNTY GOVERNMENT OF MAKUENI

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 Matiliku Level 4 Hospital - County Government of Makueni set out on pages 1 to 56, which comprise of the statement

Report of the Auditor-General on Matiliku Level 4 Hospital for the year ended 30 June, 2025 - County Government of Makueni

of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

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

Basis for Qualified Opinion

1. Inaccuracies in the Statement of Financial Performance

The statement of financial performance reflects Kshs.93,918,717 in respect to total revenue, which includes Kshs.24,023,218 in respect to miscellaneous income as disclosed in Note 14 to the financial statements. However, recasting of the amount reflected in disclosure Note 14 revealed an amount of Kshs.23,692,157 resulting to unexplained variance of Kshs.331,061. In addition, miscellaneous income of Kshs.24,023,218 include Kshs.3,594,277 which were not supported by a detailed ledger. Although Management explained that they were not able to login into the NHIF system to run the report, the accuracy of the amount could not be confirmed.

Further, the statement reflects Kshs.82,914,962 in respect to total expenses. However, the ledgers provided for audit review revealed amounts which were at variance with the amounts reflected in statement of financial performance as indicated below resulting in a net variance of Kshs.3,857,836.

Component	Amount as per Financial Statements (Kshs)	Amount as per Ledger (Kshs)	Variance (Kshs)
Medical Clinical Costs	10,099,271	7,089,722	3,009,549
Repairs and Maintenance	1,878,220	1,698,630	179,590
General Expenses	8,106,108	7,437,411	668,697
Total	23,138,334	22,365,289	3,857,836

In the circumstances the accuracy of the statement of financial performance could not be confirmed.

2. Unconfirmed Value of Property, Plant and Equipment

The statement of financial position reflects a balance of Kshs.6,582,850 in respect of property, plant and equipment as disclosed in Note 32 to the financial statements.

However, the balance excludes the value of the parcel of land on which the Hospital stands measuring approximately 1.178 Hectares as supported by the Title Deed. Further, physical inspection conducted revealed that the Hospital had eleven (11) blocks of buildings which had not been included in the assets register as individual values had not been confirmed.

In addition, the assets register provided lacked essential details such as provision for recording assets procured or disposed during the year, accumulated depreciation and depreciation charged on individual assets during the year. Further, the assets movement schedule reflects depreciation charge for the year under review of Kshs.785,200. However, recalculation revealed depreciation amounting to Kshs.883,838 resulting in unexplained variance of Kshs.97,538.

In the circumstances, the accuracy, completeness and ownership of property, plant and equipment balance of Kshs.6,582,850 could not be confirmed.

3. Long Outstanding Trade Receivables and Lack of Finance Policy Manual

The statement of financial position reflects a balance of Kshs.17,753,224 which, as disclosed in Note 29 to the financial statements include Kshs.5,480,854 in respect of receivables which have remained outstanding for over one year. However, no documentary evidence was provided for audit review on measures put in place to recover the long outstanding debts. In addition, the Hospital doesn't have a Finance Policy Manual to guide on the credit period, credit limit, recovery measures and write offs.

In the circumstances, the accuracy and recoverability of trade receivables amounting to Kshs.5,480,854 could not be confirmed.

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

Key Audit Matters

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

Other Information

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

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Irregular Engagement of Casuals

The statement of financial performance reflects Kshs.61,788,064 in respect to employee costs, which includes Kshs.2,344,809 paid to seventeen (17) casual workers who were engaged by Management for more than three (3) months. This is contrary to Section B.16 (1) of the County Public Service Human Resource Manual, 2013 which states that casual workers shall be engaged only on urgent short-term tasks with the approval of the County Public Service Board and that casual workers shall not be engaged for more than three months, as stipulated in the Employment Act, 2007.

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

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

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

authorized establishment. Further, key positions of anesthesiologists, general surgeons, gynecologists and radiologists were yet to be filled as shown below;

Staffing Requirement	Minimum Required	Actual/ Comment	Deficit	Percentage (%)
Medical Officers	16	2	14	88
Anesthesiologists	2	0	2	100
General Surgeons	2	0	2	100
Gynecologists	2	0	2	100
Pediatricians	2	0	2	100
Radiologists	2	0	2	100
Registered Community Health Nurses	75	21	54	72
Total	101	23	78	77

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

Equipment/Machines	Minimum Required	Actual/ Comment	Deficit	Percentage (%)
Bed Capacity	150	40	110	73
Incubators (New-born)	5	1	4	80
Cots	5	5	0	0
Resuscitaire in labour ward	2	1	1	50
Functional ICU Beds	6	0	6	100
HDU Beds	6	0	6	100
Renal Unit with Dialysis Machines	5	0	5	100
Functional operating theatres Maternity and General	2	1	1	50
Total	181	48	133	75

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

In the circumstances, the Hospital will not be able to deliver on its mandate and Universal Health Care Services may not be effectively delivered at the Hospital.

3. Failure to Dispose Unserviceable Assets

The statement of financial position and as disclosed in Note 32 to the financial statements reflect property, plant and equipment balance of Kshs.6,582,850. However, physical verification revealed unserviceable assets including two (2) motor vehicles of unknown

value and thirteen (13) medical related equipment/machines valued at Kshs.494,000 that had not been disposed of. This is contrary to Section 164(1) of the Public Procurement and Asset Disposal Act, 2015 which states that employee in charge of unserviceable, obsolescent and obsolete or surplus assets shall bring the matter to the attention of the Disposal Committee through the head of the procurement function.

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

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

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

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effects of the matter 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

Stock-Outs of Essential Medical Supplies

The statement of financial position and as disclosed in Note 31 to the financial statements reflect inventories balance of Kshs.1,953,649. Review of the stock cards for controlling stores indicated that the Hospital experienced stock out of medical supplies with some experiencing stock out period of more than one (1) year.

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

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

Responsibilities of the Management and Board of Management

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is

necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

02 December, 2025

Matiliku Level 4 Hospital (Makueni County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025


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

Description	Note	2024- 2025	2023-2024
		FY Kshs	FY Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	3,282,000	4,500,000
In- kind contributions from the County Government	7	58,733,329	63,073,320
Grants from donors and development partners	8		750,000
Transfers from other Government entities	9		
Public contributions and donations	10		
		62,015,329	68,323,320
Revenue from exchange transactions			
Rendering of services- Medical Service Income	11	7,880,170	7,742,399
Revenue from rent of facilities	12		
Finance /Interest Income	13		
Miscellaneous Income	14	24,023,218	9,307,365
Revenue from exchange transactions		31,903,388	17,049,764
Total revenue		93,918,717	85,373,084
Expenses			
Medical/Clinical costs	15	10,099,271	4,016,311
Employee costs	16	61,788,064	5,988,324
Board of Management Expenses	17	258,000	241,000
Depreciation and amortization expense	18	785,299	800,203
Repairs and maintenance	19	1,878,220	1,298,335
Grants and subsidies	20		
General expenses	21	8,106,108	71,283,104
Finance costs	22		
Total expenses		82,914,962	83,627,277
Other gains/(losses)			
Gain/Loss on disposal of non-Current assets	23		

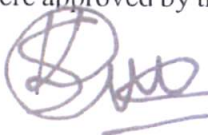
Matiliku Level 4 Hospital (Makueni County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Description	Note	2024- 2025	2023-2024
		FY Kshs	FY Kshs
Unrealized gain on fair value of investments	24		
Medical services contracts Gains/Losses	25		
Impairment loss	26		
Gain on foreign exchange transactions			
Total other gains/(losses)			
Net Surplus / (Deficit) for the year		11,003,755	1,745,807


The Hospital's financial statements were approved by the Board on 24/11/2025 and signed on its behalf by:



Chairman
Board of Management
Bernard Mwangi



Head of Finance
ICPAK No: 34407



Medical Superintendent
DR. LEONARD CEDRIC MACHAU



*Mulitika Level 4 Hospital (Makueni County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025*




15. Statement of Financial Position as at 30th June 2025

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	27	4,406,233	5,249,719
Prepayments	28		
Receivables from exchange transactions	29	17,753,224	9,150,275
Receivables from non-exchange transactions	30		
Inventories	31	1,953,649	2,054,762
Total Current Assets		24,113,106	16,454,756
Non-current assets			
Property, plant, and equipment	32	6,582,850	5,804,350
Intangible assets	33		
Investment property	34		
Biological Assets	35		
Total Non-current Assets		6,582,850	5,804,350
Total assets (A)		30,695,956	22,259,106
Liabilities			
Current liabilities			
Trade and other payables	36	3,444,326	6,011,230
Refundable deposits from Patients/Prepayments	37		
Provisions	38		
Finance lease obligation	39		
Current portion of deferred income	40		
Current portion of borrowings	41		
Total Current Liabilities		3,444,326	6,011,230
Non-current liabilities			
Provisions	38		
Non-Current Finance lease obligation	39		
Non-Current portion of deferred income	40		
Non - Current portion of borrowings	41		

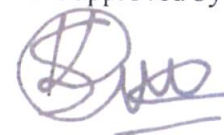
Matiliku Level 4 Hospital (Makueni County Government)
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Description	Note	2024-2025	2023-2024
		FY Kshs	FY Kshs
Service concession Arrangements	42		
Total non-current liabilities			
Total Liabilities (B)		3,444,326	6,011,230
Net assets (A-B)		27,251,630	16,247,876
Represented by:			
Revaluation reserve			
Accumulated surplus/Deficit		5,438,092	(5,565,663)
Capital Fund		21,813,539	21,813,539
Net Assets		27,251,631	22,259,106

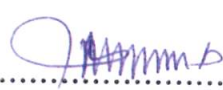
The Hospital's financial statements were approved by the Board on 24/11/2025 and signed on its behalf by:



Chairman
Board of Management



Head of Finance
ICPAK No: 34407



Medical Superintendent
 PR. BERNARD MAKIM MATKAD

Bernard Makim



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

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2023 (previous year)		(7,311,470)	17,215,831	9,904,361
Revaluation gain				
Surplus/(deficit) for the year		1,745,807		1,745,807
Capital/Development grants			4,597,707.93	4,597,707.93
As at June 30, 2024 (previous year)		(5,565,663)	21,813,539	16,247,876
At July 1, 2024 (current year)		(5,565,663)	21,813,539	16,247,876
Revaluation gain				
Surplus/(deficit) for the year		11,003,755		11,003,755
Capital/Development grants				
At June 30, 2025 (current year)		5,438,092	21,813,539	27,251,631

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

Description	Note	2024-2025	2023-2025
		FY	FY
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government		3,282,000	4,500,000
Grants from donors and development partners			750,000
Transfers from other Government entities			
Public contributions and donations			
Rendering of services- Medical Service Income		7,880,170	7,742,399
Revenue from rent of facilities			
Finance / interest income			
Miscellaneous receipts(<i>specify</i>)		15,420,269	9,307,365
Total Receipts		26,582,439	22,299,764
Payments			
Medical/Clinical costs		7,089,722	4,016,311
Employee costs		8,283,718	5,988,324
Board of Management Expenses		258,000	241,000
Repairs and maintenance		2,201,030	1,298,335
Grants and subsidies			
General expenses		8,029,655	8,209,784
Finance costs			
Refunds paid out			
Total Payments		25,862,125	19,753,754
Net cash flows from operating activities	43	720,314	2,546,010
Cash flows from investing activities			
Purchase of property, plant, equipment		(1,563,800)	(425,000)
Purchase of investing activities-medicine			(830,421)
Purchase of intangible assets			
Proceeds from the sale of PPE			
Acquisition of investments			
Net cash flows used in investing activities		(1,563,800)	(1,255,421)
Cash flows from financing activities			
Proceeds from borrowings			
Repayment of borrowings			

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Capital grants received			
Net cash flows used in financing activities			
Net increase/(decrease) in cash and cash equivalents		(843,486)	1,290,589
Cash and cash equivalents as at 1 July 2024	27	5,249,719.25	3,959,130
Cash and cash equivalents as at 30 June 2025	27	4,406,233.25	5,249,719.25

Matiliku Level 4 Hospital (Makueni County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget carryovers from the previous year			0	5,249,719	(5,249,719)	
Receipts						
Transfers from the County Government	4,000,000		4,000,000	3,282,000	718,000	82%
Grants from donors and development partners						
Transfers from other Government entities						
Public contributions and donations						
Rendering of services- Medical Service Income	8,000,000		8,000,000	7,880,170	119,830	99%
Revenue from rent of facilities						
Finance / interest income						
Miscellaneous receipts (<i>specify</i>)	6,179,269		6,179,269	15,420,269	(9,241,000)	249%
Total receipts	18,179,269		18,179,269	31,832,158	(13,652,889)	146%
Payments						
Medical/Clinical costs	7,907,136	(815,000)	7,092,136	7,089,722	2,414	100%
Employee costs	7,395,144	1,150,800	8,545,944	8,283,718	262,226	97%
Remuneration of directors	242,000	30,000	272,000	258,000	14,000	95%
Repairs and maintenance	2,390,000	60,000	2,450,000	2,201,030	248,970	90%
Grants and subsidies						
General expenses	9,614,669	(1,261,000)	8,353,669	8,029,655	323,914	96%
Finance costs						
Refunds						
Total Operational Expenditure paid	27,548,949	(835,200)	26,713,749	25,862,125	851,624	97%
Capital Expenditure paid				1,563,800		
Surplus	(9,369,680)		(8,534,480)	4,406,233	(14,504,513)	-52%

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:
Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	720,314
1	Opening cash and cash equivalent as per cashflow	5,249,719
2	Capital expenditure (ASSETS)	(1,563,800)
	Closing Cash and Cash Equivalent as per the statement of Cash flows	4,406,233

19. Notes to the Financial Statements

1. General Information

Matiliku sub county hospital is established by and derives its authority and accountability from PFM Act. The entity is wholly owned by the Makueni County Government and is domiciled in Makueni County in Kenya. The entity's principal activity is medical services.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant, and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the *entity's* accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 13-17. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *entity*. The financial statements have been prepared in accordance with the PFM Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

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

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

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

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

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

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

iii) Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year

4. Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Rental income

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

Notes to the Financial Statements (Continued)

b. Budget information

The original budget for FY 2024-2025 was approved by Board on **10th July 2024** *Subsequent* revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations of **9,763,089** on the FY 2024-2025 budget following the Board's approval. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

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

c. Taxes

Sales tax/ Value Added Tax

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

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

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 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.

TABLE.. DEPRECIATION OF ASSETS SCHEDULE

ASSET CLASS	DEPRECIATION RATE	NO. OF YEARS
LAND	N/A	
Capital work in progress	N/A	
Buildings	2.50%	40
Plant & machinery	10%	8
Equipment/furniture/fittings	10%	8
Motor vehicles	20%	5
Computer and other accessories	25%	3
Library books	12.50%	8

Notes to the Financial Statements (Continued)

f. Leases

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

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

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

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

g. Intangible assets

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

Notes to the Financial Statements (Continued)

h. Biological Assets

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

i. Research and development costs

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

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

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

j. Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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



Financial liabilities

Classification

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

k. Inventories

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

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

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

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

l. Provisions

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

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

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

Notes to the Financial Statements (Continued)

m. Social Benefits

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

n. Contingent liabilities

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

o. Contingent assets

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

p. Nature and purpose of reserves

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

q. Changes in accounting policies and estimates

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



Notes to the Financial Statements (Continued)

r. Employee benefits

Retirement benefit plans

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

s. Foreign currency transactions

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

t. Borrowing costs

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

u. Related parties

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

v. Service concession arrangements

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

w. Cash and cash equivalents

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

x. Comparative figures

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

y. Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 38. 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	2024-2025	2023-2024
	FY KShs	FY KShs
Unconditional grants		
Operational grant	3,000,000	4,500,000
Level 4/5 grants	280,000	-
Unconditional development grants	-	-
Other grants(Deposits)	2,000	
Conditional grants		
User fee forgone	-	-
Transforming health services for Universal care project (THUCP)	-	-
DANIDA	-	-
Wards Development grant	-	-
Paediatric block grant	-	-
Administration block grant	-	-
Laboratory grant	-	-
Total government grants and subsidies	3,282,000	4,500,000

6 b Transfers from The County Government

Name of the Entity sending the grant	Amount recognized to Statement of financial performance* KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	Comparative Period
			KShs	KShs	KShs
Makueni County Government	3,282,000			3,282,000	4,500,000
Total	3,282,000			3,282,000	4,500,000

Notes to Financial Statements Continued

7. In Kind Contributions from The County Government

Description	2024-2024	2023-2024
	FY	FY
	KShs	KShs
Salaries and wages	53,825,046	52,807,284
Medical supplies-Drawings Rights (KEMSA)	-	-
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	4,217,526	9,260,653
Utility bills	690,757	1,005,383
Total grants in kind	58,733,329	63,073,320

8. Grants From Donors and Development Partners

Description	2024-2024	2023-2024
	FY	FY
	KShs	KShs
Cancer Centre grant- DANIDA	-	-
World Bank grants	-	-
Paediatric ward grant- JICA	-	-
Research grants	-	-
Other grants Safaricom Foundation (NDOTO ZETU)	-	750,000
Total grants from development partners	-	750,000

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

Name of the Entity sending the grant	Amount recognized to Statement of financial performance	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year	Comparative Period
	KShs	KShs	KShs	KShs	KShs
Donor e.g., DANIDA	-	-	-	-	-
JICA	-	-	-	-	-
World Bank	-	-	-	-	-
Total	-	-	-	-	-

Notes to Financial Statements Continued

9. Transfers From Other Government Entities

Description	2024-2025	2023-2024
	FY	FY
	KShs	KShs
Transfer from National Government (Ministry of Health)	-	-
Transfer from National Hospital	-	-
Transfer from Institute	-	-
Total Transfers	-	-

10. Public Contributions and Donations

Description	2024-2025	2023-2024
	FY	FY
	KShs	KShs
Public donations	-	-
Donations from local leadership	-	-
Donations from religious institutions	-	-
Donations from other international organisations and individuals	-	-
Other donations(<i>specify</i>)	-	-
Donations in kind-amortised	-	-
Total donations and sponsorships	-	-

10 (a) Reconciliations of amortised grants

Description	2024-2025	2023-2024
	FY	FY
	Kshs	Kshs
Balance unspent at beginning of year	-	-
Current year receipts	-	-
Amortised and transferred to revenue	-	-
Conditions to be met – remain liabilities	-	-

Notes to Financial Statements Continued

11. Rendering of Services-Medical Service Income

Description	2024-2025 FY	2023-2024 FY
	Kshs	Kshs
Pharmaceuticals	1,507,655	1,895,738
Non-Pharmaceuticals	-	-
Laboratory	2,439,525	1,693,260
Radiology	269,600	127,500
Orthopedic and Trauma Technology	122,800	63,600
Theatre	185,200	111,000
Accident and Emergency Service	-	-
Anesthesia Service	-	-
Ear Nose and Throat service	-	-
Nutrition service	417,900	337,500
Cancer centre service	-	-
Dental services	13,550	-
Reproductive health	480,525	96,000
Paediatrics services	-	-
Farewell home services	-	-
Other medical services income (<i>specify</i>)	-	-
Health Records-cards& files	775,660	827,601
Inpatient	261,135	709,860
Outpatient	531,070	874,410
Ambulance services	163,000	448,000
Mopc	26,500	36,350
Medical Examination	341,500	150,160
Medical reports P3	131,400	97,000
Physiotherapy	74,700	55,500
Occupational therapy	33,450	147,700
Psychology	95,000	57,100
Water	10,000	-
Other deposits	-	14,120
Total revenue from the rendering of services	7,880,170	7,742,399

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Notes to the Financial Statements (Continued)

12. Revenue From Rent of Facilities

Description	2024-2025	2023-2024
	FY	FY
	Kshs	Kshs
Residential property	-	-
Commercial property	-	-
Total Revenue from rent of facilities	-	-

13. Finance /Interest Income

Description	2024-2025	2023-2024
	FY	FY
	Kshs	Kshs
Interest income from Cash investments and fixed deposits	-	-
Interest income from short- term/ current deposits	-	-
Interest income from Treasury Bills	-	-
Interest income from Treasury Bonds	-	-
Interest from outstanding debtors	-	-
Total finance income	-	-

14. Miscellaneous Income

Description	2024-2025	2023-2024
	FY	FY
	KShs	KShs
Insurance recoveries	21,836,346	8,484,895
Insurance recoveries Makueni care insurance scheme	144,000	196,000
Services concession income	-	-
Medical Bills Reimbursements	727,105	252,860
Sale of goods (water, publications, containers etc)	-	-
Matiliku boys income	206,320	100,000
Insurance-AAR	-	273,610
Makueni County UHC Programme	778,386	-
Bad debts recovered	-	-
Receivables from exchange transactions	-	-
<i>Others (Specify)</i>	-	-
Total Miscellaneous income	24,023,218	9,307,365

Notes to the Financial Statements (Continued)

15. Medical/ Clinical Costs

Description	2024-2025	2023-2024
	FY Kshs	FY Kshs
Dental costs/ materials	106,380	-
Laboratory chemicals and reagents	370,813	557,936
Public health activities	-	-
Food and Ration	3,837,095	2,288,989
Uniform, clothing, and linen	50,000	99,000
Dressing and Non-Pharmaceuticals	2,661,150	372,260
Pharmaceutical supplies	1,877,483	199,526
Health information stationery	-	-
Reproductive health materials	-	-
Sanitary and cleansing Materials	515,700	312,400
Purchase of Medical gases	205,650	162,200
X-Ray/Radiology supplies	390,000	19,000
Bedding/linen	85,000	-
Therapy appliances	-	5,000
Other medical related clinical costs (<i>specify</i>)	-	-
Total medical/ clinical costs	10,099,271	4,016,311

16. Employee Costs

Description	2024-2025	2023-2024
	FY Kshs	FY Kshs
Salaries, wages, and allowances	61,676,064	4,958,141
Contributions to pension schemes	-	-
Service gratuity	-	-
Performance and other bonuses	-	-
Staff medical expenses and Insurance cover	-	-
Group personal accident insurance and WIBA	-	-
Social contribution	-	-
Other employee costs - <i>Locum</i>	112,000	1,030,183
Employee costs	61,788,064	5,988,324

Notes to the Financial Statements (Continued)

17. Board of Management Expenses

Description	2024-2025	2023-2024
	FY	FY
	Kshs	Kshs
Chairman's Honoraria		
Sitting allowance	258,000	241,000
Mileage	-	-
Insurance expenses	-	-
Induction and training	-	-
Travel and accommodation allowance	-	-
Airtime allowances	-	-
Total	258,000	241,000

18. Depreciation and Amortization Expense

Description	2024-2025	2023-2024
	FY	FY
	Kshs	Kshs
Property, plant and equipment	785,299	800,203
Intangible assets	-	-
Investment property carried at cost	-	-
Total depreciation and amortization	785,299	800,203

19. Repairs And Maintenance

Description	2024-2025	2023-2024
	FY	FY
	Kshs	Kshs
Property- Buildings	743,620	472,535
Medical equipment, Plant & Machinery	882,100	691,300
Office equipment	-	-
Furniture and fittings	30,000	30,000
Computers and accessories	-	-
Maintenance of Computers	162,500	104,500
Motor vehicle expenses	60,000	-
Maintenance of civil works	-	-
Total repairs and maintenance	1,878,220	1,298,335

Notes to the Financial Statements (Continued)

20. Grants And Subsidies

Description	2024-2025	2023-2024
	FY	FY
	Kshs	Kshs
Community development and social work	-	-
Education initiatives and programs	-	-
Free/ subsidised medical camp	-	-
Disability programs	-	-
Free cancer screening	-	-
Social benefit expenses	-	-
Other grants and subsidies(<i>specify</i>)	-	-
Total grants and subsidies	-	-

21. General Expenses

Description	2024-2025	2023-2024
	FY	FY
	Kshs	Kshs
Advertising and publicity expenses	40,000	-
Catering expenses	330,000	306,130
Waste management expenses	-	-
Insecticides and rodenticides	-	-
Audit fees	-	-
Bank charges	31,620	35,161
Conferences and delegations	-	-
Consultancy fees	-	-
Contracted services	300,000	337,500
Electricity expenses	990,757	315,699
Fuel and Lubricants	1,862,492	3,927,643
Insurance	-	-
Research and development expenses	-	-
Travel and accommodation allowance	1,256,045	872,260
Legal expenses	-	-
Licenses and permits	-	-
Courier and postal services	9,450	18,900
Printing and stationery	1,030,290	840,700
Hire charges	-	-
General office supplies	291,580	187,173
House holds	112,860	47,330

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Description	2024-2025	2023-2024
	FY	FY
	Kshs	Kshs
Rent expenses	-	-
Water and sewerage costs	410,400	191,600
Skills development levies		
Telephone and mobile phone services	327,000	172,500
Internet expenses	69,794	139,588
Staff training and development	224,000	100,000
Subscriptions to professional bodies	-	-
Subscriptions to newspapers periodical, magazines, and gazette notices	-	-
Library books/Materials	-	-
Parking charges	-	-
computer accessories	-	126,600
purchase of electricals	259,620	245,500
Other fuels	560,200	345,500
In- kind contributions from the County Government		63,073,320
Total General Expenses	8,106,108	71,283,104

22. Finance Costs

Description	2024-2025	2023-2024
	FY	FY
	KShs	KShs
Borrowings (amortized cost) *	-	-
Finance leases (amortized cost)	-	-
Interest on Bank overdrafts/Guarantees	-	-
Interest on loans from commercial banks	-	-
Total finance costs	-	-

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

Description	2024-2025	2023-2024
	FY	FY
	KShs	KShs
Property, plant, and equipment	-	-
Intangible assets	-	-
Other assets not capitalised (<i>specify</i>)	-	-
Total gain on sale of assets	-	-

24. Unrealized Gain On Fair Value Investments

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Description	2024-2025	2023-2024
	FY	FY
	KShs	KShs
Investments at fair value	-	-
Total gain	-	-

25. Medical Services Contracts Gains /Losses

Description	2024-2025	2023-2024
	FY	FY
	KShs	KShs
Comprehensive care contracts with NHIF/SHIA	-	-
Non- Comprehensive contracts care with NHIF/SHA	-	-
Linda Mama Program	-	-
Waivers, Exemptions and UHC	-	-
Total Gain/Loss	-	-

26. Impairment Loss

Description	2024-2025	2023-2024
	FY	FY
	KShs	KShs
Property, plant, and equipment	-	-
Intangible assets	-	-
Investments	-	-
Total impairment loss	-	-

27. Cash And Cash Equivalents

Description	2024-2025	2023-2024
	FY	FY
	KShs	KShs
Current accounts	4,406,233.25	5,249,719
On - call deposits	-	-
Fixed deposits accounts	-	-
Cash in hand	-	-
Others(<i>specify</i>)- Mobile money Hospital Pay bill No. 4076429	-	-
Total cash and cash equivalents	4,406,233.25	5,249,719

Matiliku Level 4 Hospital (Makueni County Government)
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Notes to the Financial Statements (Continued)

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

Description		2024-2025 FY	2023-2024 FY
Financial institution	Account number	KShs	KShs
a) Current account			
Kenya Commercial bank	1146092326	4,404,176.25	5,243,633.25
Kenya Commercial bank	1147481083	2,057.00	6,086.00
Equity Bank, etc.	-	-	-
Sub- total		4,406,233.25	5,249,719.25
b) On - call deposits	-	-	-
Kenya Commercial bank	-	-	-
Equity Bank – etc.	-	-	-
Sub- total		-	-
c) Fixed deposits account		-	-
Bank Name	-	-	-
Sub- total		-	-
d) Others		-	-
cash in hand	-	-	-
Mobile money- Mpesa, Airtel money	-	-	-
Sub- total	-	-	-
Grand total		4,406,233.25	5,249,719.25

28. Prepayments

Description	2024-2025 FY	2023-2024 FY
	Kshs	Kshs
Insurance	-	-
Rent	-	-
Water	-	-
Internet	-	-
Others specify	-	-
Total	-	-

29. Receivables From Exchange Transactions

Description	2024-2025	2023-2024
	FY	FY
	KShs	KShs
Medical services receivables-NHIF	9,075,131	9,059,680
Medical services receivables-matiliku boys	421,656	90,595
Medical services receivables-Trident	162,350	-
Medical services receivables-MADISON	64,594	-
Medical services receivables-SHA	7,251,108	-
County UHC Claims	778,385	-
Other exchange debtors	-	-
Less: impairment allowance	-	-
Total receivables	17,753,224	9,150,275

Analysis of Receivables From Exchange Transactions

Description	2024-2025		2023-2024	
	FY		FY	
	Kshs		Kshs	
	2024-2025	% of the total	2023-2024	% of the total
	FY		FY	
Less than 1 year	12,272,370	69%	9,150,275	%
Between 1- 2 years	5,480,854	31%		%
Between 2-3 years		%		%
Over 3 years		%		%
Total (a+b)	17,753,224	%	9,150,275	%

Matiliku Level 4 Hospital (Makueni County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

30. Receivables From Non-Exchange Transactions

Description	2024-2025 FY	2023-2024 FY
	KShs	KShs
Transfers from the County Government	-	-
Undisbursed donor funds	-	-
Other debtors (<i>non-exchange transactions</i>)	-	-
Less: impairment allowance	-	-
Total	-	-

Analysis of Receivables From Non-Exchange Transactions

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

31. Inventories

Description	2024-2025 FY	2023-2024 FY
	KShs	KShs
Non-Pharmaceutical supplies	285,090	919,632
Pharmaceutical supplies	1,482,884	982,624
Maintenance supplies	-	-
Food supplies	13,635	19,746
Linen and clothing supplies	29,320	-
printing materials	80,670	50,710
other fuels	5,900	13,800
ultra sound items	7,600	19,000
Cleaning materials supplies	3,600	4,300
General supplies	44,950	44,950
Less: provision for impairment of stocks	-	-
Total	1,953,649	2,054,762

Detailed disclosure on inventories

	2024-2025 FY	2023-2024 FY
Opening balance	2,054,762	-
Additional Inventory in the year	11,113,797	-
Inventory expensed in the year	11,214,910	-
Write-downs in the year	-	-
Others specify	-	-
Closing balance	1,953,649	2,054,762

*Matiliku Level 4 Hospital (Makueni County Government)
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Notes to the Financial Statements (Continued)*

32. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (specifically)	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
Cost									
At 1 July 2023 (previous year)	-	3,244,700	-	1,186,750	2,699,349				7,130,799
Additions	-	-	-	205,000.	220,000				425,000
Disposals	-	-	-	-	-				-
Transfers/adjustments	-	-	-	-	-				-
Revaluation Adjustments	-	-	-	-	--				-
At 30th Jun 2024	-	3,244,700	-	1,391,750	2,919,349				7,555,799
At 1 July 2024 (current year)	-	3,244,700	-	1,391,750	2,919,349				7,555,799
Additions	-	299,800	-	135,000	1,129,000				1,563,800
Disposals	-	-	-	-	-				-
Transfer/adjustments	-	-	-	-	-				-
Revaluation Adjustments	-	-	-	-	-				-
At 30th Jun 2025	-	3,544,500	-	1526,750	4,048,349				9,119,599
Depreciation and impairment									

*Maitika Level 4 Hospital (Makueni County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025*

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (specify)	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
Accumulated depreciation (previous year)	-	-	-	290,223	273,766	387,258	-	-	951,246
Depreciation June 2024	-	-	-	295,448	279,496	225,260	-	-	800,203
Disposals	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-
At 30 June 2024	-	-	-	585,671	553,262	612,517	-	-	1,751,449
At July 2024 (current year)	-	-	-	585,671	553,262	612,517	-	-	1,751,449
Depreciation	-	-	-	266,295	234,935	284,070	-	-	785,299
Disposals	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-	-	-	-	-
At 30th June 2025	-	-	-	851,965	788,196	896,587	-	-	2,536,749
Net book values	-	-	-	-	-	-	-	-	-
At 30 th Jun 2024 (previous)	-	-	-	2,659,029	838,488	2,306,832	-	-	5,804,350
At 30 th Jun 2025 (current)	-	-	-	2,692,535	738,554	3,151,762	-	-	6,582,850

Matiliku Level 4 Hospital (Makueni County Government)
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Notes to the Financial Statements (Continued)

33. Intangible Assets-Software

Description	2024-2025	2023-2024
	FY	FY
	KShs	KShs
Cost		
At beginning of the year	-	-
Additions	-	-
Additions-Internal development	-	-
Disposal	-	-
At end of the year	-	-
Amortization and impairment		
At beginning of the year	-	-
Amortization for the period	-	-
Impairment loss	-	-
At end of the year	-	-
NBV	-	-

34. Investment Property

Description	2024-2025	2023-2024
	FY	FY
	KShs	KShs
At beginning of the year	-	-
Additions	-	-
Disposals during the year	-	-
Fair value gain	-	-
Depreciation	-	-
Impairment	-	-
At end of the year	-	-

Maitiliku Level 4 Hospital (Makueni County Government)
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Notes to the Financial Statements (Continued)

35. Biological Assets

Description	2024-2025	2023-2024
	FY	FY
	Kshs	Kshs
Trees in a plantation forest	-	-
Animals: Dairy Cattle, Pigs, Sheep	-	-
Others specify	-	-
Total	-	-

36. Trade and other Payables

Description	2024-2025	2023-2024		
	FY	FY		
	KShs	KShs		
Trade payables	3,444,326	6,011,230		
Employee dues	-	-		
Third-party payments	-	-		
Audit fee	-	-		
Doctors' fee	-	-		
Total trade and other payables	3,444,326	6,011,230		
Ageing analysis:		% of the Total	2023-2024 FY	% of the total
Under one year	3,444,326	100%	6,011,230	100%
1-2 years	-	%	-	0%
2-3 years	-	%	-	0%
Over 3 years	-	%	-	0%
Total	3,444,326	%	6,011,230	%

37. Refundable Deposits from Customers/Patients

Description	2024-2025	2023-2024
	FY	FY
	KShs	KShs
Medical fees paid in advance	-	-
Credit facility deposit	-	-
Rent deposits	-	-
Others	-	-

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Total deposits	-		-	
Ageing analysis:	2024-2025 FY	% of the Total	2023-2024 FY	% of the Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	-	%	-	%

38. Provisions

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

39. Finance Lease Obligation

Description	2024-2025 FY	2023-2024 FY
	Kshs	Kshs
Current Lease obligation	-	-
Long term lease obligation	-	-
Total	-	-

40. Deferred Income

Description	2024-2025 FY	2023-2024 FY
	KShs	KShs
Current Portion	-	-
Non-Current Portion	-	-
Total	-	-

Notes to the Financial Statements (Continued)

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

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

41. Borrowings

Description	2024-2025 FY	2023-2024 FY
	KShs	KShs
Balance at beginning of the period	-	-
External borrowings during the year	-	-
Domestic borrowings during the year	-	-
Repayments of external borrowings during the year	-	-
Repayments of domestic borrowings during the year	-	-
Balance at end of the period	-	-

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

Description	2024-2025 FY	2023-2024 FY
	KShs	KShs
Current Obligation	-	-
Non-Current Obligation	-	-
Total	-	-

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Notes to the Financial Statements (Continued)

42. Service Concession Arrangements

Description	2024-2025	2023-2024
	FY	FY
	KShs	KShs
Fair value of service concession assets recognized under PPE	-	-
Accumulated depreciation to date	-	-
Net carrying amount		
Service concession liability at beginning of the year	-	-
Service concession revenue recognized	-	-
Service concession liability at end of the year		

43. Cash Generated from Operations

Description	2024-2025	2023-2024
	FY	FY
	KShs	KShs
Surplus for the year before tax	11,003,755	1,745,807
Adjusted for:		
Depreciation	785,299	800,203
Non-cash grants received Inventory		4,841,041
Impairment		-
Gains and losses on disposal of assets		-
Medical services contracts gains/losses		-
Contribution to provisions		-
Contribution to impairment allowance		-
Working Capital adjustments		-
Increase/Decrease in inventory	101,113	4,078,320
Increase/Decrease in receivables	(8,602,949)	(9,150,275)
Increase/Decrease in deferred income		-
Increase/Decrease in payables	(2,566,904)	230,620
Increase/Decrease in payments received in advance		-
Net cash flow from operating activities	720,314	2,546,010

Notes to the Financial Statements (Continued)

44. Financial Risk Management

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

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

(i) Credit risk

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024 (previous year)	9,150,275	9,150,275	-	-
Receivables from exchange transactions			-	-
Receivables from –non-exchange transactions			-	-
Bank balances			-	-
Total	9,150,275	9,150,275	-	-
At 30 June 2025 (current year)			-	-
Receivables from exchange transactions	17,753,224	17,753,224	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	17,753,224	17,753,224	-	-

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Notes to the Financial Statements (Continued)

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the hospital has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The 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 2024				
Trade payables	1,133,760	3,314,257	1,563,213	6,011,230
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	1,133,760	3,314,257	1,563,213	6,011,230
At 30 June 2025				
Trade payables	-	156,062	3,288,264	3,444,326
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	156,062	3,288,264	3,444,326

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 2025			
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
2024 (previous year)			
Euro	10%	-	-
USD	10%	-	-
2025 (current year)			
Euro	10%	-	-
USD	10%	-	-

b) Interest rate risk

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

Management of interest rate risk

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

Notes to the Financial Statements (Continued)

Sensitivity analysis

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

iv) Capital Risk Management

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

Description	2024-2025	2023-2024
	FY	FY
	Kshs	Kshs
Revaluation reserve		
Retained earnings	5,438,092	(5,565,663)
Capital reserve	21,813,539	21,813,539
Total funds	27,251,631	16,247,876
Total borrowings	3,444,326	6,011,230
Less: cash and bank balances	(4,406,233)	(5,249,719)
Net debt/ (excess cash and cash equivalents)		
Gearing	nil	(32,31)%

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Notes to the Financial Statements (Continued)

45. 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.

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

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

Description	2024-2025	2023-2024
	FY	FY
	Kshs	Kshs
Transactions with related parties		
a) Services offered to related parties		
Services t	-	-
Sales of services	-	-
Total	-	-
b) Grants from the Government		
Grants from County Government	-	-
Grants from the National Government Entities	-	-
Donations in kind	-	-
Total	-	-
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for employees	-	-
Payments for goods and services	-	-
Total	-	-

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Description	2024-2025	2023-2024
	FY	FY
	Kshs	Kshs
d) Key management compensation		
Directors' emoluments	-	-
Compensation to the medical Sup	-	-
Compensation to key management	-	-
Total	-	-

46. Segment Information

47. Contingent Liabilities

Contingent Liabilities	2024-2025	2023-2024
	FY	FY
	Kshs	Kshs
Court case xxx against the hospital	-	-
Bank guarantees in favour of subsidiary	-	-
Total	-	-

48. Capital Commitments

Capital Commitments	2024-2025	2023-2024
	FY	FY
	Kshs	Kshs
Authorised For	-	-
Authorised And Contracted For	-	-
Total	-	-

49. Events after the Reporting Period

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

50. Ultimate and Holding Entity

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

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51. **Currency**

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

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20. Appendices

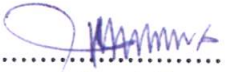
Appendix 1: Progress on Follow Up of Auditor Recommendations

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

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)
Ref:OAG/EMBE/MATILIKU L4H/2023/2024(2)	Biosafety cabinet was not working	Serviced and working	Resolved	
	Shortage of patient monitors and ventilators	The hospital Procured Monitors	Resolved	
	Dental chair supplied but no dental technologist	Dental technologist posted by the Department	Resolved	
	Physiotherapy.Occupational therapy and plaster technology occupying a tiny room	Following up with the department to construct a new Spacious Block	Not Resolved	As at 30 th June 2026
	Ultrasound machine available but no ultra sound technician	Ultrasound technician posted	Resolved	
	Laundry machine in the wards not working	The hospital procured a new Laundry machine	Resolved	
	Staff houses 3 bed room house roof destroyed by a falling tree	Fully renovated to living standards	Resolved	

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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)
	Lack of Hospital Morgue	Requested department of health to fund construction	Not Resolved	As at 30 th June 2027
	Lack of own water supply	Bore hole drilled	Resolved	
	Asbestos roofing	Following up with the department to act	Not Resolved	As at 30 th June 2026
	Grounded two vehicles	Following up with the department to dispose	Not Resolved	As at 30 th June 2026
	Under staffing	Following up with the department to act	Not Resolved	As at 30 th June 2026
	Hospital to disclose all bank accounts	Disclosed	Resolved	
	Accuracy of inventory	Corrected	Resolved	
	Long outstanding payables	Payments made to close less a year payables	Resolved	


.....
Accounting Officer



Appendix II: Projects Implemented by The Entity

Projects

Projects implemented by the Hospital Funded by development partners

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

Status of Projects completion

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

Appendix III: Inter-Entity Confirmation Letter





Name of Transferring entity...Government of Makueni county.....


Name of Beneficiary entity...Matiliku sub county 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
FT250485F8LX	7/2/2025	3,000,000		3,000,000	
FT25056559CJI	25/2/2025	2,000		2,000	
FT25057GYKT2	26/2/2025	280,000		280,000	
Total				3,282,000	

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

Head of Accounts Department - Disbursing Entity:
 Name Lynia Kabwera Sign  Date ... 24/11/2025

Head of Accounts Department - Beneficiary Entity:
 Name Isaac Liku Sign  Date ... 24/11/2025



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Appendix IV Reporting of Climate Relevant Expenditures

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

Appendix V: Disaster Expenditure Reporting Template

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