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THE AUDITOR-GENERAL

ON

MBOONI SUB-COUNTY LEVEL 4 HOSPITAL

FOR THE YEAR ENDED
30 JUNE, 2025

COUNTY GOVERNMENT OF MAKUENI

	PAPERS LAID
BY	



THE MEDICAL SUPERINTENDENT
MBOONI SUB COUNTY HOSPITAL
12 NOV 2025
P.O. Box 116-90125,
KIKIMA



MBOONI SUB COUNTY 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)

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
MACHAKOS HUB.
13 NOV 2025
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1. Acronyms & Glossary of Terms

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

CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
CHU	Community Health Unit
CHP	Community Health Promoter
SCMOH	Sub County Medical Officer of Health
HMC	Health Management Committee
EEC	Executive Expenditure Committee
HMIS	Health Management Information System
Fiduciary Management	Key management personnel who have financial responsibility in the entity.

2. Key Entity Information and Management

(a) Background information

Mbooni Sub-County hospital is a level 4 hospital domiciled in Makueni County Government under the Department of Health Services. The Hospital is governed by a Board of Management. It is located in Mbooni Division of Mbooni West District. It started as a dispensary in 1949, elevated to a full health Centre in 1981 and then to a Sub District Hospital through gazette notice no 3767 of 2/7/199. It was later upgraded to a district hospital through gazette no 7270 of 8th August, 2008.

The projected catchment population of the Hospital is 30,433 covering an area of 150 square kilometres. The workload in the facility has gradually decreased due to the implementation of SHA/SHIF in public facilities. The myths and misconception of information spread incomplete and inaccurate information. In FY2024/2025 the general outpatient workload was 45,953; general inpatient was 1,117 and 947 deliveries. It serves residents of Makueni County and the neighboring Machakos County. The Hospital acts as a Sub County referral Centre, receiving patients from various Health center's within Mbooni Sub County and Machakos County.

The facility has 66 bed capacity and offers general outpatient and in-patient services, medical outpatient clinic, laboratory services, pharmacy services, dental services, radiology services, maternity and child welfare services, theatre services, comprehensive care clinic, nutritionist services, occupational services, physiotherapy services, clinical psychologist services, ambulance services and mortuary services. It also offers specialist clinics including pediatric clinic, gynaecology clinic, medical outpatient clinic, ENT clinic and ophthalmology services

The Hospital has grown in the recent past it is also a teaching Centre for Kenya Medical training college students especially those from the nearby KMTC Mbooni which opened its door to students in 2018. The campus utilizes the hospital for clinical teachings and practice

(b) Principal Activities

The principal activity is to offer quality health services.

Vision

An efficient and high-quality Health care system that is accessible, equitable and affordable for all Kenyans.

Mission

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

Strategic Objectives

1. Eliminate communicable diseases
2. Halt, and reverse the rising burden of non-communicable diseases
3. Minimize exposure to Health risk factors
4. Provide essential Health services to all
5. Inter-sector collaboration
6. Reduce exposure to violence and injuries

(c) Key Management

The Hospital's management is under the following key organs: -

- Department of Health Services in Makueni County which oversees the running of all county health activities.
- The Board of Management's mandate is to formulate and ensure implementation of policies within the facility.
- The Accounting Officer is the Medical Superintendent who is in charge of the Hospital and oversees the day to day running of the Hospital in line with its mission statement.

(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. Lynn Kiema
2.	Head of finance	Dorcus Kasimba
3.	Head of supply chain	Christopher Mulika
4.	Health Administrative Officer	Winfred Mulwa
5.	Nursing Officer In-charge	Jonathan Mwini

(e) Fiduciary Oversight Arrangements

i) Clinical Research and Standards Committee.

The facility's morbidity and mortality committee which meets on monthly 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' documents
- Review clinical audit reports and follow-up on implementation of recommendations

ii) Finance, Audit and General-Purpose Committee

The committee scrutinizes the hospital budget and expenditure. It ensures that they audit the hospital budgets. In addition, it oversees the revenue collected and banked

iii) Hospital Management Team

Hospital Management team consists of head of departments in the facility. It is chaired by the Medical Superintendent and the secretary is the Health Administrative Officer. The members meet on monthly basis to discuss, evaluate and strategize on day to day running of the hospital. Members share the departmental reports, data analysis and the trends of utilization of services. Members are also involved in budgeting for their own departments.

iv) Medical and therapeutic committee

This committee holds its meeting once in a quarter. Its chair is the medical superintendent and the secretary of the committee is the facility pharmacist. The main role of the committee is to facilitate the rational use of medicines, policy development, and the identification of cost-effective medications in hospital.

V) Haemovigilance committee

This committee holds its meeting once in a quarter. Its chairperson is medical superintendent and the secretary is laboratory in charge. Its main role is to ensure that diagnostic and investigative services are done in the right way and according to norms.

Key Entity Information and Management (continued)

- (f) **Entity Headquarters**
MBOONI SUBCOUNTY HOSPITAL
P.O. BOX 116-90125
KIKIMA- TAWA ROAD
KIKIMA, KENYA
- (g) **Entity Contacts**

Telephone: +254 757 633 766
E-mail: mbooni.hospital@makueni.go.ke
Website: www.makueni.go.ke
- (h) **Entity Bankers**

KCB BANK LTD- KIKIMA 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.	 MR. ERIC KALOKI	<p>Date of Appointment: 1st August 2024</p> <p>He is the Chairman of the Health Management Committee.</p> <p>He holds a Bachelor of Business and Management (Accounting)</p>
2.	 DR. LYNN KIEMA	<p>Date of Appointment: 1st August 2024</p> <p>She is the Medical Superintendent She holds Bachelor's Degree in Medicine and Surgery. She has a Master's degree in Paediatrics and Child Health. She is a Paediatrician.</p> <p>In the past she has been a Medical Superintendent for Tawa Sub County Hospital from 2015-2018.</p>
3.	 DR. JOACHIM MULWA	<p>Date of Appointment: 1st August 2024</p> <p>He holds Bachelor's Degree I Medicine and Surgery.</p> <p>He is Mbooni Sub County Medical Officer of Health</p> <p>He is a member of the Health Management Committee.</p> <p>He has been SCMOH for Kibwezi West and</p>


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		Makueni Sub counties.
4.	 MRS. AGNES MUENDO	<p>Date of Appointment: 1st August 2024</p> <p>She holds a Bachelor of Science in Nursing. Also, holds a Higher Diploma in Perioperative Nursing.</p> <p>She is a Retired Principal of KMTC Makueni Campus.</p> <p>She is a member of the Health Management Committee.</p> <p>Also, she is Chairperson of Primary and Quality Healthcare sub-committee.</p>
5.	 MRS. PENINAH NGILA	<p>Date of Appointment: 1st August 2024</p> <p>She is a retired P1 teacher.</p> <p>She holds a Diploma in Special Needs and management.</p> <p>She is the Chairperson of Finance, Audit and General-Purpose Committee.</p> <p>She is a member of Health Management Committee.</p>
6.	 REV. JOSHUA MUIA	<p>Date of Appointment: 1st August 2024</p> <p>He holds a Diploma in Theological Studies.</p> <p>He is a Reverend for AIC KIKIMA.</p> <p>He is a member of Health Management Committee.</p>

4. Key Management Team

Ref	Management	Details
1.	 DR. LYNN KIEMA	<p>MEDICAL SUPERINTENDENT</p> <p>She holds Bachelor’s Degree in Medicine and Surgery. She has a Master’s degree in Paediatrics and Child Health; hence a Paediatrician.</p> <p>In the past she has been a Medical Superintendent for Tawa Sub County Hospital from 2015-2018.</p>
2.	 WINFRED .N. MULWA	<p>HEALTH ADMINISTRATIVE OFFICER</p> <p>She holds a Bachelor of Commerce (Accounting) She is qualified CPA finalist</p> <p>Previously, she worked in Makueni County Referral Hospital from 2019-2023.</p>
3.	 JONATHAN .M. MWINI	<p>NURSING OFFICER INCHARGE</p> <p>He holds Diploma in Community Health Nursing (KRCHN) and Higher National Diploma in Ophthalmology (KROPHN)</p> <p>He is an Ophthalmic nurse.</p> <p>He has worked in Makueni County Referral Hospital – Eye unit from 2018-2023.</p>
4.	 CPA DORCUS KASIMBA	<p>ACCOUNTANT</p> <p>She holds a Bachelor of Commerce (Finance)</p> <p>She is a CPA K and a registered member of ICPAK</p> <p>She has worked in hospitals including Kisau, Kilungu and Tawa Sub County Hospitals.</p>

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5.	 CHRISTOPHER.M. MULIKA	<p>PROCUREMENT</p> <p>He holds Diploma in Procurement & Supply Chain Management.</p> <p>He is a registered member of Kenya Institute of Supplies Management.</p> <p>He has worked at Matiliku Sub County Hospital from 2019-2022.</p>
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5. Chairman's Statement

In the months of August 2024; the office of Executive Committee Member for Health Services- Makueni County Gazetted vide gazette notice no 11778 dated 13th September, 2024; new appointments of board of management for hospitals. The facility has been able to offer various services to the community. The community do appreciate and comment on the services they receive from the facility. The facility has two (2) consultants; i.e. Family Physician and Pediatrician. In the financial year 2024/2025 the hospital operated smoothly despite some challenges due to cash inflow difficulties. However, we made some major strides as follows:

- The facility acquired a phototherapy machine, flow meters and stethoscopes
- A partner did donate 9 patient beds and mattress, a delivery bed, 2 baby cots, a tent and 25 plastic chairs

There were challenges as well which include:

- Inadequate staffing; -this has led to a shortage of nurses, clinicians, laboratory and pharmacy staff. This has forced the facility to employ professionals on a contractual basis with a monthly wage bill of approximately kshs. 1,100,000
- Delay in release of UHC reimbursement funds.
- Inadequate space for infrastructure for OPD, Casualty, Male & Female wards
- Erratic supply of medical drugs and non – pharmaceuticals
- Unreliable electricity leading to high fuel consumption by the generator

We anticipate the following to be done in the next financial year subject to availability of funds:

- Completion of the isolation hospital and it being modified to be a family hospital
- Acquisition of a Transformer for the Hospital.
- Construction of a modern gate.



.....
Mr. Eric Kaloki

Chairman to the Board

6. Report of The Medical Superintendent

The facility does operate 24 hours 7 days a week. Through teamwork, cooperation, integrity and having a positive attitude towards its clients. this has gradually been portrayed by the gradual workload increase.

i. Service delivery

To improve on the quality of health care services the facility embraces on the weekly continuous medical education; carrying out morbidity and mortality meetings monthly; hold monthly perinatal morbidity and mortality audit reviews; not forgetting holding quarterly therapeutic meeting to look into the food welfare for staff and patients. This has led to an improved quality health care service to the community.

ii. Governance and leadership

The hospital management encourages its officers to work in harmony, unity and portray positive attitude. The support the board of management offers the hospital management has propelled the services being offered in the facility. The hospital management has involved the CHPs that refer clients to the facility. The community has had a poor seeking behavior of health services and this has improved since the involvement of the two (2) community health units (CHU) that are linked to the facility.

iii. Health infrastructure

The facility's casualty is inadequate for the cases that are received in the room. The health records unit still lacks space to store all records for the facility. In regards to lack of space for various units; Makueni County Government has remodified and restructured a new building to be a family hospital. This will increase the bed capacity and the workload will increase. Hence be able to maximise revenue collection.

iv. Human resource for health

The facility has a wide range of human resources. It has a pediatrician, family physician, dentist, Registered Clinical Officer- anesthetist, Nurse anesthetist, ENT clinical officer, ophthalmic nurse, Cataract Surgery Clinical officer, 30 general nurses, 2 medical officers, 7 laboratory technologists, 5 General Clinical Officers, 1 Emergency medical technicians, 1 ortho-trauma staff, 2 radiographers and 2 morticians. Despite having the above-named personnel; the facility has not met the required number of officers as outlines in WHO guidelines. This has led to the hospital contracting 11 nurses, 4 clinical officers, 2 laboratory officers, 1 ortho trauma staff and 1 Emergency medical technicians to substitute the staff gap.

V. Healthcare financing

In the financial year 2024/2025 the hospital did operate optimally though its cash flow was affected by the implementation of SHA/SHIF in quarter 2. The facility revenue collection for FY 2024/2025 was kshs. 45,552,961.20 compared to FY 2023/2024 was kshs. 42,380,490.00 To reduce pilferages, we automated cash collection and maximized mobile payment services.


Prudent procuring and proper utilization of procured items enabled the facility to offer continuous and quality health care services to our clients. We were able to make cost cutting measures that enabled us to operate within our collected revenue.

VI. Health commodities and vaccines

In the FY 2024/2025 the facility did receive erratic supply of commodities and vaccines. This was occasioned by late disbursement of funds from SHA and Recurrent funds. The department of health services- Makueni county did supplement the commodities and vaccines.

vii. Health information

The facility has managed to automate the outpatients via Afya Makueni health management information system. In addition, the facility shall be enrolled in Tiberbu HMIS which will automate all the services in the facility.


.....
Dr. Lynn Kiema
Secretary to the Board

THE MEDICAL SUPERINTENDENT
MBOONI SUB COUNTY HOSPITAL
12 NOV 2025
P.O. Box 116-90125,
KIKIMA

7. Statement of Performance Against Predetermined Objectives

Mbooni Sub County Hospital has 6 strategic pillars and objectives within the current Strategic Plan for the FY 2024- 2025. These strategic pillars are as follows: -

- Pillar 1: Service delivery
- Pillar 2: Health Human Resource
- Pillar 3: Health information systems
- Pillar 4: Access to essential medicine
- Pillar 5: Health Financing
- Pillar 6: Leadership and Governance

Mbooni Sub County Hospital develops its annual work plans based on the above 6 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. Below are the 6 strategic pillars and how the hospital performed.

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Service delivery	To provide effective and efficient promotive and preventive Services	Enlightened customers and improved healthcare services offered to the community	Conduct monthly out reaches on immunization and OPD services	Outreaches done on monthly basis. Weekly specialist clinics done.
Health Human Resource	To ensure staff are appraised biannually. To recruit more cleaners and professionals.	Enlightened and motivated staff.	Quarterly appraisal of staff. Recruitment of cleaners and contracted professionals.	Appraisal done quarterly. This has been done although staff recruited not enough due to financial constraints.
Health Information Systems	To ensure timely reporting and review of data.	Timely data available.	Hold quarterly data review meetings.	Four quarterly data review meetings held. Monthly

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			uploading of data in Kenya Health Information Systems.	uploading of data done.
Access to essential medicine	To ensure adequate supply of drugs and commodities.	Availability of commodities.	Procurement of drugs quarterly. Procure non pharms quarterly. Procure X-ray and Dental supplies quarterly.	Procurement has been done but not as per the targets.
Health Financing	To 100% collection and banking of Revenue.	100% banking	Avail a functional mpesa paybill number	Improved revenue collection and NHIF reimbursement.
Leadership and Governance	To train HMT members on leadership and governance.	Enlightened staff on leadership and governance.	Train HMT members Hold 4 quarterly HMT meetings.	So far 10 HMT members have been mentored. 4 quarterly HMT meetings held.

8. Corporate Governance Statement

At Mbooni Sub County Hospital, the practice of good corporate governance ensures the delivery of sustainable value of service as well as meeting the needs of our stakeholders. Mbooni Sub County Hospital is committed to ensuring that the needs of our customers and the expectations of our stakeholders are met while safeguarding the investments of the Government of Kenya through the adoption of ethically driven business policies, procedures and processes.

We believe that our business affairs should be carried out in a fair, transparent and accountable manner. It is our integral responsibility to disclose timely and accurate information on our financials and performance as well as provide the leadership and effective governance for the Hospital.

Governance Principles and Guidelines

Mbooni Sub County Hospital Board of Management is responsible for the overall governance of the hospital. It is accountable to the Government of Makueni County for ensuring that the hospital complies with the law and the highest standards of best practices corporate governance and business ethics. The members of the board are committed to fostering a culture that values ethical behavior, 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 quality standards of corporate governance is essential for sustainable long-term performance and value creation. The board is vested with powers and authority as provided in Legal Notice and other relevant laws of Kenya. In discharging its mandate, the Board is guided by the Board Charter, Code of Conduct and Ethics and Board Manual to effectively fulfill its corporate governance responsibility towards stakeholders.

The Board Charter defines the roles, responsibilities, scope and functions of the members 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.

Board organization and structure

Mbooni Sub County Hospital is governed by a board of members that has been appointed by Executive Member and approved by the County Assembly (Makueni Health Services Act, 2017).

The members of the board include: -

- Non-executive chairperson.
- The Medical superintendent for the facility who is an ex-official member
- An officer of department designated by the Executive member from among members of the county health management team or Sub County Health management team
- One person representing faith-based organization nominated by a joint forum of the organizations in the County or Sub County
- One person representing non- governmental organization in the county or Sub County

- One person nominated by the joint forum of health professional bodies in the County or Sub County

Functions of the board

- Providing oversight over the administration of the hospital
- Promoting development of the hospital
- Approving plans and programs for implementing county health strategies in the hospital
- Preparing and approving estimates before submission to the Executive member
- Carrying out any other functions as may be assigned by the Executive Member.

Board Membership and Attendance of Meetings

The Board holds regular meeting at least once every quarter and supplementary meetings are held as and when necessary. In case of non-attendance due to other commitments, such information is communicated to the Chairman prior to the date of the scheduled meeting.

Board Committees and Responsibilities

The Board delegates certain functions to well-structured committees but without abdicating its own responsibilities.

Each committee is guided by the Committee Charter/Terms of Reference, which outlines its responsibilities as mandated by the Board and is reviewed on a yearly basis. The committees are appropriately constituted drawing membership from amongst the Board members with appropriate skills and experience.

The committees are expected to operate transparently, ensure full disclosure to the Board and conduct themselves within the rules and procedures set out by the Board. Matters deliberated by the committees are presented to the Board by the respective Chairman during the next board meeting.

The Board has the following two (2) standing committees, which hold regular meeting four (4) times a year and supplementary meetings as and when necessary.

These committees are: -

- Finance, Audit and General-Purpose Audit
- Quality Health Care/ Primary Health Care

The responsibilities and attendance of meetings during the year is as summarized below: -

Finance, Audit and General-Purpose Audit

The Committee which is comprised of six members is charged with the responsibility of advising the Board as well as scrutinizing the Hospital quarterly expenditure.

Quality Health Care / Primary Health Care

The Committee is tasked with identifying Health care service problems in the Hospital and ensuring that they are resolved; review any changes on policy issues on standards, quality assurance and research; liaise with the Medical Superintendent on matters of quality health care delivery; and undertake comprehensive quarterly evaluation of standards, quality assurance programs in the hospital. The Committee held four (4) meetings during the year under review

Board Members Remuneration

During every Board meeting, present members are entitled to a sitting allowance as per the recommended guidelines.

Ethical Standards

The Board members and Hospital staff have a fiduciary duty to act honestly and in the best interest of the Hospital. Business transactions with all parties must be carried out at arm's length and with integrity. The Board provides effective leadership based on ethical foundation and ensures all deliberations, decisions and actions are based on the Boards' core values underpinning good governance.

The Board members enhance good relationships to foster teamwork among Board members and staff and to build respect, confidence and credibility within the community. The Board members and staff are expected to adhere to ethical and acceptable behavior in conducting their duties and responsibilities. All members and employees are expected to avoid activities and financial interests that could undermine their responsibilities to the Hospital.

The Board also developed a Complaints and Compliments Policy which is aimed at protecting staff who act in good faith to disclose or report any acts of malpractice, alleged dishonesty, corruption, illegality, wrong-doing or omissions by employees

Relationship with Stakeholders

The Board appreciates that stakeholder perception affects the organizations reputation. The Board therefore strives to achieve an appropriate balance between its various stakeholders in the best interest of the organization by taking into account their legitimate interest and expectations in decision making.

The Board values the importance of complete, timely, transparent and effective communication with its stakeholders for building and maintaining their trust and confidence by providing regular information on its performance, activities and addressing their concerns whilst having regard to legal and strategic considerations.

In addition, the Board has dedicated staff to deal with complaints and public relations effectively,

efficiently and as expeditiously as possible. The Board has an established mechanism of receiving, resolving and giving feedback on complaints referred to it by its stakeholders.

The Hospital's Service Charter has been cascaded to all staff and displayed at a strategic location and monitored on a regular basis. The Charter stipulates the service delivery timelines, commitments and expectations of Mbooni Sub County Hospital customers. During the year, the level of customer satisfaction on the Hospital's services was good. The Board is committed to continually improve access to information by the public and provision of efficient and quality specialized healthcare services to the public.

9. Management Discussion and Analysis

Clinical/operational performance

Mbooni Sub County Hospital provides a wide range of services to Kenyans and patients from within Mbooni Sub County and its environs. Some of these services include outpatient clinics, inpatient care and day care procedures for surgery, ENT, dental, maternity amongst other services. In addition, the Hospital provides clinical support services that include Pharmacy, Laboratory, Radiology and Nutrition.

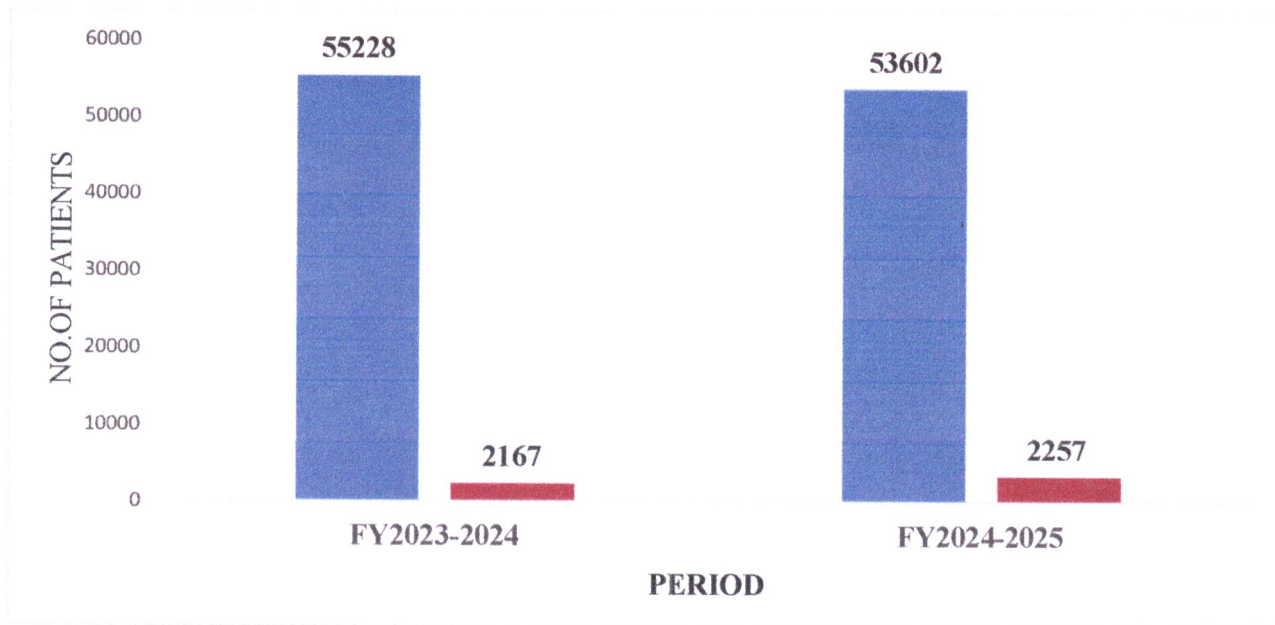
Mbooni Sub County Hospital strives to ensure that the clinical services provided throughout the organization are efficient, effective, appropriate, innovative, evidence-based and in line with modern technological advances. Clinical governance has been strengthened to ensure patient safety and quality Health care.

MBOONI SUBCOUNTY HOSPITAL BED CAPACITY & WORKLOAD; FY2023-2024 & FY 2024-2025 RESPECTIVELY

BED CAPACITY

WARD NAME	FY2023-2024	FY2024-2025
Maternity	31	31
Female	9	9
Male	9	9
Paediatrics	17	17
TOTAL	66	66

OVERALL PATIENT ATTENDANCE BOTH OUTPATIENT & INPATIENT



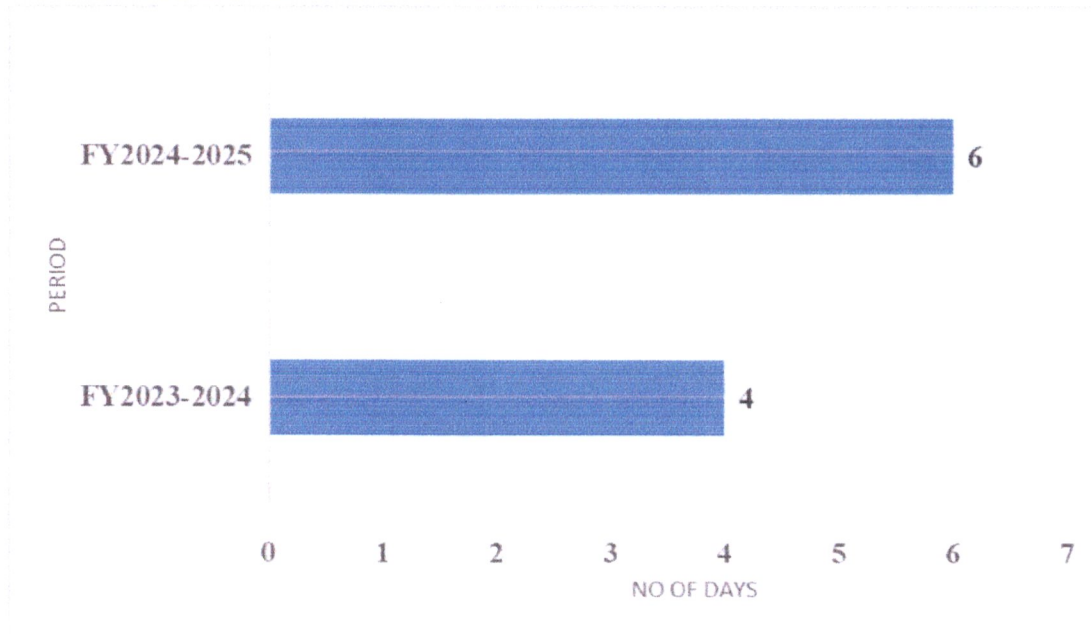
There was a decrease in the OPD workload following the implementation of SHA/SHIF in October 2024. The transition to SHA/SHIF also affected patient flow within the facility. The inpatient workload had some increase in FY 2024-2025 compared to FY 2023-2024. This can be attributed to patients' acceptance of the SHA policy.

SPECIAL CLINICS ATTENDANCE

PERIOD/CLINIC	POPC	PSYCH	GOPC	MOPC	SOPC	ENT	EYE	CCC	TB
FY2023-2024	343	483	187	2058	60	1161	1014	3368	428
FY2024-2025	348	222	42	1049	58	739	882	3237	470

Generally, there was a noted decrease in the total special clinic FY2024-2025 compared to the FY 2023-2024. Introduction of PCNs within the level 3 facilities within the subcounty has caused some clients to seek special clinic services like MOPC in level 2 and level 3 facilities. As earlier stated, the transition to SHA also affected the special clinics' attendance

AVERAGE LENGTH OF STAY IN DAYS



The average length of stay was 4 days in FY2023-2024 and it went up to 6 days in the FY 2024-2025. During transition to SHA, many of the discharges would stay for more days in the ward as “discharge ins” due to lack of some basic documents to register for SHA thus increasing the average length of stay in the FY 2024-2025

BED OCCUPANCY RATE (IN PERCENTAGE)

FY	%OCCUPANCY RATE
FY 2023/2024	63%
FY 2024/2025;	71%

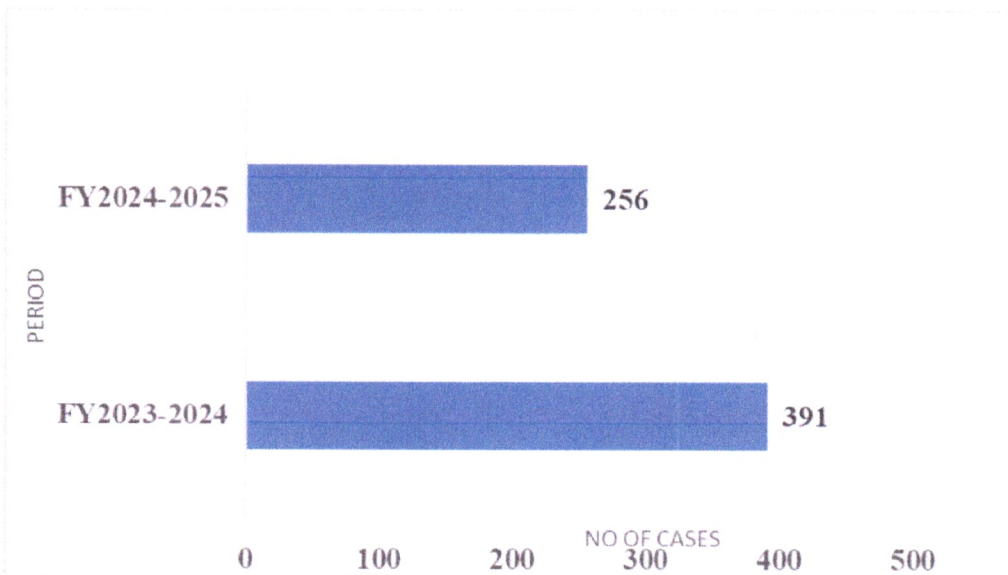
The above illustrates that the occupancy rate ranged from 63% in the FY2023/2024 to 71% FY2024/2025. This has been attributed to increased patient admission during the specified period.

FACILITY MORTALITY RATE PER 100,000 POPULATION

FY	MORTALITY RATE PER 100,000 POPULATION
FY 2023/2024	76
FY 2024-2025	71

The facility mortality rate dropped from 76 in FY2023/2024 to 71 in the FY2024/2025.

THEATRE UTILISATION (NO. OF CASES OPERATED)



The above chart illustrates the number of theatre cases operated during the reporting period of FY2023/2024 and FY2024/2025, respectively. There was a noted drop in the number of cases operated in the FY 2024-2025, and this can be attributed to theatre referrals which were done when the facility theatre was undergoing renovation

10. Environmental And Sustainability Reporting

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

i) Sustainability strategy and profile

Mbooni Sub County Hospital takes a sustainable, long-term approach to business, putting patients at the heart of its operations and delivering consistently high-quality healthcare services. In order to deliver on these priorities, the Hospital upholds the highest standards of clinical governance and ethical behaviour across its platforms, invests significant time and resources in recruiting and retaining skilled staff, makes considerable investment into its facilities and equipment and respects the communities and environment in the areas in which it operates.

ii) Environmental performance

The Hospital's main environmental impacts are the utilization of resources, predominantly energy, through electricity consumption, water, and the disposal of healthcare risk waste. The Hospital is fully aware of the need to use resources responsibly and is committed to minimizing its environmental impacts to the extent possible. The Hospital recognizes 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.

However, the Hospital also believes that using resources responsibly can be a source of strategic advantage for the Hospital, allowing it to manage and contain its operating costs and to ensure ongoing access to water and energy supplies.

iii) Employee welfare

The facility has security company that ensures 24 hours' security is provided. Also, the staff are offered 10 O' clock tea. The officers have SHA that covers their medical expenses. In addition, when there is

shortage of staff in a unit; they do Locum which the facility pays in good time. This is to motivate the staff and make them team players. The staff enjoy day offs, night offs and annual leave which reduces fatigue and burn out hence making them more productive once they are back on duty.

iv) Market place practices-

The facility carries out the following; -

a) Responsible competition practice.

The facility's charge sheet is guided by the Finance Act/Bill of the county assembly of Makueni; which guides on the costing of its services and commodities. Each year the county assembly is mandated to look into the prices of all commodities and services offered to Makueni Citizen.

The framework used in the facility has been advertised, evaluated and awarding of tender is done. A tender opening committee is appointed by the Medical Superintendent to oversee opening of tender: same applies to an evaluation committee appointed by the same office.

b) Responsible Supply chain and supplier relations

The facility has maintained good relations with its own supplies by paying for the commodity or services supplied to the facility at the right time. Also, ensuring that each delivery done has got all the documentation right.

c) Responsible marketing and advertisement or Responsible engagement with citizens

The facility has to community health units (CHUs) that are linked to it. The units have Community Health Promoters (CHPs) that help pass the right information to the community. Also, the officers relay to the management any compliment or complaint from the community. The board of management of the facility help to market the facility to the community.

d) Product stewardship or Awareness Creation

The facility has a customer care desk that has been equipped with the right information to relay to the community. In addition, the facility holds monthly hospital management team to disseminate information to all the staff and continuous medical education weekly to share knowledge and disseminate any new information to the staff.

v) Corporate Social Responsibility / Community Engagements

The commitment of Mbooni Sub County Hospital 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. Mbooni Sub County Hospital aspires to be a socially responsible corporate citizen delivering superior and sustainable value to all.

Mbooni Sub County Hospital 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.

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 Mbooni Sub County Level 4 Hospital affairs.

Principal activities

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

Results

The results of the entity for the year ended June 30 2025 are set out on pages 1 to 68.

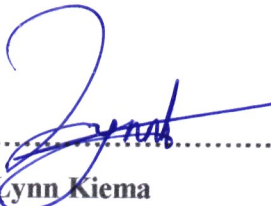
Board of Management

The members of the Board who served during the year are shown on page vii-ix. During the year, FY 2024/2025; 2 board members retired, and 1 board member was appointed with effect from 1st August 2024.

Auditors

The Auditor General is responsible for the statutory audit of the Mbooni Sub County Level 4 Hospital in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board


.....
Dr. Lynn Kiema
Secretary to the Board



12. Statement of Board of Management's Responsibilities

Section 164 of the Public Finance Management Act, 2012 requires the Board of Management to prepare financial statements in respect of that Mbooni Sub County Level 4 Hospital, which give a true and fair view of the state of affairs of the Mbooni Sub County Level 4 Hospital at the end of the financial year/period and the operating results of the Mbooni Sub County Level 4 Hospital for that year/period. The Board of Management is also required to ensure that the Mbooni Sub County Level 4 Hospital keeps proper accounting records which disclose with reasonable accuracy the financial position of the Mbooni Sub County Level 4 Hospital. The council members are also responsible for safeguarding the assets of the Mbooni Sub County Hospital.

The Board of Management is responsible for the preparation and presentation of the Mbooni Sub County Level 4 Hospital's financial statements, which give a true and fair view of the state of affairs of the Mbooni Sub County Level 4 Hospital 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 Mbooni Sub County Level 4 Hospital; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Board of Management accepts responsibility for the Mbooni Sub County Level 4 Hospital 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 Mbooni Sub County Level 4 Hospital financial statements give a true and fair view of the state of Mbooni Sub County level 4 Hospital's transactions during the financial year ended June 30, 2025, and of the Mbooni Sub County Level 4 Hospital's financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the Mbooni Sub County Level 4 Hospital, which have been relied upon in the preparation of the Mbooni Sub County Hospital's financial statements as well as the adequacy of the systems of internal financial control.


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


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

Nothing has come to the attention of the Board of management to indicate that the Mbooni Sub County Hospital Level 4 will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Hospital's financial statements were approved by the Board on 12/11/25 and signed on its behalf by:


.....
Mr. Eric Kaloki
Chairperson
Board of Management


.....
Dr. Lynn Kiema
Accounting Officer

THE MEDICAL SUPERINTENDER
MBOONI SUB COUNTY HOSPITAL
12 NOV 2025
P.O. Box 116-90125,
KIKIMA

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON MBOONI SUB-COUNTY 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.

Qualified Opinion

I have audited the accompanying financial statements of Mbooni Sub-County Level 4 Hospital - County Government of Makueni set out on pages 1 to 63, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial

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

performance, statement of changes in net assets, statement of cash flows and the 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 Mbooni Sub-County 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 Public Finance Management Act, 2012 and the Health Act, 2017.

Basis for Qualified Opinion

1. Non-Disclosure and Ownership of Property, Plant and Equipment

The statement of financial position and as disclosed in Note 30 to the financial statements reflect Kshs.7,785,402 in respect to property, plant and equipment. However, review of documents revealed that the Hospital had various assets which include land, buildings, motor vehicles which had a Nil balance. In addition, the valuation report and ownership documents were not provided for audit review.

In the circumstances, the accuracy, ownership and completeness of property, plant and equipment balance of Kshs.7,785,402 could not be confirmed.

2. Doubtful Provision for Depreciation

The statement of financial performance and as disclosed in Note 16 to the financial statements reflect Kshs.1,983,879 in respect to depreciation and amortization expense. However, Management did not have a Depreciation Policy in place to guide on the depreciation rates.

In the circumstances, the accuracy of depreciation and amortization expense of Kshs.1,983,879 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Mbooni Sub-County 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.

Emphasis of Matter

1. Long Outstanding Trade and other Payables

As previously reported, the statement of financial position and as disclosed in Note 34 to the financial statements reflect trade and other payables balance totaling Kshs.26,495,491. Included in the balance is Kshs.8,090,055 that has remained outstanding for a period exceeding two (2) years. Further review of records revealed that the payables were not supported by vendor statements, invoices or delivery notes. In addition, no measures have been put in place to settle the long-outstanding liabilities.

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

2. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.56,435,920 and Kshs.49,097,474 respectively resulting to under-funding of Kshs.7,338,446 or approximately 13% of the budget.

The under-funding affected the planned activities and may have impacted negatively on the service delivery to the stakeholders.

My opinion is not modified in respect of these matters.

Key Audit Matters

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

Other Information

The Management are responsible for the Other Information set out on pages iii to xxix which comprise of Key Entity Information, The Board of Governors, Management Team, Chairman's Statement, Report of the Principal, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors and Statement of Directors Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Hospital's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is

materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

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

As previously reported, review of the Hospital's records and interviews on verification of services offered, equipment used and medical specialists in the Hospital as at the time of audit in September, 2025 revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to staff deficits by fifty-five (55) or approximately 54% of the authorized establishment as shown in Table 1 below:

Table 1: Deficiencies in Staff Requirements

Staff Requirements	Level 4 Standard	Number in Hospital	Variance	Percentage %
Medical officers	16	2	14	88
Anesthesiologists	2	0	2	100
General Surgeons	2	0	2	100
Gynaecologists	2	0	2	100
Paediatrics	2	1	1	50
Radiologists	2	0	2	100
Kenya Registered Community/Health Nurses	75	43	32	74
Total	101	46	55	54

In addition, the Hospital lacked the necessary equipment and machines outlined in the Health Policy Guidelines as detailed in Table 2 below;

Table 2: Deficiencies in Equipment

Service	Level 4 Standard	Actuals in the Hospital	Variance	Percentage %
Beds	150	66	84	56
Resuscitaire (2 in labor & 1 in theatre)	3	2	1	33
New Born Unit Incubators	5	3	2	40
New Born Unit Cots	5	2	3	60
Functional ICU beds	6	0	6	100
High Dependency Unit (HDU) Beds	6	0	6	100
Renal Unit with at least 5 dialysis machines	5	0	5	100
Two Functional operational theatres - Maternity & General (Non in maternity)	2	1	1	50

This indicates that the classification of the Hospital as a Level 4 Hospital may not have met all the minimum requirements as stipulated under The First Schedule of Health Act, 2017 which sets out the technical classification of levels of health care. Further, it contravenes the right to the highest attainable standard of health, including reproductive health care as envisaged in Article 43(1) of the constitution of Kenya, 2010.

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

2. Irregular Engagement of Casuals and Contractual Workers

The Statement of financial performance and as disclosed in Note 14 to the financial statements reflect employee costs totaling Kshs.16,108,541 which relate to casual and contractual staff. However, the following anomalies were noted;

- i. Management engaged casual workers for a period exceeding three months, contrary to the provisions of Section 37 of the Employment Act, 2007, which stipulates that casual employment should not exceed three months and should convert to permanent term employment if the engagement continues.
- ii. There was no evidence of approval from the County Public Service Board (CPSB) for the engagement of casual and contracted employees, contrary to the requirements of the County Governments Act, 2012 and the County Human Resource Policies.

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

3. Failure to Conduct Safety and Health Audit

Review of the Hospital's compliance with the Safety and Health Audit revealed that the Hospital did not conduct the audit as there was no document provided for audit review. This is contrary to Section 11(1) and (2) of the Occupation and Safety Health Act, 2007 which requires a safety and health audit to be carried out at least once in every period of twelve months by a Health and Safety Advisor.

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 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, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

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

Responsibilities of the Management and 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 as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

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

19 November, 2025

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

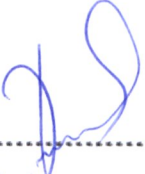
14. Statement of Financial Performance for The Year Ended 30 June 2025

Description	Note	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	4	4,101,500	9,250,000
In-kind contributions from the County Government	5	113,396,849	27,343,440
Grants from donors and development partners	6		
Transfers from other Government entities	7		
Public contributions and donations	8		
Revenue from exchange transactions		117,498,349	36,593,440
Rendering of services- Medical Service Income	9	10,193,500	11,188,081
Revenue from rent of facilities	10		
Reversal (fif account)			(1500)
Finance /Interest Income	11		
Miscellaneous Income (NHIF/SHA/SHIF)	12	34,802,474	30,681,561
Revenue from exchange transactions		44,995,974	41,868,142
Total revenue		162,494,323	78,461,582
Expenses			
In kind contributions from county	5	113,396,849	27,343,440
Medical/Clinical costs	13	16,724,724	12,017,594
Employee costs	14	16,108,541	13,309,137
Board of Management Expenses	15	450,000	430,000
Depreciation and amortization expense	16	1,983,879	2,260,520
Repairs and maintenance	17	1,431,351	2,284,283
Grants and subsidies	18		
General expenses	19	12,206,138	8,776,551


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

Description	Note	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
Finance costs	20		
Total expenses		162,301,483	66,421,525
Other gains/(losses)			
Gain/Loss on disposal of non-Current assets	21		
Unrealized gain on fair value of investments	22		
Medical services contracts Gains/Losses	23		
Impairment loss	24		
Gain on foreign exchange transactions			
Total other gains/(losses)			
Net Surplus / (Deficit) for the year		192,840	12,040,057

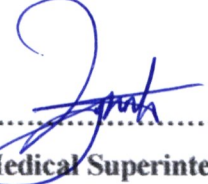
The Hospital's financial statements were approved by the Board on 12/11/25 and signed on its behalf by:



Chairman
Board of Management



Head of Finance
ICPAK No:30184



Medical Superintendent

*Mbooni Sub County 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	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	25	6,679,790	8,354,739
Prepayments	26		
Receivables from exchange transactions	27	27,581,459	14,785,920
Receivables from non-exchange transactions	28		
Inventories	29	5,288,123	7,086,249
Total Current Assets		39,549,372	30,226,908
Non-current assets			
Property, plant, and equipment	30	7,785,402	8,569,819
Intangible assets	31		
Investment property	32		
Biological Assets	33		
Total Non-current Assets		7,785,402	8,569,819
Total assets (A)		47,334,774	38,796,726
Liabilities			
Current liabilities			
Trade and other payables	34	26,495,491	18,150,283
Refundable deposits from Patients/Prepayments	35		
Provisions	36		
Finance lease obligation	37		
Current portion of deferred income	38		
Current portion of borrowings	39		
Total Current Liabilities		26,495,491	18,150,283


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

Description	Note	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
Total Liabilities (B)		26,495,491	18,150,283
Net assets (A-B)		20,839,284	20,646,444
Represented by:			
Revaluation reserve			-
Accumulated surplus/Deficit cf		20,646,444	1,047,018
Surplus for the year		192,840	12,040,057
Prior year adjustment		-	7,559,369
Capital Fund			
Net Assets		20,839,284	20,646,444

The Hospital's financial statements were approved by the Board on 22/11/25 and signed on its behalf by:



Chairman
Board of Management



Head of Finance
ICPAK No:30184



Medical Superintendent

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

Description	Revaluati on reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2023	-	1,047,018	-	1,047,018
Revaluation gain				
Surplus/(deficit) for the year	-	12,040,057	-	12,040,057
Prior year adjustment	-	7,559,369	-	7,559,369
Capital/Development grants				
As at June 30, 2024	-	20,646,444	-	20,646,444
At July 1, 2024		20,646,444		20,646,444
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	192,840	-	192,840
Prior year adjustment	-	-	-	-
At June 30, 2025	-	20,839,284	-	20,839,284

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

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

Description	Note	FY2024/2025	FY2023/2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government	4	4,101,500	9,250,000
Reversal (fif account0		-	(1500)
Transfers from other Government entities			
Public contributions			
Rendering of services- Medical Service Income	9	10,193,500	11,188,080
Revenue from rent of facilities			
Finance / interest income			
Miscellaneous receipts(nhif/Shif)	12	34,802,474	30,681,561
Total Receipts		49,097,474	51,118,141
Payments			
Medical/Clinical costs	13	16,724,724	12,017,594
Employee costs	14	16,108,541	13,309,137
Board of Management Expenses	15	450,000	430,000
Repairs and maintenance	17	1,431,351	2,284,283
Grants and subsidies	18	-	-
General expenses	19	12,206,138	8,776,551
Finance costs			
Refunds paid out			
Total Payments		46,920,754	36,817,565
surplus		2,176,720	14,300,577
Adjustment for prior year adjustment		-	7,559,369
Increase in receivables	27	(12,795,539)	(14,785,920)
Increase in payables	34	8,345,208	4,040,270
Increase/decrease in inventory	29	1,798,126	-
Working capital changes		(2,652,205)	(10,745,651)

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

Net cash flows from operating activities	43	(475,485)	(17,831,900)
Cash flows from investing activities			
Purchase of property, plant, equipment		(1,199,064)	(670,382)
Purchase of intangible assets		-	-
Proceeds from the sale of PPE			
Acquisition of investments			()
Net cash flows used in investing activities		(1,199,064)	(670,382)
Cash flows from financing activities			
Proceeds from borrowings			
Repayment of borrowings		-	(-)
Capital grants received		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		(1,674,949)	3,357,684
Cash and cash equivalents as at 1 July	25	8,354,739	4,997,075
Cash and cash equivalents as at 30 June	25	6,679,790	8,354,739

*Mbooni Sub County 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	-					
Receipts						
Transfers from the County Government	10,000,000	-	10,000,000	4,101,500	5,898,500	41%
Grants from donors and development partners						
Transfers from other Government entities						
Public contributions and donations						
Rendering of services- Medical Service Income	12,650,000		12,650,000	10,193,500	2,456,500	81%
Revenue from rent of facilities						
Finance / interest income						
Miscellaneous receipts (nhif/sha)	33,785,920		33,785,920	34,802,474	(1,016,554)	103%
Total receipts	56,435,920		56,435,920	49,097,474	7,338,446	64%
Payments						
Medical/Clinical costs	24,860,000		24,860,000	16,724,724	8,135,276	67%
Employee costs	15,138,688		15,138,688	16,108,541	(969,853)	106%
Remuneration of directors	430,000		450,000	450,000	-	100%
Repairs and maintenance	2,810,000		2,810,000	1,431,351	657,500	51%
Grants and subsidies						

Mbooni Sub County Level 4 Hospital (Makueni County Government)
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General expenses	13,197,230		13,197,230	12,206,138	3,273,667	92%
Finance costs						
Refunds						
Total Operational Expenditure paid	56,435,920		56,435,920	46,920,754	18,650,144	83%
Capital Expenditure paid	-		-			
Surplus/deficit				2,176,720		

notes

1. Due to inadequate funding from national government the transfer from county government was low resulting to 41% utilization

2 Rendering of services for medical and clinical costs was below 90% due to introduction sha within the year which was done Start of October hence affecting total receipts

3. Payments for the same medical and clinical costs and repairs and mentainance is also below 90% also compared to the Receipts made.

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	2,176,720
1	Opening Cash and Cash Equivalent as per the statement of Cash flows	8,354,739
2	Surplus for the year	
3		-
4		-
	Closing Cash and Cash Equivalent as per the statement of Cash flows	6,679,790

19. Notes to the Financial Statements

1. General Information

Mbooni Sub County Level 4 Hospital is established by and derives its authority and accountability from Health Services 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 to offer quality health care services.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant, and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the *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 inThe financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the mbooni sub countylevel 4 hospital . The financial statements have been prepared in accordance with the PFM Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

1. 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</p>

Standard	Effective date and impact:
	<p>satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
<p>IPSAS 46 Measurement</p>	<p><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</p>

Standard	Effective date and impact:
	cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS 49- Retirement Benefit Plans	<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.

2. 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 realized 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 **30/07/2024**. 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 Mbooni Sub County Level 4 Hospital recorded additional appropriations of on the FY 2024/2025 budget following the Board's approval. The Mbooni Sub County Level 4 Hospital budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

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

c. Taxes

Sales tax/ Value Added Tax

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

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

➤ When receivables and payables are stated with the amount of sales tax included. The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

d. Investment property

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

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

e. Property, plant and equipment

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

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.

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. Mbooni Sub County Level 4 Hospital does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the hospital's financial statements.

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

Notes to the Financial Statements (Continued)

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

Notes to the Financial Statements (Continued)

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

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.

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 recognizes a social benefit as an expense for the social benefit scheme at the same time that it recognizes 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.

3. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

The condition of the asset based on the assessment of experts employed by the Entity.

The nature of the asset, its susceptibility and adaptability to changes in technology and processes.

The nature of the processes in which the asset is deployed.

Availability of funding to replace the asset.

Changes in the market in relation to the asset.

Provisions

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

Notes to Financial Statements Continued

4. Transfers from the County Government

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Unconditional grants		
Operational grant		
Level 4/5 grants		
Unconditional development grants	4,101,500.00	9,250,000.00
Other grants (<i>specify</i>)		
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	4,101,500.00	9,250,000.00

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. KShs	Total grant income during the year	Comparative Period
				KShs	KShs
Makueni County Government	4,101,500.00				9,250,000.00
Total	4,101,500.00				9,250,000.00

Notes to Financial Statements Continued

5. In Kind Contributions from The County Government

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Salaries and wages	102,250,003.	9,387,717.00
Medical supplies-Drawings Rights (KEMSA)	8,045,539.	16,061,072.
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	2,748,394.	1,171,128.00
Utility bills	352,913.	723,523.00
Total grants in kind	113,396,849.	27,343,440.

6. Grants From Donors and Development Partners

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Cancer Centre grant- DANIDA		
World Bank grants		
Paediatric ward grant- JICA		
Research grants		
Other grants (<i>specify</i>)		
Total grants from development partners		

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

7. Transfers From Other Government Entities

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

8. Public Contributions and Donations

Description	FY 2024/2025	FY 2023/2024
	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	FY 2024/2025	FY 2023/2024
	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

9. Rendering of Services-Medical Service Income

Description	FY2024/2025	FY2023/2024
	Kshs	Kshs
Pharmaceuticals	1,308,121.80	1,982,565.00
Non-Pharmaceuticals	777,195.00	2,211,525.00
Laboratory	2,674,740.00	2,272,200.00
Eye clinic	74,330.00	-
Radiology	419,690.00	429,200.00
Orthopedic and Trauma Technology	111,040.00	210,750.00
Theatre	122,860.00	73,750.00
Casualty services	89,438.00	-
Psychological counselling	2,500.00	14,700.00
Medica records	1,000,505.00	873,640.00
Medical exams	-	171,700.00
Inpatient	1,086,328.00	229,740.00
Clinics (mopc, Gopc, popc, dermatology)	174,070	-
Occupational	2,198.00	2,300.00
Ear Nose and Throat service	63,470.00	427,150.00
Nutrition service	66,556.00	48,150.00
Miscellaneous service	23,000.00	-
Dental services	208,940.00	272,200.00
UHC registration	65,000.00	689,000.00
Reproductive health	620.00	-
Paediatrics services	272,450.00	-
physiotherapy	48,100.00	34,200.00
Farewell home services	571,890.10	661,750.00
Ambulance services	776,200.00	583,560.00

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Other medical services income (<i>cheques from mbooni girls' and mutitu sda</i>)	254,258.00	
Total revenue from the rendering of services	10,193,500.00	11,188,080.00

Notes to the Financial Statements (Continued)

10. Revenue From Rent of Facilities

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

(Provide brief explanation for this revenue)

11. Finance /Interest Income

Description	FY 2024/2025	FY 2023/2024
	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	-	-

12. Miscellaneous Income

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Insurance recoveries	34,802,474.00	30,681,561.00
Income from sale of tender	-	-
Services concession income	-	-
Sale of goods (water, publications, containers etc)	-	-
Write backs (Deposits, payments in advance etc)	-	-
Bad debts recovered	-	-
<i>Others (Specify)</i>	-	-
Total Miscellaneous income	34,802,474.00	30,681,561.00

Notes to the Financial Statements (Continued)

13. Medical/ Clinical Costs

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Dental costs/ materials	158,750.00	-
Laboratory chemicals and reagents	1,169,223.00	1,310,367.97
Public health activities		
Food and Ration	6,263,858.00	4,893,849.00
, Bedding, and linen	163,000.00	200,000.00
Dressing and non-pharmaceuticals	52,675.00	2,497,691.00
Pharmaceutical supplies	4,774,399.00	1,087,221.00
Staff uniform	60,000.00	-
Physiotherapy	399,162.00	25,880.00
Sanitary and cleansing Materials	1,523,680.00	534,670.00
Purchase of Medical gases	1,692,677.00	981,720.53.00
Withholding tax		142,984.00
X-Ray/Radiology supplies	467,300.00	307,000.00
Other medical related clinical costs (<i>specify</i>)	-	36,210.00
Total medical/ clinical costs	16,724,724.00	12,017,593.50

14. Employee Costs

Description	FY2024/2025	FY2023/2024
	Kshs	Kshs
Salaries, wages, and allowances	13,408,941.00	11,492,729.00
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 (locum)	2,699,600	1,816,408.00
Employee costs	16,187,541.00	13,309,137.00

Notes to the Financial Statements (Continued)

15. Board of Management Expenses

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Chairman's Honoraria		
Sitting allowance	450,000.00	430,000.00
Mileage		
Insurance expenses		
Induction and training		
Travel and accommodation allowance		
Airtime allowances		
Total	450,000.00	430,000.00

16. Depreciation and Amortization Expense

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Property, plant and equipment	1,983,880	2,260,520
Intangible assets		
Investment property carried at cost		
Total depreciation and amortization	1,983,880	2,260,520

17. Repairs And Maintenance

Description	FY2024/2025	FY2023/2024
	Kshs	Kshs
Property- Buildings	221,160.00	481,909.00
Medical equipment	483,685.00	169,340.00
Office equipment	63,500.00	1,032,838.00
Furniture and fittings	50,990.00	10,450.00
Computers and accessories	208,540.00	119,010.00
Motor vehicle expenses	401,928.00	470,736.00
Maintenance of civil works		
Total repairs and maintenance	1,429,803.00	2,284,283.00

Notes to the Financial Statements (Continued)

18. Grants And Subsidies

Description	FY 2024/2025	FY 2023/2024
	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	-	-

19. General Expenses

Description	FY2024/2025	FY2023/2024
	Kshs	Kshs
Advertising and publicity expenses	-	50,000.00
Catering expenses	247,990.00	223,200.00
Waste management expenses		
Insecticides and rodenticides	20,000.00	10,000.00
Other fuels	36,000.00	38,000.00
Bank charges	53,353.35	59,890.00
Conferences and delegations	-	154,000.00
Consultancy fees		
Contracted services	795,000.00	803,750.00
Electricity expenses	167,985.00	250,000.00
Fuel and Lubricants	4,324,000.00	2,815,617.00
GOS	2,340,820.00	-
Research and development expenses		
Travel and accommodation allowance	3,319,330.00	1,821,595.00
Legal expenses		
Licenses and permits		
Courier and postal services	-	7000.00
Printing and stationery	76,000.00	1,834,285.00
Hire charges		
Rent expenses		
Water and sewerage costs	80,000.00	48,000.00

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Description	FY2024/2025	FY2023/2024
	Kshs	Kshs
Skills development levies		
Telephone and mobile phone services	240,000	241,000
Internet expenses	103,000	126,314
Staff training and development	125,208	-
Primary health care	10,000	
Subscriptions to newspapers periodical, magazines, and gazette notices		
Electricals	267,452	293,900
Parking charges		
Total General Expenses	12,206,138	8,776,551

20. Finance Costs

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

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

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

22. Unrealized Gain On Fair Value Investments

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

Notes to the Financial Statements (Continued)

23. Medical Services Contracts Gains /Losses

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

24. Impairment Loss

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

25. Cash And Cash Equivalentents

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Current accounts	6,679,790	8,354,739
On - call deposits	-	-
Fixed deposits accounts	-	-
Cash in hand	-	-
Others(<i>specify</i>)- Mobile money	-	-
Total cash and cash equivalentents	6,679,790	8,354,739

Notes to the Financial Statements (Continued)

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

Description		FY 2024/2025	FY 2023/2024
Financial institution	Account number	KShs	KShs
a) Current account			
Kenya Commercial bank	1144710650	6,655,359	8,338,931
Kenya Commercial bank	1157798705	24,429	15,808
Sub- total		6,679,790	8,354,739
b) On - call deposits			
Kenya Commercial bank			
Equity Bank – etc			
Sub- total			
c) Fixed deposits account			
Bank Name			
Sub- total			
d) Others(specify)			
cash in hand			
Mobile money- Mpesa, Airtel money			
Sub- total			
Grand total		6,679,790	8,354,739

26. Prepayments

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

27. Receivables From Exchange Transactions

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Medical services receivables	-	-
Rent receivables	-	-
Other exchange debtors	-	-
Less: impairment allowance	(-)	(-)
Total receivables	-	-

Analysis of Receivables From Exchange Transactions

Description	FY 2024/2025		FY 2023/2024	
	Kshs		Kshs	
	FY 2024/2025	% of the total	FY 2023/2024	% of the total
Less than 1 year	27,581,459.00	%	-	%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	14,785,920.00	%
Over 3 years	-	%	-	%
Total (a+b)	27,581,459.00	%	14,785,920.00	%

28. Receivables From Non-Exchange Transactions

Description	FY 2024/2025	FY 2023/2024
	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	FY 2024/2025		FY 2023/2024	
	Kshs		Kshs	
	FY 2024/2025	% of the total	FY 2023/2024	% of the total
Less than 1 year	-	%	-	%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (a+b)	-	%	-	%

29. Inventories

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Pharmaceutical supplies	4,031,175.00	6,052,235.00
Maintenance supplies	-	-
Food supplies	354,740.00	137,244.00
Linen and clothing supplies	-	-
Cleaning materials supplies	80,000.00	-
Laboratory supplies	349,148.00	437,340.00
General supplies	473,060.00	459,430.00
Less: provision for impairment of stocks	(-)	(-)
Total	5,288,123.00	7,086,249.00

Detailed disclosure on inventories

	FY 2024/2025	FY 2023/2024
Opening balance	7,086,249.00	-
Additional Inventory in the year	14,325,629.00	-
Inventory expensed in the year	(16,123,755.00)	-
Write-downs in the year	-	-
Others specify	-	-
Closing balance	5,288,123.00	-

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Notes to the Financial Statements (Continued)

30. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (specify)	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh	Ksh
Cost									
At 1 July 2023	-	-	-	5,926,071	1,079,000	5,356,324	-	-	12,361,395
Additions	-	-	-	79,550	211,840	378,992	-	-	670,382
Disposals	(-)	(-)	(-)	(-)	(-)	(-)	-	-	(-)
Transfers/adjustments	-	-	(-)	-	-	-	-	-	(-)
Revaluation Adjustments	-	-	-	-	-	-	-	-	-
At 30th June 2024	-	-	-	6,005,621	1,290,840	5,735,317	-	-	13,031,777
At 1 July 2024	-	-	-	6,005,621	1,290,840	5,735,317	-	-	13,031,777
Additions	-	-	-	119,830.00	514,450.00	565,184.00	-	-	1,199,464.00
Disposals	(-)	(-)	(-)	(-)	(-)	(-)	-	(-)	(-)
Transfer/adjustments	-	-	-	-	-	-	-	(-)	-
Revaluation Adjustments	-	-	-	-	-	-	-	-	-
At 30th June 2025	-	-	-	6,125,451	1,802,290.00	6,300,501	-	-	14,231,241
Depreciation and impairment									
At 1 July 2023	-	-	-	592,608	269,750.00	1,339,081	-	-	2,201,439
Depreciation for the year	-	-	-	541,301	255,273	1,463,946	-	-	2,260,520
Disposals	-	(-)	(-)	(-)	(-)	(-)	(-)	-	(-)

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Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (specify)	Capital Work in progress	Total
Impairment		(-)	(-)	(-)	(-)	(-)	(-)	-	(-)
At 30 June 2024		-	-	1,133,909	525,023	2,803,028	-	-	4,461,959
At July 2024		-	-	1,133,909	525,023	2,803,028	-	-	4,461,959
Depreciation		-	-	499,154	320,067	1,164,659	-	-	1,983,880
Disposals		(-)	(-)	(-)	(-)	(-)	(-)	-	(-)
Impairment		(-)	(-)	(-)	(-)	(-)	(-)	-	(-)
Transfer/adjustment		-	-	-	-	-	-	-	(-)
At 30th June 2025		-	-	1,633,063	845,089	3,967,686	-	-	6,445,838
Net book values									
At 30 th Jun 2024	-	-	-	4,871,712	765,818	2,932,289	-	-	8,569,81
At 30 th Jun 2025	-	-	-	4,492,387	960,201	2,332,814	-	-	7,785,403

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Notes to the Financial Statements (Continued)

31. Intangible Assets-Software

Description	FY 2024/2025	FY 2023/2024
	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	-	-

32. Investment Property

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
At beginning of the year	-	-
Additions	-	-
Disposals during the year	(-)	(-)
Fair value gain	-	-
Depreciation (<i>where investment property is at cost</i>)	(-)	(-)
Impairment	(-)	(-)
At end of the year	-	-

Notes to the Financial Statements (Continued)

33. Biological Assets

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

34. Trade and other Payables

Description	FY 2024/2025		FY 2023/2024	
	KShs		KShs	
Trade payables	26,495,490.00		18,150,282.00	
Employee dues	-		-	
Third-party payments (e.g. unremitted payroll deductions)	-		-	
Audit fee	-		-	
Doctors' fee	-		-	
Total trade and other payables	26,495,490.00		18,150,282.00	
Ageing analysis:	FY 2024/2025	% of the Total	FY 2023/2024	% of the total
Under one year	-	%	-	%
1-2 years	26,495,490.00	%	18,150,282.00	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	26,495,490,00	%	18,150,282.00	%

35. Refundable Deposits from Customers/Patients

Description	FY 2024/2025		FY 2023/2024	
	KShs		KShs	
Medical fees paid in advance	-		-	
Credit facility deposit	-		-	
Rent deposits	-		-	
Others (specify)	-		-	
Total deposits	-		-	
Ageing analysis:	FY 2024/2025	% of the	FY 2023/2024	% of

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		Total		the Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	-	%	-	%

36. 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	-	-	-	-

37. Finance Lease Obligation

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

38. Deferred Income

Description	FY 2024/2025	FY 2023/2024
	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 (<i>Specify</i>)	(-)	(-)	(-)	(-)
Balance C/F	-	-	-	-

39. Borrowings

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

Notes to the Financial Statements (Continued)

42. Service Concession Arrangements

Description	FY 2024/2025	FY 2023/2024
	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	FY 2024/2025	FY 2023/2024
	KShs	KShs
Surplus for the year before tax	192,840.06	12,040,056.57
Adjusted for:		
Depreciation	1,983,879.59	2,260,520.23
Non-cash grants received	(-)	(-)
Impairment	-	-
Gains and losses on disposal of assets	(-)	(-)
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
Working Capital adjustments		
Decrease in inventory	1,798,126.00	(-)
Increase in receivables	(12,795,539.00)	(14,785,920.00)
Increase in deferred income	-	-
Increase in payables	8,345,208.00	4,040,269.00
Increase in payments received in advance	-	-
Net cash flow from operating activities	(475,485.35)	(17,831,899.50)

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 programmed focuses on the unpredictability of changes in the business environment and seeks to minimize 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				
Receivables from exchange transactions	14,785,920.00		14,785,920.00	0
Receivables from –non-exchange transactions	9,250,000.00	-	-	0
Bank balances	8,354,739.30	-	-	0
Total	32,390,659.30		14,785,920.00	
At 30 June 2025				
Receivables from exchange transactions	27,581,459.00	-	-	
Receivables from –non-exchange transactions	4,101,500.00	-	-	0
Bank balances	6,679,788.75	-	-	0
Total	38,362,747.75	-	-	0

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 recognized in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The entity has significant concentration of credit risk on amounts due from 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	-	-	18,150,282.00	18,150,282.00
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	18,150,282.00	18,150,282.00
At 30 June 2025				
Trade payables	-	-	27,251,619.00	27,251,619.00
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	27,251,619.00	27,251,619.00

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.

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			
Euro	10%	-	-
USD	10%	-	-
2025 (
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 endeavored to bank with institutions that offer favorable 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	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Revaluation reserve	-	-
Retained earnings	-	-
Capital reserve	-	-
Total funds	-	-
Total borrowings	-	-
Less: cash and bank balances	(6,679,790)	(8,354,739.)
Net debt/ (<i>excess cash and cash equivalents</i>)	-	-
Gearing	-%	-%

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	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Transactions with related parties		
a) Services offered to related parties		
Services	-	-
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	-	-
Payments for goods and services	-	-
Total	-	-

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Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
d) Key management compensation		
Directors' emoluments	450,000.00	430,000.00
Compensation to the medical Sup	-	-
Compensation to key management	-	-
Total	450,000.00	430,000.00

46. Segment Information

47. Contingent Liabilities

Contingent liabilities	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Court case against the hospital	-	-
Bank guarantees in favors of subsidiary	-	-
Total	-	-

48. Capital Commitments

Capital Commitments	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Authorized For	-	-
Authorized 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 Level 4 hospital under the Department of Health Services. Its ultimate parent is the County Government of Makueni.

51. Currency

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

20. Appendices

Appendix 1: Progress on Follow Up of Auditor Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	Inaccuracy of Medical/Clinical Costs	The unexplained and unreconciled variance of kshs. 642,572 was closing stock for Laboratory Commodities and Food and rations commodities for the year ending 30 th June 2024. This has since been resolved and reposted in the FY 24-25	Resolved.	
2.	Inaccuracies of the general expenses	The unexplained and unreconciled variance of Kshs. 459,430 was the Closing stock for General Office Supplies and Printing for the year end 30th June 2024. Shown by schedules	Resolved	
3.	Unsupported Inventory Balance	The accuracy and valuation of inventories balance of Kshs. 7,086,249	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)
		lacked supporting documents i.e minutes taken during the stock take This has been done in FY 2024/2025		
4.	Inaccuracies and doubtful ownership of property, plant and equipment	With respect to land, the Hospital is situated on a parcel inherited from the National Government, which currently lacks a title deed. However, Makueni County has been selected among 30 counties participating in Phase I of the fixed assets valuation exercise being carried out by the State Department for Lands and Physical Planning, in collaboration with the State Department for Devolution and IGRTC. The ownership documentation for the land is expected to be finalized upon completion of the valuation exercise and issuance of the corresponding report.	Not Resolved	Its work in progress being coordinated by Department of Treasury.
5	Deficiencies in implementation of Universal Health Coverage	The Hospital Management acknowledges the importance and requirements of the Kenya Quality Model for Health Policy Guidelines,	Not resolved	It's a continuous exercise

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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)
		<p>which serve as a critical framework for enhancing efficiency and quality in the delivery of health services. These guidelines are essential in ensuring that hospitals meet the expected standards for infrastructure, personnel and equipment necessary to provide comprehensive care.</p> <p>However, the County Government of Makueni faces budgetary constraints that have limited its capacity to fully address the existing human resource and equipment deficits. Despite these challenges, the growing enrollment under the Social Health Insurance Fund (SHIF) presents a promising opportunity to bridge these gaps.</p> <p>The facility has employed on contract basis 11 nurses, 4 clinical officers and 2 laboratory officers to mitigate the gap.</p>		

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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)
6.	Failure to establish Audit Committee and Operations of internal audit unit	The hospital relies on the Internal Audit Unit of the County Executive, based at the County Treasury, for audit and assurance services. In lieu of this, the management has done a follow up letter to the Department of Health Services to assist in carrying out the Internal Audit exercise of the facility. The Finance, Audit and general purpose committee has been helping in Audit matters for checks and balances	Partially resolved	A follow up will be done in FY 2025/206
7.	Failure to maintain a Fixed Assets Register	Asset Identification for motor vehicles, plant and equipment previously owned by the defunct Local Authorities and National Government that relate to performance of all devolved functions was carried out by the State Department for Roads in 2023. Under the coordination of Intergovernmental Relations Technical Committee (IGRTC), once the required transfer processes are completed and the ownership documents issued, the assets	Not resolved	It's a continuous exercise

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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)
		<p>that belong to the hospital will be recognized in the hospital's financial statements.</p> <p>Regarding land, the hospital sits on land inherited from the National Government, which currently lacks a title deed. However, Makueni County is among the 30 counties selected under Phase 1 of the valuation of fixed county assets being undertaken by the State Department of Lands and Physical Planning, in collaboration with the State Department for Devolution and Intergovernmental Relations Technical Committee (IGRTC). The issue of ownership documentation will be resolved upon completion of the valuation exercise and issuance of the relevant report.</p> <p>The asset register is in place with but lacking the values of the assets mentioned above.</p>		
8.	Lack of Approved Risk	The hospital management did prepare a	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)
	Management Policy	risk management policy framework to help identify, assess, manage, and mitigate potential risks across the hospital.		
9.	Expiry of medical supplies	The hospital pharmacy adheres to the First Expiry, First Out (FEFO) method for dispensing pharmaceutical commodities as outlined in the Standard Operating Procedure (SOP). All expired items were accounted for in Form FO 58. The expired drugs consisted exclusively of program commodities from national government, including family planning items, anti-malaria, and ARVs for the period 2020 and 2021. The expired drugs are quarantined in a secure environment pending disposal approval from the National government. Hence, the 11,677 units of various expired drugs were not included the closing stock for medical drugs. Additionally, the	Not resolved	

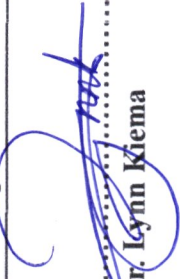
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		County Government is in the process of automating operational processes across all hospitals within the County. Once implemented, the automation will enhance inventory management and strengthen overall accountability in pharmaceutical supply chains. Furthermore, hospital management has recommended through the disposal committee a follow up with the County and National Government for disposal.		

Guidance Notes:

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

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Dr. Lynn Kiema

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							

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Appendix III: Inter-Entity Confirmation Letter

Name of Transferring entity...County Government of Makueni

Name of Beneficiary entity **MBOONI SUB COUNTY LEVEL 4 HOSPITAL**

Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
R11/HOS/CI/VOL 136	20/11/2024	101,500.00		101,500.00	
UHC/HOSP/CI/H V226	07/01/2025	4,000,000.00		4,000,000.00	
Total				4,101,500.00	

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

Head of Accounts Department - Disbursing Entity:

Name Eunice Kabuen Sign [Signature] Date 12/11/25

Head of Accounts Department - Beneficiary Entity:

Name TOP CUSKAPIMBA Sign [Signature] Date 12/11/25

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		

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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

