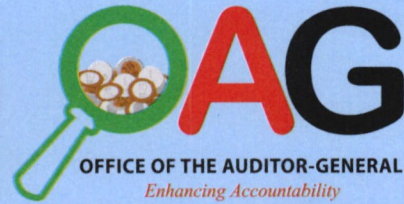
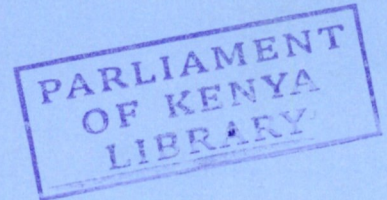


REPUBLIC OF KENYA



REPORT



OF

THE AUDITOR-GENERAL

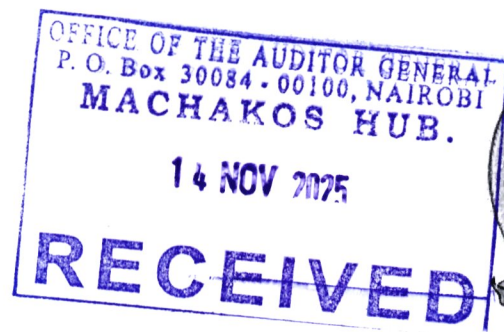
ON

KISAU SUB-COUNTY LEVEL 4 HOSPITAL

**FOR THE YEAR ENDED
30 JUNE, 2025**

COUNTY GOVERNMENT OF MAKUENI

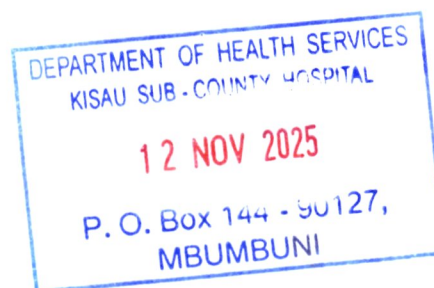
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**KISAU SUB COUNTY LEVEL 4 HOSPITAL
(Government of Makueni County)**

**AMENDED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2025**

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



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1. Acronyms & Glossary of Terms

Acronym	Definition
CSR	Corporate Social Responsibility
OSHA	Occupational Safety and Health Act
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
HMC	Hospital Management Committee
HMT	Health Management Team
KMFP	Key Management and Fiduciary Personnel – individuals responsible for managing and overseeing financial and operational accountability within the entity

2. Key Entity Information and Management

(a) Background information

Kisau Sub-County Hospital is a Level 4 healthcare facility established through Gazette Notice No. Vol. CXI – No. 103 dated 11th December 2011. The hospital operates under the jurisdiction of the Makueni County Government, specifically within the County Department of Health. The institution is governed by a Hospital Management committee, which oversees strategic decisions and general administration.

(b) Principal Activities

Vision

To be an efficient and high-quality healthcare system that is accessible, equitable, and affordable for all Kenyans.

Mission

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

Strategic Objectives

1. Eliminate communicable diseases.
2. Halt and reverse the increasing burden of non-communicable diseases.
3. Minimize exposure to health risk factors.
4. Ensure the provision of essential health services.

(b) Key Management

The management and operational oversight of Kisau Sub-County Hospital are structured as follows:

1. **County Department of Health** – Provides policy guidance, oversight, and resource allocation.
2. **Board of Management (Hospital Management Committee - HMC)** – Responsible for governance, strategic direction, and performance monitoring.
3. **Accounting Officer / Medical Superintendent (MED SUP)** – Serves as the hospital's chief executive and accounting officer, overseeing day-to-day operations and financial management.
4. **Health Management Team (HMT)** – Comprises departmental heads and key technical personnel responsible for implementing health programs and administrative functions.

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

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

The management of **Kisau Sub-County Hospital** operates under the oversight and coordination of the following key governance and administrative organs:

1. County Department of Health

Provides overall policy direction, regulatory oversight, and coordination in line with the county's health sector priorities.

2. Board of Management (Hospital Management Committee – HMC)

Responsible for governance and strategic oversight, including policy formulation, resource mobilization, and performance monitoring.

3. Accounting Officer / Medical Superintendent (MED SUP)

Serves as the chief executive officer of the hospital, accountable for the day-to-day administration, service delivery, and financial management of the facility.

4. Health Management Team (HMT)

A multidisciplinary team comprising heads of departments and technical officers, tasked with implementing health programs, operational planning, monitoring, and service coordination within the hospital

(c) Fiduciary Management

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

SN	Designation	Name
1.	Medical Superintendent	Augustus Maundu Kyalo
2.	Head of finance	Albanus Kitetu
3.	Head of Administration	Stephen mumo
4.	Head of supply chain	Jackline Muendo
5.	Nursing officer in charge	Ceaser Kisyula

(d) Fiduciary Oversight Arrangements

The hospital's operations and financial reporting are supported and overseen by various entities and partners, as outlined below:

1. Makueni County Assembly

The County Assembly enacts relevant legislation, performs oversight functions, and reviews external audit reports and financial statements of the County Government in accordance with the law.

2. Controller of Budget (CoB)

The CoB provides statutory oversight over budget execution. It processes fund requisitions through the County Government's Department of Health Services and ensures compliance with approved budgetary allocations.

3. National Treasury (NT)

The National Treasury facilitates the release of exchequer funds to the hospital through the County Government, and provides guidelines on the preparation of annual reports and financial statements.

4. Commission on Revenue Allocation (CRA)

CRA supports the equitable distribution of national revenue to counties, indirectly benefiting the hospital via allocations to the Makueni County Government. It also undertakes county credit ratings to promote transparency and fiscal discipline.

5. Makueni County Audit Committee

This Committee reviews internal audit reports submitted through the County Department of Health Services, ensures corrective actions are taken, and promotes the integrity of the County's financial internal controls. It also spearheaded the development of the county risk management framework, which has been adopted by the hospital.

6. Public Sector Accounting Standards Board (PSASB)

The Board develops public sector financial reporting templates and provides guidance on applicable accounting standards for County hospitals, including Kisau Sub-County Hospital.

7. County Health Authority to Incur Expenditure (AIE) Committee

This Committee reviews the hospital's budget, financial implementation, operations, and pending bills. It ensures that allocated funds are properly accounted for, suppliers are paid promptly, and service delivery is maintained at high standards.

8. Development Partners

Kisau Sub-County Hospital works closely with partners such as UZINDUZI funded by CDC, who provide support in HIV program implementation, supervision, and staff capacity building.

9. Clinical Research and Standards Committee

A functional internal committee responsible for maintaining quality healthcare delivery. It meets weekly to review mortality audits, ward reports, clinical performance, and adherence to medical standards.

Key responsibilities:

1. Review weekly ward round reports
2. Prioritize utilization of clinical resources
3. Set performance targets for clinical departments
4. Evaluate research findings and policy documents
5. Monitor clinical audit reports and ensure implementation of recommendations

10. Hospital Management Team (HMT)

The HMT comprises departmental heads and is chaired by the Medical Superintendent. The Health Administrative Officer serves as Secretary. The team meets monthly to review operations, evaluate performance data, share departmental reports, and plan service delivery improvements.

11. Executive Expenditure Committee (EEC)

This committee includes the Medical Superintendent, Health Administrative Officer, Accountant, Nursing Officer-in-Charge, Pharmacist-in-Charge, and Procurement Officer. It meets quarterly to review hospital expenditures and ensure compliance with budgetary controls.

(e) Hospital Headquarters

Kisau Sub-County Hospital
P.O. Box 144-90127
Mbumbuni, Kenya
Located off Wote-Masii Road -along Mbumbuni Kithungo road

(f) Contact Information

Telephone: 0712 920 397

Email: kisau.hospital@makueni.go.ke

(g) Bankers

Kenya Commercial Bank Ltd

Wote Branch,
Makueni, Kenya

(h) Independent Auditors

Office of the Auditor-General

Anniversary Towers, University Way
P.O. Box 30084-00100
Nairobi, Kenya

(i) Principal Legal Adviser

The Attorney General

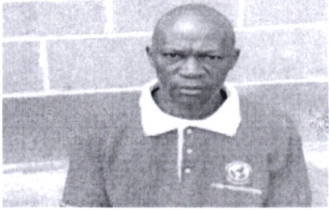
State Law Office
Harambee Avenue
P.O. Box 40112-00200
City Square, Nairobi, Kenya

(j) County Attorney

Office of the County Attorney
P.O. Box 78-90300
Makueni, Kenya

3. The Board of Management

	Directors	Details
1.	 Josephat Muia – Chairman, HMC	He holds a master’s degree in business administration (Finance) from the University of Nairobi and a Bachelor of Commerce (Finance) degree from Kenyatta University; Josephat is also a Certified Public Accountant . He currently serves as a Regional Business Manager at Equity Bank Group, bringing with him over 15 years of experience in business leadership and financial management. He is the current Chairman of the Board of Management at Kisau Sub-County Hospital, where he provides strategic oversight and governance leadership.
2.	 Reverend Gesmarck Kisoi-member	Aged 60 years. He holds bachelor of theology from Christian university. Currently a lecturer At Nduluku Bible College, with 25 years of work experience. He is a religious representative member of the Board.
3.	 Roselyne Kavata Mutuku -member	She is a retired Community Health Nurse with experience of 37yrs. She holds a Diploma in Registered Community Health Nursing from KMTC Nairobi. She has sound experience in clinical areas, Midwifery, nursing, community health and management positions and has acted in different capacities in the public service. She represents professional bodies in the HMC.

4.	 Solomon Mutia- Member	He is a member of the hospital management board. He holds diploma in social work and community development from St Paul University, with approximately over 5 years NGO working experience. He represents NGO
	 Augustus Maundu-Secretary HMC	He is the Medical superintended. Holds a BSC in Health Systems Management and Development from Amref International, a Higher National Diploma in Family Health from KMTC Nairobi Campus, holds a basic Diploma in Clinical Medicine and Surgery from KMTC Machakos Campus, Leadership and Management from University of Washington, Certificate in Fundamental of Implementation Science, University of Washington, previously worked as in charge at Nthongoni level 4 Hospital, Kalawa level 4 Hospital and Kako Health Centre, has 8years experience in Management in Medical field.

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5.	 Joachim Mulwa-SCMOH	He is the Sub County Medical Officer Of Health for Mbooni Sub-County based at Mbooni Sub County Hospital. He has a Bachelors Degree in Medicine and Surgery.
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4. Key Management Team

Ref	Management	Details
1.	 Augustus Maundu Med Supt/Facility In charge	He is the Medical superintendent. Holds a BSC in Health Systems Management and Development from Amref International, a Higher National Diploma in Family Health from KMTC Nairobi Campus, holds a basic Diploma in Clinical Medicine and Surgery from KMTC Machakos Campus, Leadership and Management from University of Washington, Certificate in Fundamental of Implementation Science, University of Washington, previously worked as in charge at Nthongoni level 4 Hospital, Kalawa level 4 Hospital and Kako Health Centre, has 8years experience in Management in Medical field.
2.	 Stephen Mumo-Health Administrative Officer	He is the Health Administrator Kisau Sub County Hospital. He holds a diploma in accounting and finance and bachelor of commerce accounting option from cooperative university. He is a CPAK holder with over 1 year of experience in management
3.	 Ceaser Kisyula – Nursing Officer in	He is the Nursing Officer, He holds a Bachelor of Science in Nursing from the University of Nairobi, and diploma in Nursing (KRCHN) at Kenya Medical Training College. He is a member of the committee.

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	Charge	
4.	 Albanus Kitetu - Accountant	He is the hospital accountant. He has experience of over 15yrs in accounting from both the private and public institutions, currently undertaking the final advanced accounting level with the Kenya Accountants and Secretaries National Board.
5	 Jackline Muendo- Procurement	She is the hospital procurement officer. She holds Diploma supply chain management from Machakos college. She is a member of KISM and a licensed supply chain practitioner. He has over 6 years of experience in both private and public sector

5. Chairman's Statement

The past year was one of resilience for Kisau Sub County Hospital. Despite significant challenges, including delayed funding and shortfalls in UHC allocations, we maintained our commitment to delivering quality healthcare to Makueni County.

We are pleased to report strong performance, driven by a successful increase in revenue from our new cashless payment system. This directly improved service delivery and operational efficiency.

Looking ahead, our focus for the new financial year is on critical infrastructure to expand our life-saving capabilities. Our two most urgent priority projects are:

1. **The Construction of a Theatre** to expand our surgical capacity and reduce waiting times.
2. **The Purchase of an Ambulance** to enhance our emergency response and patient referral services.

We call upon the County Government and our development partners to support these vital projects. I extend my deepest gratitude to our dedicated staff for their unwavering service.

Financial Performance

For the year ending 30th June 2025, the hospital recorded total revenues of **Kshs. 31,217,509**. These revenues were drawn from a variety of sources, including:

1. **The Facility Improvement Fund (FIF)**
2. **NHIF/SHA reimbursements**
3. **Capitation funds**
4. **Private insurance partners**, including Madison
5. **County Government transfers**, primarily through the Makueni Care Program

In collaboration with the Hospital Board and community platforms, management has actively promoted the registration of residents for SHA (Social Health Authority) coverage. This initiative remains pivotal in enhancing healthcare access and securing long-term financial sustainability.

Service Delivery

We extend our deepest appreciation to our staff, whose professionalism, resilience, and dedication have been the cornerstone of our service delivery—especially in the face of significant operational constraints. Challenges during the year included:

1. Periodic shortages of medical supplies
2. Inadequate staffing
3. Infrastructure limitations

Despite these hurdles, our teams have continued to provide quality care, save lives, and promote the well-being of our population. Their commitment under difficult circumstances is truly commendable.

Projects and Capital Investments

During the reporting period, a large proportion of our resources were channeled toward operational costs and essential maintenance. This constrained the funding available for new development initiatives.

Furthermore, increased operational expenses and reduced development allocations—exacerbated by the withdrawal of some planned projects during the supplementary budgeting process at the headquarters level—limited our capacity to undertake capital projects.

Outlook and Development Priorities

As we look to the future, the hospital management remains committed to engaging key stakeholders, especially the County Government, to secure support for critical infrastructure and service expansion. Our top development priorities include:

1. Renovation of the old outpatient block to expand services
2. Construction of a patient waiting bay
3. Establishment of a reliable water supply system (borehole and storage tanks)
4. Construction of a modern laboratory department
5. Construction of an administration block
6. Acquisition of a modern backup generator
7. Purchase of a new dental chair
8. Development of a comprehensive hospital master plan
9. Construction and equipping of a theatre block
10. Purchase of an ultrasound machine

Public participation forums continue to play a vital role in aligning community needs with funding decisions. Notably, our advocacy efforts during the last financial year resulted in the successful allocation of resources for a new outpatient department block and an X-ray CR machine through the headquarters budget.



Fig.1 new X-Ray CR supplied in by the department of health services

The year ended 30th June, 2025 was a year of mixed fortunes. The hospital continued to offer quality health care services despite the Challenges of delayed and inadequate funding such as: county UHC funding which affected most of our hospital operations. I am pleased to report that Kisau Sub County Hospital has continued to perform well and offering the much-needed services to the community and the citizens of Makueni County. There has been increase in revenue collection compared with the same period the

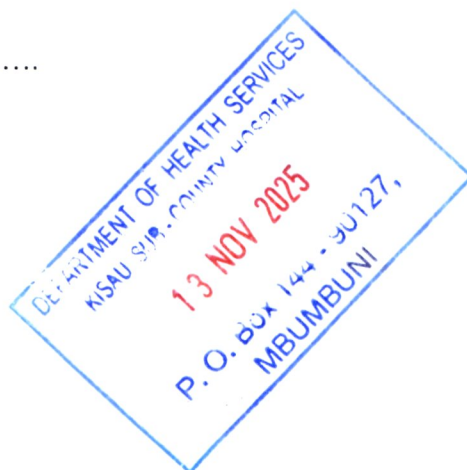
Kisau Sub County Hospital (Government of Makueni County)
Annual Report and Financial Statements for The Year Ended 30th June 2025

previous year due to cashless collection hence improvement in service delivery. I take this opportunity to share with you my views on the key initiatives and achievements we have had over the year.


.....

Name: Josephat Muia

Chairman to the Board



6. Report of The Medical Superintendent



Augustus Maundu,
Facility In-Charge

"Kisau Sub County Hospital epitomizes the gradual and consistent improvement in a resource-scarce environment."

Building Resilience Through Strategic Leadership and Collaboration

At Kisau Sub County Hospital, we believe that teamwork, effective leadership, and sound governance are the foundational pillars of any successful organization. These principles have played a pivotal role in our continued progress over the past financial year.

Our pursuit of healthcare excellence is aligned with both national priorities and internationally recognized frameworks—most notably the World Health Organization's (WHO) Health System Building Blocks. These include:

- ◆ A well-trained and adequately supported health workforce
- ◆ Efficient and people-centered service delivery systems
- ◆ Robust and accessible health infrastructure
- ◆ Reliable access to essential medicines and health technologies
- ◆ Strong health information systems for evidence-based decision-making
- ◆ Sustainable healthcare financing
- ◆ Inclusive and visionary health sector leadership and governance

By aligning our strategic investments and daily operations with these pillars, we are laying a strong foundation for a resilient, responsive, and sustainable health system that delivers quality care to our community.

1. Service Delivery

Significant improvements in service delivery was recorded during the reporting period. Historically, patient waiting times posed a challenge. However, through the recruitment of additional clinical staff and prioritization of timely patient attendance, these concerns have been effectively addressed.

Other key improvements included

Regular ward rounds and weekly CME (Continuous Medical Education) sessions, which have enriched staff competence and engagement.

The engagements of a Customer Care Officer to enhance client navigation, oversees satisfaction surveys, and elevate the overall patient experience.

2. Governance and Leadership

Kisau Sub County Hospital benefits from a strong leadership culture and effective governance mechanisms. Our management team collaborates closely with the Hospital Management Committee, the Department of Health Services, stakeholders, and the political leadership.

This synergistic working relationship has created a positive and productive operational environment, fostering transparency, accountability, and shared vision across all levels.

3. Health Infrastructure

Despite enduring challenges related to infrastructure, staffing, and equipment, our hospital has made commendable progress. Through persistent stakeholder engagement and proposal submissions, we successfully secured Headquarters funding for:

1. A new Outpatient Department (OPD) block

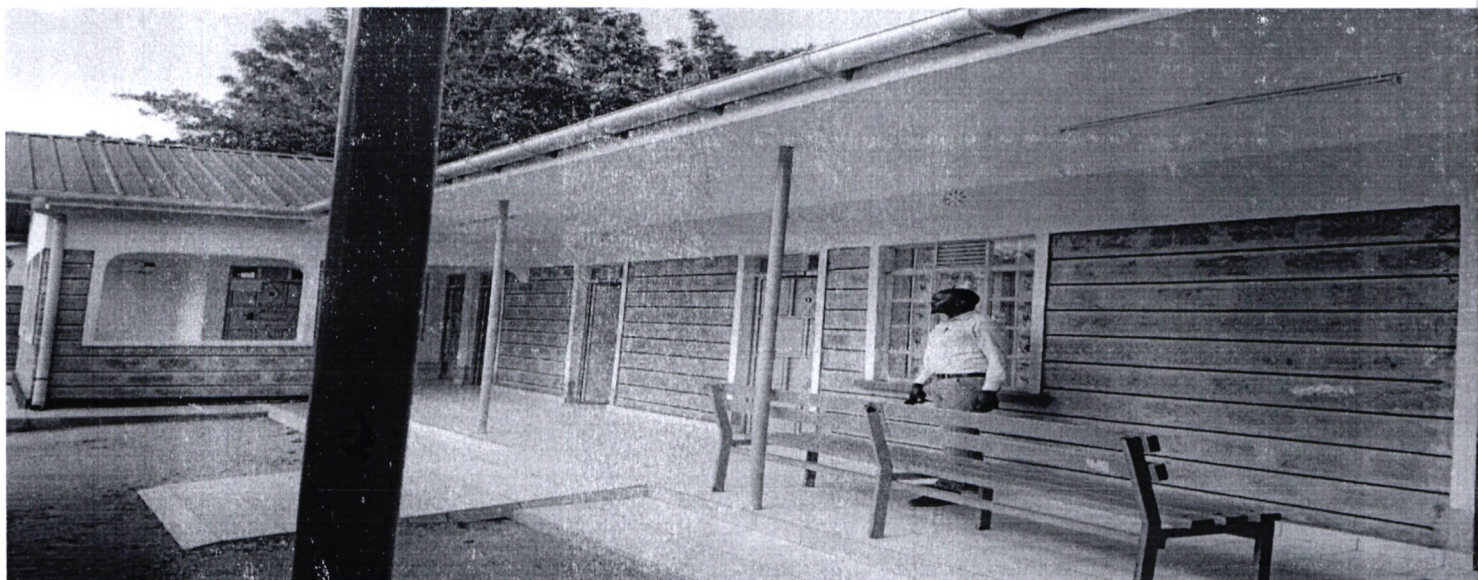


Fig. 2: New outpatient block funded by funded by department of health services

2. An X-ray CR unit



Fig. 3: Representatives from HMT receiving and inspecting the supplied X-ray CR

These investments are essential steps in our journey toward providing efficient, high-quality, equitable, and affordable healthcare.

4. Human Resources for Health

Strengthening our workforce has been central to our progress. Over the year, we recruited professionals across multiple disciplines, including:

- Clinical Officers
- Nurses
- Biomedical Engineer
- Health Records Officer
- Medical Laboratory Technologists

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

- Occupational Therapists
- Social Worker
- Pharmacy Technologist
- Customer Care Officer

In addition to staffing, weekly staff meetings have fostered open communication, allowing for the timely resolution of challenges and promoting a culture of transparency and mutual support.

On top of recruitments staff motivation to boost morale and efficiency has been on our priority by supporting staff welfare such as annual nursing week and staff annual motivation parties.



Fig 4: Celebrating Annual nurse's week supported by the facility with all other members of staff to boost motivation



FIG 5: Kisau hospital fraternity motivational refreshment event within the facility compound

5. Health Commodities and Vaccines

The supply of medical commodities has significantly improved due to the strategic shift to procuring from **MEDs and KEMSA**, rather than relying on costlier private suppliers.



Fig.6: receiving KEMSA/MEDS supplies for both pharmaceuticals and non-pharmaceuticals

This has enhanced:

- I. Commodity availability
- II. Cost-efficiency
- III. Debt reduction

The County's development of a tracer item list has further ensured the consistent availability of critical medical items.

6. Healthcare Financing

The hospital recorded notable growth in revenue:

FIF revenue increased by 32%, from Kshs. 23,651,569.16 to Kshs. 31,217,507 an increment of Kshs. 7,565,938

This success is attributed to:

- 1. Streamlined cashless collection
- 2. Process automation
- 3. Expansion of revenue streams, including NHIF, SHA, Trident, and County Government transfers

Revenue Breakdown:

- ◆ Cash collections: Kshs. 10,134,443 (32%)

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Annual Report and Financial Statements for The Year Ended 30th June 2025

- ◆ Insurances (Makueni Care, NHIF, SHA, Trident): Kshs. 18,783,064 (60%)
- ◆ County transfers: Kshs. 2,300,000 (8%)

These improvements have enhanced the hospital's ability to meet operational demands and reinvest in service improvement.

7. Health Information Systems

Our facility has made substantial gains in managing health data:

Efficient retrieval and secure storage of patient records

Improved turnaround times and enhanced decision-making

However, a key priority moving forward is the **automation of outpatient services** through the implementation of an integrated **Hospital Management Information System (HMIS)**, to further streamline patient flow and service delivery.

Ongoing Challenges

While we celebrate these achievements, several challenges persist:

- ✓ Staff shortages – particularly among nurses, pharmacy technologists, and laboratory technologists
- ✓ Inadequate supply of essential commodities, both pharmaceutical and non-pharmaceutical
- ✓ Infrastructure limitations – existing facilities are insufficient to meet rising demand
- ✓ Unreliable water and electricity supply, affecting service continuity
- ✓ Lack of an ambulance, hindering emergency response and patient transfers

Conclusion

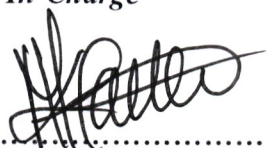
Kisau Sub County Hospital continues to demonstrate that strategic vision, strong leadership, and community collaboration can drive significant progress—even in the face of resource constraints.

Our commitment remains firm: to deliver patient-centered, ethical, and sustainable healthcare, while continuously strengthening our systems to meet the needs of our growing population.

Name : Augustus Maundu,

Facility In-Charge

Sign.....



7. Statement of Performance Against Predetermined Objectives

In compliance with Section 164, Subsection 2(f) of the Public Finance Management Act, 2012, the following is the Statement of Performance against Predetermined Objectives for Kisau Sub-County Hospital for the Financial Year 2024/2025.

Kisau Sub-County Hospital operated within the framework of its current Strategic Plan, structured around six key strategic pillars. Each pillar outlines specific objectives and performance indicators to guide service delivery, resource management, and overall institutional development. The performance during the period under review is assessed in relation to the predetermined objectives under the following pillars:

Pillar 1: Financing

Objective: To enhance sustainable health financing mechanisms and improve financial accountability.

Performance:

- Achieved timely submission of financial reports in accordance with county guidelines.
- Increased own-source revenue by 28% compared to FY 2023/2024.
- Implemented cost-saving initiatives resulting in a 7% reduction in non-essential expenditures.

Pillar 2: Medical Products and Commodities

Objective: To ensure consistent availability of essential medical supplies and commodities.

Performance:

- Maintained 90% availability of tracer medicines throughout the year.
- Introduced a digital stock-tracking system to reduce stock-outs and expiries.
- Strengthened procurement processes to minimize delays in supply delivery.

Pillar 3: Health Workforce

Objective: To strengthen human resource capacity and improve staff welfare.

Performance:

- Recruited 15 additional healthcare professionals to address staffing gaps.
- Conducted quarterly Continuous Medical Education (CME) sessions.
- Staff satisfaction surveys indicated a 10% improvement in morale and engagement.

Pillar 4: Health Information

Objective: To enhance data collection, analysis, and use for decision-making.

Performance:

- Achieved 100% timely submission of DHIS2 reports.
- Improved data accuracy through routine data quality assessments.
- Introduced real-time dashboards for key performance indicators.

Pillar 5: Service Delivery

Objective: To improve the quality, efficiency, and accessibility of healthcare services.

Performance:

- Outpatient visits increased by 15% due to community outreach and service integration.
- Maternal mortality rate reduced by 20% compared to previous year.
- Achieved 95% immunization coverage for children under one year.

Pillar 6: Governance

Objective: To strengthen leadership, accountability, and stakeholder engagement.

Performance:

- Conducted quarterly hospital board meetings with public participation.
- Established internal audit mechanisms to enhance transparency.
- Improved compliance with regulatory frameworks and county health policies.

Conclusion

Kisau Sub-County Hospital demonstrated measurable progress across all six strategic pillars during the FY 2024/2025. Continued efforts will focus on sustaining gains, addressing identified gaps, and aligning with county and national health priorities

Pillar	Objective	Key Indicators	Activities	Achievements
1. Financing	1. Increase revenue collection A in A and FIF 2. Automate the revenue collection	1. Increased revenue collection Use of computers to collect revenue	1. Raise more revenue and sensitize the Citizens on the benefit of the health insurance- SHA/SHIF 2. Network the outpatient department and purchase more computers-plans underway.	Revenue was Increased from Kshs.23, 651,570 to Kshs. 31,217,507 for FIF,NHIF/SHA,UHC, County transfer and other insurances such as Trident. 2. Networking plan is underway.
2. Medical Products and commodities	1. Have fewer stock outs 2. Reduce pilferage and waste	1 Automated stocking system 2, Routine stock taking to be done	1. Introduce a system restocking at reorder levels 2. Introduction of stock taking every quarter	1. Trained the staff on reorder levels so that the orders can be done on time 2. We have no any reported pilferage and theft

Kisau Sub County Hospital (Government of Makueni County)
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3. Health work force	1. Increase staff awareness and knowledge on diverse topics and retention of staffs	1. Continuous medical education attendance register	1. Conduct weekly continuous medical education on diverse topics	1. Weekly CMEs conducted on diverse topics 2. Retention of staffs.
4. Health Information	1. Improve quality of data 2. Improve records management	1. Accurate data is recorded 2. Data collection is simplified and efficiency	1. Ensure data audits are conducted monthly 2. Automate data collection	1. Data review and audits are conducted regularly 2. Automation has already started with networking done at new OPD
5. Service delivery	1. Reduce waiting times at all service delivery points 2. Improve on customer service in all areas	1. Reduced waiting times for clients 2. Better customer service experience for the clients	1. Carry out survey on waiting time 2. train staff on customer service and establish a desk for customer service	1. Survey was carried out to establish the waiting times 2.1 Introduced a customer service desk and sensitization of the staff.
6. Governance	1. Involve all parties and stakeholders in the management of the hospital	All stakeholders are involved	Have regular meetings with Health mgt teams, Hospital board members	Active committees where meetings are held regularly with the relevant committees

8. Corporate Governance Statement

During the financial year ended 30th June 2025, Kisau Sub-County Hospital demonstrated strong governance and institutional oversight through its functional Hospital Management Committee (HMC). A total of four (4) HMC meetings were convened during the year—on 8th July 2024, 7th October 2024, 15th January 2025, and 7th April 2025—with 100% attendance recorded across all sessions, underscoring the commitment of board members to hospital governance and decision-making processes.

Board Appointment and Transition

The current Hospital Management Board was officially gazetted on 13th September 2024 via Gazette Notice No. 11777, page 3610. The board was appointed by the County Executive Committee (CEC) Member for Health Services, in consultation with the Hospital Medical Superintendent, ensuring a smooth transition and continuity in leadership.

Composition of the Board:

Name	Role
Mr. Josephat Muia	Chairperson
Hospital In-Charge	Secretary
Sub-County MOH	Ex-Officio Member
Rev. Gesmarck Kiso	Member (Faith-Based Organization)
Mr. Solomon Mutia	Member (Non-Governmental Organization)
Ms. Roselyne Mutuku	Member (Professional Body)

Board Membership Criteria

Members are appointed based on the following criteria:

- Serve a term of three (3) years, renewable for one additional term.
- Must hold a minimum of an O-Level certificate or equivalent.
- Must reside or work within the hospital's catchment area.

Additional representation includes:

- County Director of Medical Services/Sub-County MOH or a designated representative.
- Medical Superintendent (serving as Secretary to the Board).

Inclusive representation requirements:

- One member with expertise in finance and administration.
- One nominee from women's organizations.
- One representative from a recognized Faith-Based Organization (FBO).
- Two members nominated by Community-Based Organizations or professional bodies (at least one must be a woman).

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

Board Structure and Functionality

- Chairperson: Appointed by the CEC for Health.
- Secretary: Hospital In-Charge.
- Standing Sub-Committees:
 - Finance and General Purpose Sub-Committee
 - Quality of Health Care Services Sub-Committee
- An Ad Hoc Committee may be constituted by the Chairperson, Secretary, and sub-committee leads to address urgent or emerging issues.

Finance and General Purpose Sub-Committee Responsibilities

- Evaluate financial targets and compare actual revenue collection.
- Monitor expenditure against Annual Work Plans and Authority to Incur Expenditure (AIE).
- Review and advise on long-term and annual development plans.

Quality of Health Care Services Sub-Committee Responsibilities

- Monitor key service delivery indicators.
- Identify performance gaps at service delivery points.
- Address and resolve complaints raised by clients or community members.

Roles and Responsibilities

Chairperson:

- Convene and chair all HMC meetings.
- Provide strategic oversight and leadership.
- Facilitate formation and coordination of sub-committees.
- Lead succession planning and board performance evaluations.

Secretary:

- Maintain accurate and up-to-date board records and minutes.
- Coordinate meeting schedules and disseminate materials.
- Communicate board decisions to hospital departments and stakeholders.
- Ensure record-keeping of policies and governance documents.

Remuneration

Board members are entitled to sitting allowances, as determined by the Salaries and Remuneration Commission (SRC) and guided by circulars issued periodically by the County Government or the Ministry of Health.

Conflict Resolution Mechanism

- In the event of conflicts among board members:
 - Issues are formally included in the agenda of a scheduled or special meeting.
 - Concerned members must be present in person.
- Disputes are mediated internally during the meeting and, where necessary, escalated to the County Health Management Team (CHMT) for resolution.

9. Management Discussion and Analysis

Operational and Clinical Performance Overview

Kisau Sub-County Hospital, with a bed capacity of 40, continued to provide essential health services under resource-constrained conditions. For the year ending 30th June 2025, key performance indicators showed both progress and challenges influenced by policy changes, staffing dynamics, and partner support.

Outpatient Department (OPD) Services

- ❖ Total OPD attendance declined from 34,945 in FY 2023/2024 to 31,767 in FY 2024/2025, marking a 9% reduction.
- ❖ Key contributing factors include:
 - Introduction of the Social Health Authority (SHA) scheme, under which the facility lacks a contract to provide outpatient services, leading to an increase in out-of-pocket expenses for clients.
 - Staff shortages during annual leave periods, resulting in temporary closure of some departments and reduced service capacity.
 - Exclusion of PHC services from Level 4 facilities under SHA framework, redirecting basic care services elsewhere.

Inpatient Services

- ❖ Average Length of Stay (ALOS): 3 days.
- ❖ Bed Occupancy Rate increased from 24% to 31%, attributed to:
 - Enhanced clinical management and prompt diagnosis.
 - Regular daily ward rounds and follow-ups.
 - Community-based health screening and improved referral systems.
 - Availability and security of medical commodities.

Specialized Clinics

- ❖ Specialized clinic attendance grew from 12,949 to 14,569, supported by:
 - Increased referrals from Primary Health Care (PHC) facilities within the Primary Care Network (PCN).
 - Better scheduling and commodity availability, allowing for spaced and stable clinic visits.

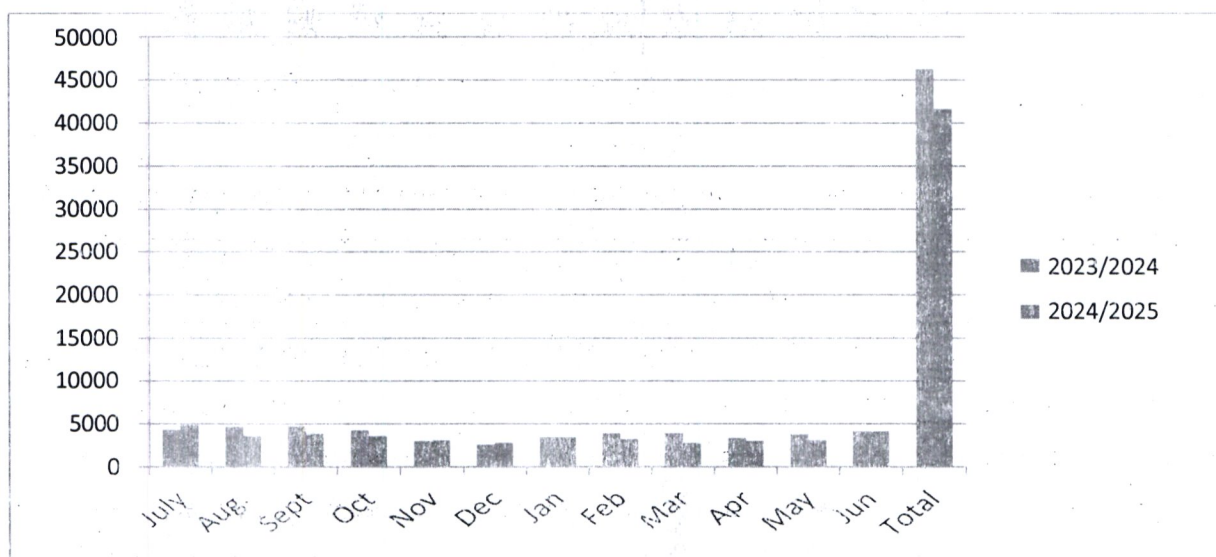
Challenges and Constraints

- ❖ Partner Support: The hospital currently relies solely on PEPFAR-CIHEB Kenya, under the Uzinduzi Project, which supports the HIV/TB program. The absence of other implementing partners has limited programmatic expansion.
- ❖ Staffing Gaps: Staff on leave are not consistently replaced, leading to reduced departmental activity.
- ❖ SHA Implementation: Lack of outpatient service contracts under the new health insurance scheme has led to reduced client load and increased out-of-pocket payments.
- ❖ Access to Services: Booking systems and limited maternity open days due to staffing and resource constraints have impacted access, especially for maternal health services

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

Workload

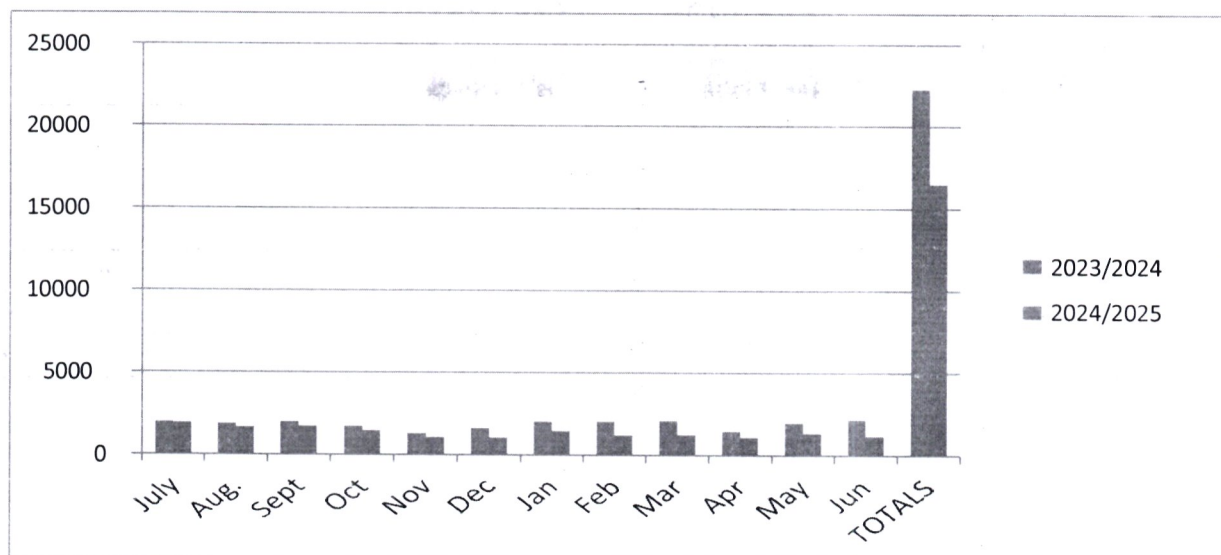
FY	July	Aug.	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
2023/2024	4335	4650	4708	4301	3004	2629	3470	3905	3943	3394	3800	4110	46,249
2024/2025	4826	3620	3860	3636	3082	2851	3500	3219	3173	2804	3055	3095	40,721



In the period under review, the hospital workload decreased from 46,249 approximately cases to 40,721. This was occasioned by new National Medical Scheme (SHA) transition, empowerment of UHC under the PHC and PCNs, staff shortage leading to closing of some of the departments due to annual leave, spaced clinics, health educations and preventive medicine, Stable supply of commodities whereby patient used to frequently come for services to confirm availability of commodities already out of stock are getting at least long period refill hence reduce frequency of visiting the hospital. Under-utilization of the maternity department due to lack of theatre also led to patients travelling to nearby facility with theatre for emergency preparedness mitigation.

OUTPATIENT

F/Y	July	Aug.	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	TOTALS
2023/2024	1986	1885	1998	1722	1295	1608	2044	2053	2099	1465	1961	2171	22,287
2024/2025	1945	1673	1735	1476	1085	1051	1469	1210	1243	1102	1331	1166	16,486

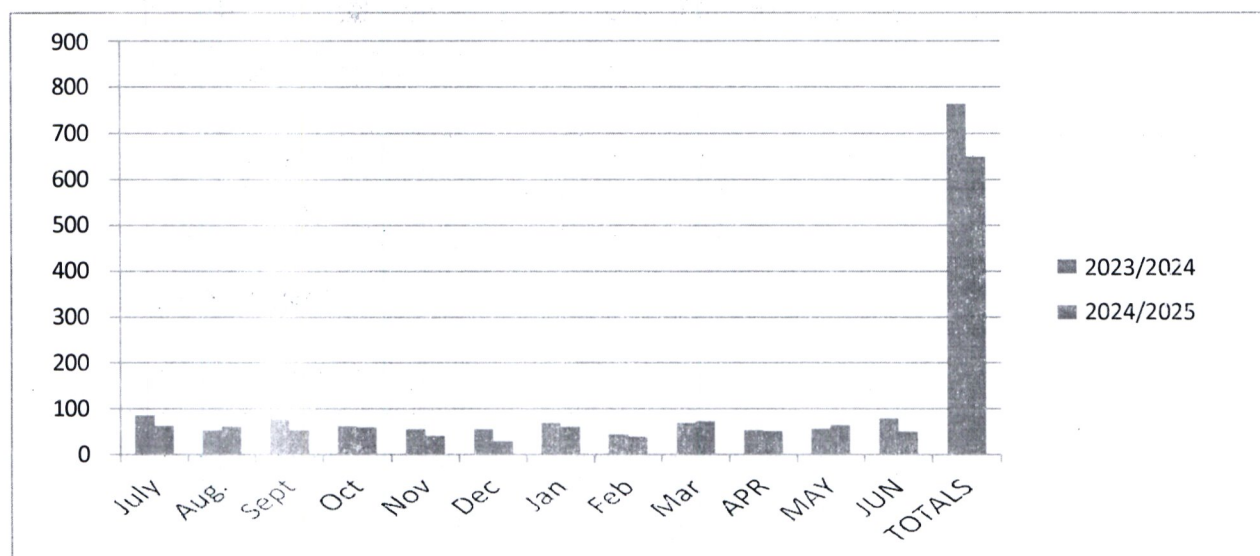


The outpatient workload was the most affected by SHA transition, decreased from 22,287 to 16,486 as indicated by the graph. This was contributed SHA transition, spaced clinics empowerment of PHC through PCN, adequate stocking which increased dispensing period, patient developed notion that facilities with theatre are better for them to be followed from especially MCH hence causing reduce workload in the department. Some department remain closed while staff proceeding to annual leave hence a contributor to decreased workload

INPATIENT

F/Y	July	Aug.	Sept	Oct	Nov	Dec	Jan	Feb	Mar	APR	MAY	JUN	TOTALS
2023/2024	86	53	77	62	56	56	70	44	70	54	57	79	764
2024/2025	63	61	54	60	41	30	61	39	73	52	65	51	650

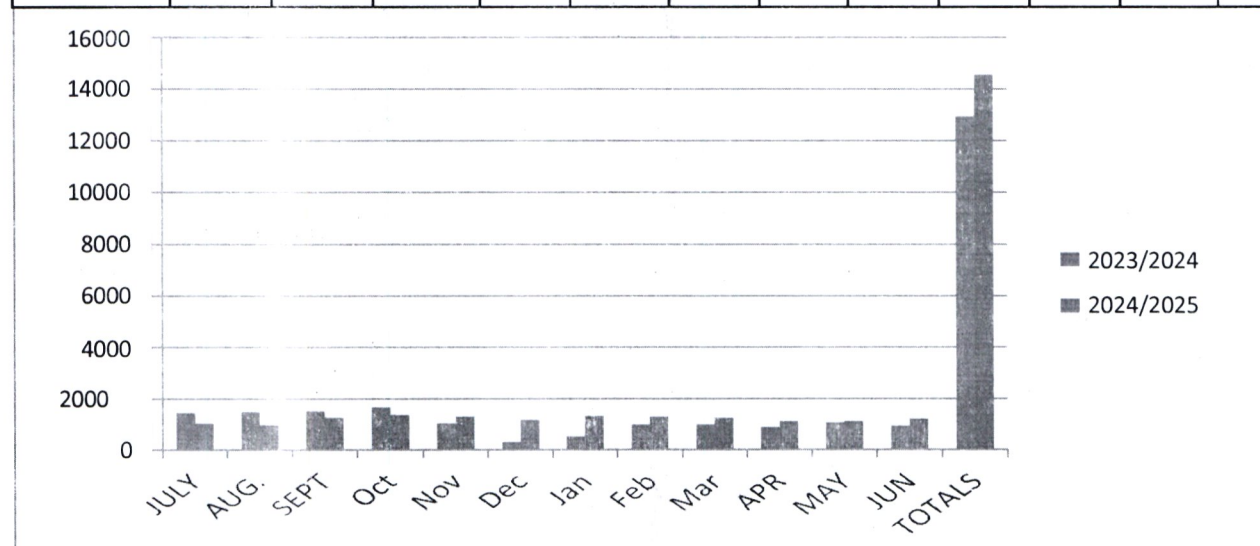
Kisau Sub County Hospital (Government of Makueni County)
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The inpatient workload reduced from 764 to 650. This has been occasioned by PHC approach and operationization of PCNs as well as preventive primary healthcare approach at the community level improving on early diagnosis and treatment and timely referral.

SPECIALIZED CLINIC

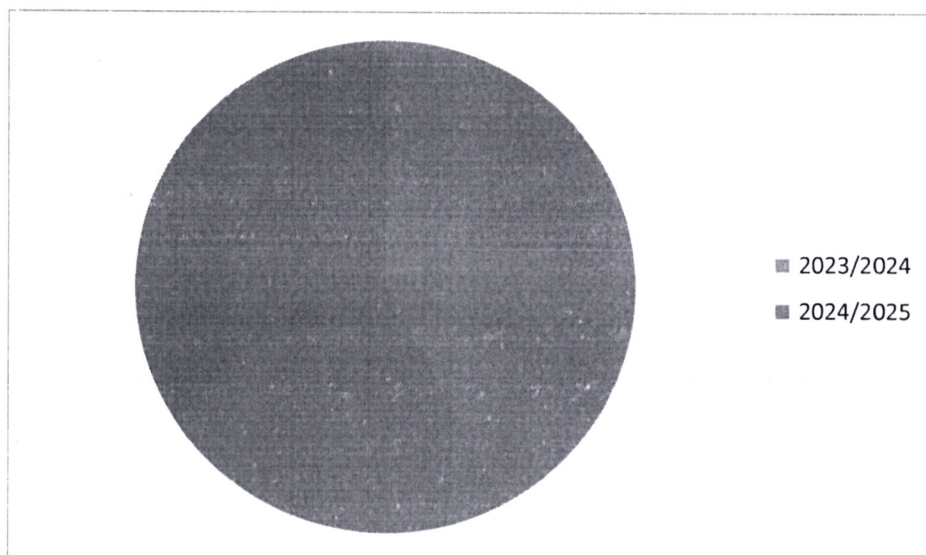
F/Y	JULY	AUG.	SEPT	Oct	Nov	Dec	Jan	Feb	Mar	APR	MAY	JUN	TOTALS
2023/2024	1468	1504	1542	1667	1038	317	515	995	998	896	1060	949	12,949
2024/2025	1045	986	1277	1387	1315	1188	1323	1302	1255	1139	1137	1215	14,569



The introduction of PCNs empowering CHPs, under PHC networks of care, reverse referral system. This has improved on the quality of Health Care and access to specialized clinics and hence the numbers

increased from 12,949 to 14,569 patients in period of comparison, with support from existing community units and their referral tools.

BED CAPACITY.



The Hospital bed capacity increased from 29 to 40 for period 2023-2024 and for 2024-2025. This and been done through setting aside a budget to maintain the already broken bed in the store. The hospital lack enough patient wards and therefore huge investment in expansion is needed in this area.

ALOS

The average length of stay is an indicator of efficiency in the provision of inpatient health care in the hospital. The average length of stay was 3 days, this has remained the same and has been occasioned by quality care improvement of inpatients, staff on job training, frequent updates and continuous weekly medical education, daily ward rounds, hence more proficiency in handing patient on case basis.

Mortality Rate

Mortality rate has remained the same i.e, 0.0001 deaths per 1000 admissions, these deaths are majorly old age and unavoidable. This has been confirmed during the audits carried out in every mortality reported. The facility has not reported any case of maternal mortality. This has been necessitated by continuous monthly maternity open days involving all the concerned department to address different maternal related topics for all antenatal mothers and impressing of group ANC

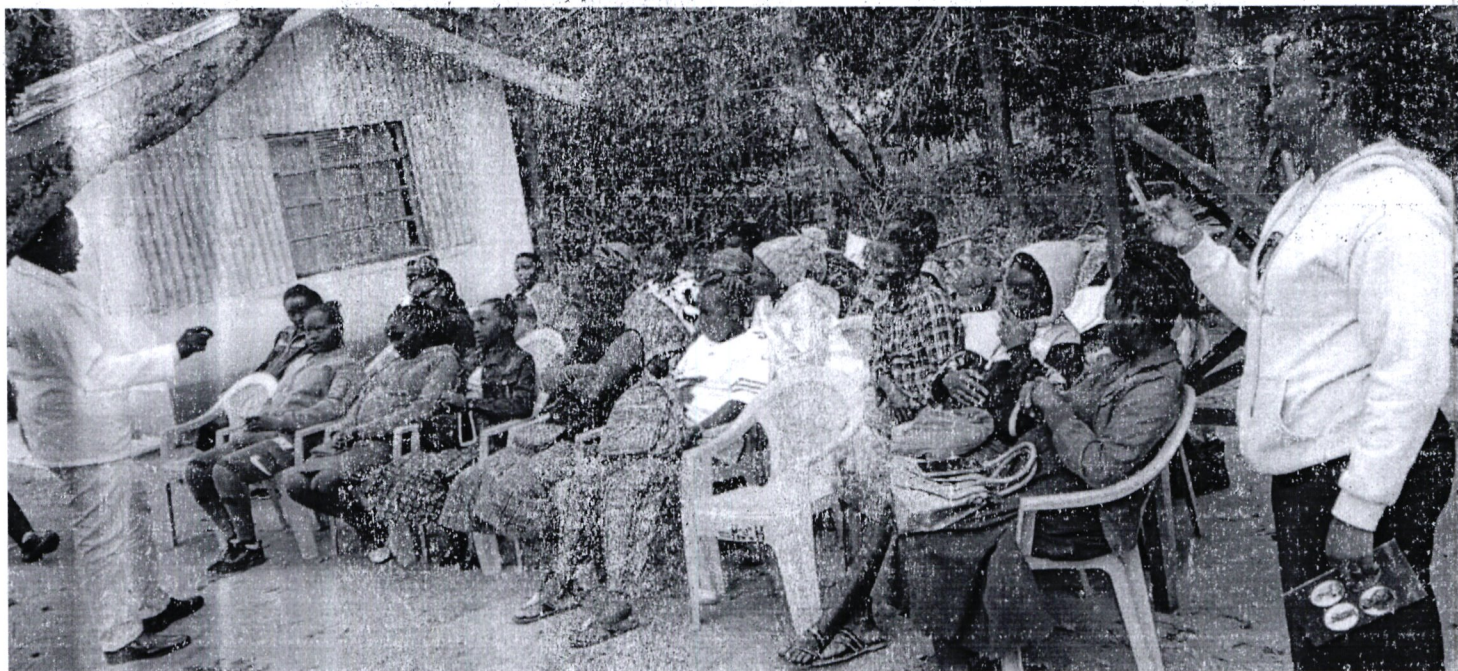
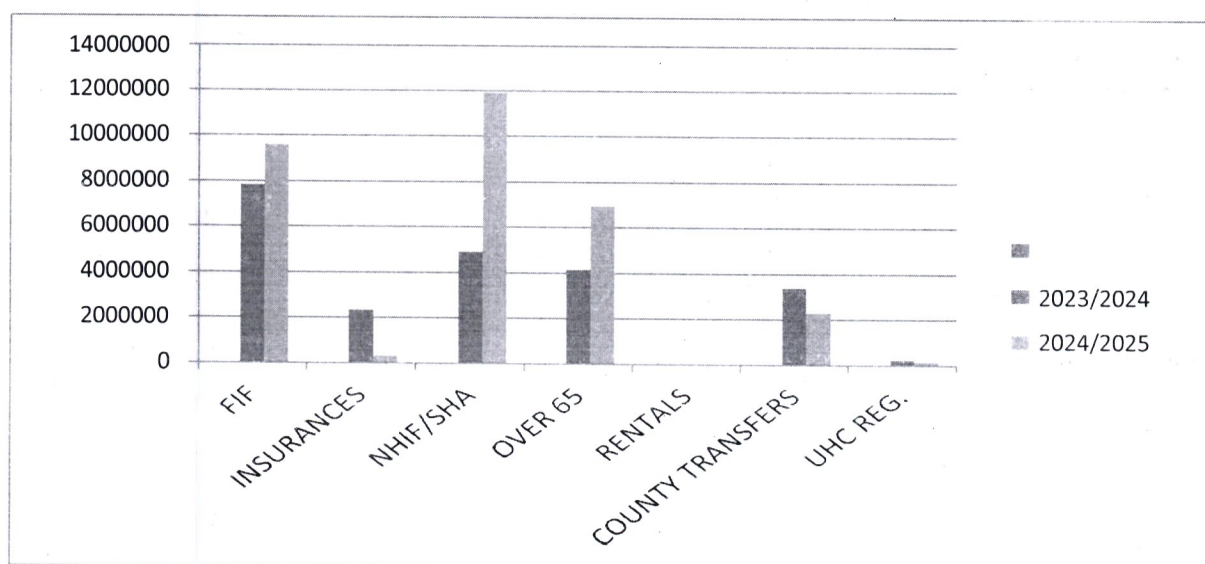


FIG 7: Addressing mothers during maternity opening day with support from staff deployed in MCH

REVENUE SOURCES

F/Y	FIF	INSURANCE S - TRIDENT, A AR	NHIF/SHA	OVER 65	RENTALS	COUNTY TRANSFER S	UHC REG
2023/2024	7,843,343	2,361,000	4,909,654	4,153,295	6,000	3,400,000	238,000
2024/2025	9,615,431	338,012	11,834,950	6,948,116	24,000	2,300,000	157,000



The diagram above illustrates revenue trends for Kisau Sub-County Hospital from various sources including Facility Improvement Fund (FIF), NHIF reimbursements, UHC funds, and Madison Insurance.

FIF collections show a gradual increase over the years, signaling enhanced revenue collection methods, expanded healthcare services, and improved accountability. However, NHIF and UHC receipts indicate a decline in the period under review, primarily due to delayed disbursements from both the County Government and NHIF. Despite external challenges, the hospital continues to demonstrate resilience in internally generated revenue, especially through FIF.

Key Revenue Sources:

- Facility Improvement Fund (FIF)
- National Hospital Insurance Fund (NHIF)
- Universal Health Coverage (UHC)
- Madison Insurance

10. Environmental And Sustainability Reporting

Kisau Sub-County Hospital exists to transform lives by putting the client at the center of service delivery while pursuing operational excellence. Environmental sustainability, social responsibility, and ethical market practices remain at the core of the hospital's strategy

i) Sustainability strategy and profile

Kisau SCH is committed to engaging its key stakeholders—including patients, staff, trade unions, suppliers, funders, government authorities, community members, and media—through structured and regular interactions. Accountability, transparency, and responsiveness form the foundation of these engagements.

ii) Environmental performance

Key environmental impact areas include:

- Resource consumption: Mainly electricity and water.
 - Healthcare waste management: Proper segregation, treatment, and disposal of medical waste
- Climate change considerations: The hospital is aware of the potential impacts of climate-related events (e.g., rising utility costs, extreme weather) and remains committed to minimizing its environmental footprint.

Efforts include:

- Maintaining a clean, green, and flowered compound.
- Tree-planting initiatives to promote a healthy ecosystem.

iii) Employee welfare

Recognizing the challenges in healthcare staffing, Kisau SCH prioritizes a conducive work environment to attract and retain skilled personnel, particularly in emergency services and clinical departments.

Human Resource development initiatives include:

Supporting Continuous Medical Education (CMEs).

Sponsoring staff for conferences and advanced training.

Prioritizing resting facilities and wellness support for frontline workers

11. Report of The Board of Management

The Board of Management of Kisau Sub-County Hospital is pleased to submit the Annual Financial Statements for the period ending 30th June 2025, presenting the hospital's financial position and summarizing its operational performance during the reporting period.

Principal Activities

Kisau Sub-County Hospital remains committed to delivering quality, affordable, and accessible healthcare services to the residents of Makueni County and beyond. The hospital provides a comprehensive range of health services, including:

1. General Outpatient and Inpatient Care
2. Medical Clinics and Comprehensive Care Clinic (CCC)
3. Laboratory, Radiology, and Pharmacy Services
4. Maternity and Child Welfare Services
5. Physiotherapy and Psychological Support Services
6. Occupational and nutrition services
7. Clinical Training for Kenya Medical Training College (KMTC) students

Board Composition

During the reporting period, the hospital experienced a transition between two successive Board teams. The handover was conducted in a structured and transparent manner, ensuring continuity of leadership and governance. Further details on the composition and transition of the Board can be found in **Annex Pages ix–xi**.

Audit Oversight

Kisau Sub-County Hospital is audited by the Office of the Auditor General, in accordance with Article 229 of the Constitution of Kenya and the provisions of the Public Audit Act, 2015.

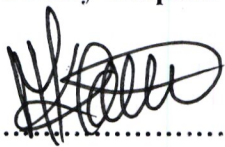
In addition to external audits, the hospital has significantly strengthened its internal audit systems to ensure accountability, transparency, and financial integrity in all operations.

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

Conclusion

The Board of Management reaffirms its commitment to providing strategic leadership, ensuring prudent use of resources, and supporting the hospital in delivering high-quality healthcare services to the community.

By Order of the Board
HMC
Kisau Sub-County Hospital



.....
Name: Augustus Maundu
Secretary to the Board



12. Statement of Board of Management's Responsibilities

In accordance with Section 164 of the Public Finance Management Act, 2012, the Board of Management is mandated to prepare and submit financial statements that give a true and fair view of Kisau Sub-County Hospital's financial affairs. The Board is responsible for:

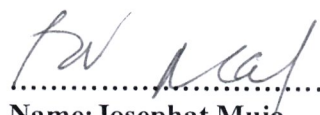
1. Maintaining adequate and effective financial management systems.
2. Ensuring the hospital keeps proper accounting records.
3. Implementing internal controls to ensure the reliability of financial reporting and the prevention of fraud or material misstatements.
4. Safeguarding hospital assets and resources.
5. Selecting appropriate accounting policies and making reasonable estimates.
6. Ensuring compliance with International Public Sector Accounting Standards (IPSAS) and the provisions of the PFM Act, 2012.

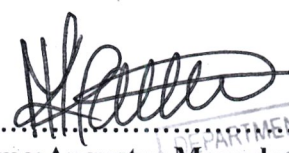
The Board confirms that:

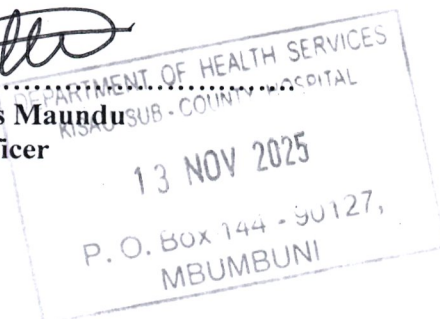
- The financial statements for the period ending 31st June 2025 present a true and fair view of the hospital's financial position.
- The underlying records and internal systems are complete and adequate.
- Kisau SCH is expected to remain a going concern for the next 12 months from the date of this statement.

Approval of the Financial Statements

The financial statements were approved by the Board on 13-11-2025 and signed on its behalf by:


.....
Name: Josephat Muia
Chairperson
Board of Management


.....
Name: Augustus Maundu
Accounting Officer



REPUBLIC OF KENYA

Telephone: +254-(20) 3214000

Email: info@oagkenya.go.ke

Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR - GENERAL ON KISAU 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 Kisau Sub-County Level 4 Hospital - County Government of Makueni set out on pages 1 to 60, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial

performance, statement of changes in net assets, statement of cash flows and 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 Kisau 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, County Governments 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 32 to the financial statements reflect property, plant and equipment balance of Kshs.9,815,806. However, review of the Hospital's records and physical verification revealed various assets including land, buildings and motor vehicles which were not disclosed in the financial statements. Further, ownership documents for the land were not provided for audit review.

In the circumstances, the accuracy, completeness and ownership of property, plant and equipment balance of Kshs.9,815,806 could not be confirmed.

2. Long Outstanding Receivables

The statement of financial position reflects receivables from exchange transactions totalling Kshs.16,061,396 as disclosed in Note 29 to the financial statements. However, receivables totalling Kshs.12,901,289 have been outstanding for more than twelve (12) months. No measures had been put in place to recover the long outstanding debts. In addition, there was no provision for bad and doubtful debts.

In the circumstances, the accuracy and recoverability of the receivables from exchange transactions totalling Kshs.12,901,289 could not be confirmed.

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



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.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis of Kshs.28,308,013 and Kshs.22,487,581 respectively resulting in a shortfall of Kshs.5,820,432 or approximately 21% of the budgeted revenue.

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 to this matter.

Other Information

The Management are responsible for the Other Information set out on pages iii to xli 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 June, 2025 revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to staff deficits by eighty-seven (87) or approximately 86% 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	0	16	100
Anesthesiologists	2	0	2	100
General Surgeons	2	0	2	100
Gynaecologists	2	0	2	100
Paediatrics	2	0	2	100%
Radiologists	2	0	2	100%
Kenya Registered Community/Health Nurses	75	14	61	81.33%
Total	101	14	87	86%

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	40	110	73.30
Resuscitative (2 in Labor & 1 in Theatre	3	0	3	100
New Born Unit Incubators	5	0	5	100
New born unit cots	5	0	5	100
Functional ICU Beds	6	0	6	100
High Dependency Unit (HDU) Beds	6	0	6	100

Renal Unit with at least 5 Dialysis Machines	5	0	5	100
Two Functional operational theatres - Maternity & General (Non in Maternity)	2	0	2	100

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

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

2. Irregular Engagement of Casual and Contractual Workers

As previously reported, the statement of financial performance and as disclosed in Note 16 to the financial statements reflect employee costs totalling Kshs.6,053,676. However, review of documents revealed that Management engaged casual workers for more than three (3) months. This is contrary to the provisions of Section 37 of the Employment Act, 2007, which stipulates that casual employee shall not be engaged for more than three (3) months.

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 evidence 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, except for the effect of the matters described in the Basis for

Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

Internal Control Weaknesses

i) Lack of an Approved Strategic Plan

Review of documents revealed that the Hospital's strategic plan had not been approved. Lack of a Strategic Plan exposes the Hospital to significant risks, including misallocation of resources, inability to track performance, non-compliance with Public Sector Governance Standards, operational inefficiencies, and reputational harm. Strategic Plan is critical to ensure aligned, accountable, effective service delivery and supports in the budget making process of the Hospital.

ii) Lack of Internal Audit Function

Review of documents revealed that the Hospital had not established an internal Audit function. There were no audit reports provided for audit review by the County Internal Audit. This is contrary to Section 155(1) of the Public Finance Management Act, 2012 which states that, a County Government entity shall ensure that it has appropriate arrangements for conducting internal audit according to the guidelines issued by the Accounting Standards Board.

iii) Lack of a Finance Policy

The Hospital operated without a formal Finance Policy to govern budgeting, expenditure control and Financial Management processes.

In the circumstances, the effectiveness of internal controls, risk management and governance of the Hospital could not be confirmed

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

Responsibilities of 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

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

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

Description	Note	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	2,300,000	3,400,000
In- kind contributions from the County Government	7	36,966,486	38,279,714
Grants from donors and development partners	8	-	-
Transfers from other Government entities	9	-	-
Public contributions and donations	10	-	-
		39,266,486	41,679,714
Revenue from exchange transactions			
Rendering of services- Medical Service Income	11	10,110,443	9,375,051
Revenue from rent of facilities	12	24,000	10,000
Finance /Interest Income	13		-
Miscellaneous Income	14	18,783,066	14,266,803
Revenue from exchange transactions		28,917,509	23,651,854
Total revenue		68,183,995	65,331,569
Expenses			
Medical/Clinical costs	15	6,340,529	5,138,384
Employee costs	16	6,053,676	4,996,792
Board of Management Expenses	17	325,780	325,060
Depreciation and amortization expense	18	1,477,985	2,063,760
Repairs and maintenance	19	1,704,873	1,810,651
In- kind expenses	7	36,966,487	38,279,714
General expenses	21	8,804,579	8,327,578
Finance costs	22	-	-
Total expenses		61,673,909	60,941,941
Other gains/(losses)			

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

Description	Note	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
Gain/Loss on disposal of non-Current assets	23	-	-
Unrealized gain on fair value of investments	24	-	-
Medical services contracts Gains/Losses	25	-	1,562,805
Impairment loss	26	8,232	11,760
Gain on foreign exchange transactions		-	-
Total other gains/(losses)		8,232	1,574,565
Net Surplus / (Deficit) for the year		6,501,854	2,815,061

The Hospital's financial statements were approved by the Board on 13-11-2025 and signed on its behalf by:



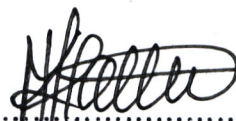
Chairman

Board of Management

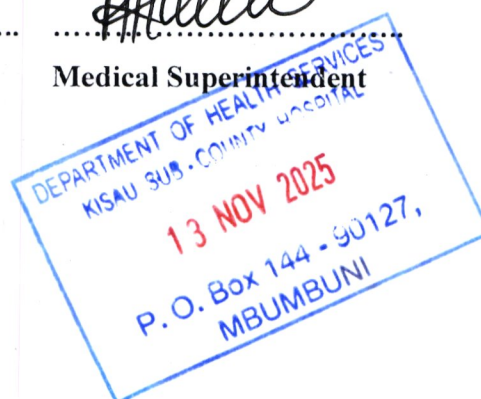


Head of Finance

ICPAK No: 34407



Medical Superintendent



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

Description	Note	FY2024/2025	FY2023/2024
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	27	4,704,602	4,021,869
Prepayments	28	-	-
Receivables from exchange transactions	29	16,061,396	7,270,610
Receivables from non-exchange transactions	30		-
Inventories	31	748,450	2,419,398
Total Current Assets		21,514,448	13,711,878
Non-current assets			
Property, plant, and equipment	32	9,815,806	11,070,291
Intangible assets	33	19,208.00	27440
Investment property	34	-	-
Biological Assets	35	-	-
Total Non-current Assets		9,835,014	11,097,731
Total assets (A)		31,349,462	24,809,609
Liabilities			
Current liabilities			
Trade and other payables	36	1,645,898	2,219,226
Refundable deposits from Patients/Prepayments	37	-	-
Provisions	38	-	-
Finance lease obligation	39	-	-
Current portion of deferred income	40		-
Current portion of borrowings	41	-	-
Total Current Liabilities		1,645,898	2,219,226
Non-current liabilities			
Provisions	38	-	-
Non-Current Finance lease obligation	39	-	-
Non-Current portion of deferred income	40	-	-
Non - Current portion of borrowings	41	-	-

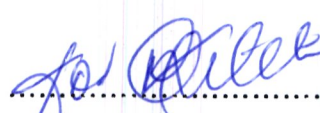
Kisau Sub County Hospital (Government of Makueni County)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Description	Note	FY2024/2025	FY2023/2024
		Kshs	Kshs
Service concession Arrangements	42	-	-
Total non-current liabilities		-	-
Total Liabilities (B)		1,645,898	2,219,226
Net assets (A-B)		29,703,564	22,590,383
Represented by:			
Revaluation reserve		-	-
Accumulated surplus/Deficit		9,316,916	2,815,062
Capital Fund		20,386,648	18,953,971
Net Assets		29,703,564	21,769,033

The Hospital's financial statements were approved by the Board on 13-11-2025 and signed on its behalf by:



Chairman
Board of Management



Head of Finance
ICPAK No: 34407



Medical Superintendent



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

Description	Revaluation n reserve	Accumulated surplus/Defici t	Capital Fund	Total
As at July 1, 2023	-	(30,679)	18,091,531	18,060,852
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	2,815,062	2,885,062	2,885,062
Capital/Development grants	-		18,593,971	18,593,971
As at June 30, 2024	-	2,815,062	36,685,502	39,539,885
				-
At July 1, 2024	-	2,815,062	20,386,648	23,201,710
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	6,501,854	-	6,501,854
Capital/Development grants	-	-	-	-
At June 30, 2025		9,316,916	20,386,648	29,703,564

Kisau Sub County Hospital (Government of Makueni County)
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	6	2,300,000	3,400,000
Grants from donors and development partners		-	-
Transfers from other Government entities		-	-
Public contributions and donations		-	-
Rendering of services- Medical Service Income		10,110,443	7,812,246
Revenue from rent of facilities		24,000	-
Finance / interest income		-	10,000
Miscellaneous receipts(<i>SHA/NHIF-INSURANCES</i>)		10,053,138	9,570,644
Total Receipts		22,487,581	20,792,890
Payments			
Medical/Clinical costs		5,750,424	5,303,095
Employee costs		6,053,676	5,143,807
Board of Management Expenses		325,780	325,060
Repairs and maintenance		1,644,632	1,804,322
Grants and subsidies		-	-
General expenses		8,079,810	8,548,997
Finance costs		-	-
Refunds paid out		-	-
Total Payments		21,711,936	21,125,281
Net cash flows from operating activities	43	775,645	(332,392)
Cash flows from investing activities			
Purchase of property, plant, equipment		(92,912)	(363,250)
Purchase of intangible assets		-	-
Proceeds from the sale of PPE		-	-
Acquisition of investments		-	-
Net cash flows used in investing activities		682,733	(695,642)
Cash flows from financing activities		-	
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Capital grants received		-	-

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Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		682,733	(695,641)
Cash and cash equivalents as at 1 July	27	4,021,869	4,717,510
Cash and cash equivalents as at 30 June	27	4,704,602	4,021,869

Kisau Sub County Hospital (Government of Makueni County)
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	6,000,000	-	6,000,000	2,300,000	3,700,000	39%
Grants from donors and development partners	-	-	-	-	-	-
Transfers from other Government entities	-	-	-	-	-	-
Public contributions and Donations	-	-	-	-	-	-
Rendering of services- Medical Service Income	11,954,875	-	11,954,875	10,110,443	1,844,432	85%
Revenue from rent of Facilities	-	24,000	24,000	24,000	-	100%
Finance / interest income	-	-	-	-	-	-
Miscellaneous receipts (NHIF/SHIF)	10,353,138	(24,000)	10,329,138	10,053,138	276,000	98%
Total receipts	28,308,013	-	28,308,013	22,487,581	5,820,432	
Payments						
Medical/Clinical costs	9,357,029	(1,737,680)	7,619,349	5,608,038	671,968	91%
Employee costs	6,910,050	(551,160)	6,358,890	6,053,677	201,341	97%
Remuneration of directors	360,400	-	360,400	325,780	34,620	91%
Repairs and maintenance	2,670,000	288,840	2,958,840	1,644,632	996,696	67%
Grants and subsidies						
General expenses	9,010,534	2,000,000	11,010,534	8,079,810	2,318,390	79%
Finance costs	-	-	-	-	-	
Refunds						
Total Operational Expenditure paid	28,308,013	-	28,308,013	21,711,936	4,796,068	
Capital Expenditure Paid			-	(92,912)	-	
Surplus	-	-	-	682,733		

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

Budget notes

N/B The above figures have been arrived at by subtracting the opening payables from the total payments incurred during the year.

- 1. Transfers from the County Government -38%- This arose due to limited resources allocation to the county Department of Health which led to reduced funding by the department.*
- 2. Medical service income-84%- This has been caused by delayed disbursements from the insurance companies-Trident and madison. We have had a follow-up and they promised to owner their dues.*
- 3. Repairs and maintenance-66%-this has been due late installation of a service generator whose repair costs had been budgeted for in the period under review.*
- 4. General expenses-79%- This was partly caused by the County government who had issued and advisory on purchase of computers which we had budgeted for, electricity, purchase of staff uniforms ,bedding and linen whose procurement didn't take place due to limited resources.*

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	682,733
1	Opening balances	4,021,869
2	Depreciation	
3	Medical service contracts	
	Closing Cash and Cash Equivalent as per the statement of Cash flows	4,704,602

19. Notes to the Financial Statements

1. General Information

Kisau Sub County Hospital (KSCH) is a level 4 hospital established under gazette notice number Vol CXI –No. 103 of 11th December 2011 and is domiciled in Makueni County under the Health Department. The hospital lies on Wote Masii road at Mbumbuni Market in Kisau/Kiteta and Kako Waia ward boundaries. The entity's principal activity is rendering of medical services .

2. Statement of Compliance and Basis of Preparation

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

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

3. Adoption of New and Revised Standards

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

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

Standard	Effective date and impact:
Equipment	assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.
IPSAS 46 Measurement	<i>Applicable 1st January 2025</i> The objective of this standard was to improve measurement guidance across IPSAS by: i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. The standard also introduces a public sector specific measurement bases called the current operational value.
IPSAS 47- Revenue	<i>Applicable 1st January 2026</i> This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.

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

Standard	Effective date and impact:
IPSAS 48- Transfer Expenses	<i>Applicable 1st January 2026</i> The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS 49- Retirement Benefit Plans	<i>Applicable 1st January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<i>Applicable 1st January 2027</i> The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires: i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.

iii) Early adoption of standards

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

4. Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

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

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

Notes to the Financial Statements (Continued)

Rental income

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

b. Budget information

The original budget for FY 2024-2025 was approved by Board on 19th July 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations of – on the FY 2024-25 budgets following the Board's approval. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

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

c. Taxes

Sales tax/ Value Added Tax

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

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

Notes to the Financial Statements (Continued)

d. Investment property

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

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

e. Property, plant and equipment

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

However the land and buildings is in the process of revaluation by County Government in order to be recognized in the hospital books

Notes to the Financial Statements (Continued)

f. Leases

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

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

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

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

g. Intangible assets

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

Notes to the Financial Statements (Continued)

h. Biological Assets

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

i. Research and development costs

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

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

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

j. Financial instruments

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

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The

entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note 26*.

Financial liabilities

Classification

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

k. Inventories

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

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

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

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

l. Provisions

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

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

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

Notes to the Financial Statements (Continued)

m. Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognized a social benefit as an expense for the social benefit scheme at the same time that it recognized 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

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.

s. Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being

acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

t. Related parties

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

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 recognized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

x. Comparative figures

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

y. Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. 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.

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

Notes to Financial Statements Continued

6. Transfers from the County Government

Description	FY 2024/2025	FY2023/2024
	KShs	KShs
Unconditional grants		
Operational grant	2,300,000	3,400,000
Level 4/5 grants	-	-
Unconditional development grants	-	-
Other grants	-	-
	2,300,000	3,400,000
Conditional grants	-	
User fee forgone	-	-
Transforming health services for Universal care project (THUCP)	-	-
DANIDA	-	-
Wards Development grant	-	-
Paediatric block grant	-	-
Administration block grant	-	-
Laboratory grant	-	-
Total government grants and subsidies	2,300,000	3,400,000

6 b Transfers from The County Government

Name of the Entity sending the grant	Amount recognized to Statement of financial performance* KShs	Amount deferred under deferred income KShs	Amount 28recognize d in capital fund.	Total grant income during the year	Comparative Period- 203/24
			KShs		
Makueni County Government	2,300,000.00	-	-	2,300,000	3,400,000
Total	2,300,000.00	-	-	2,300,000	3,400,000

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

Notes to Financial Statements Continued

7. In Kind Contributions from The County Government

Description	FY2024/2025	FY2023/2024
	KShs	KShs
Salaries and wages	29,869,831	32,953,560
Medical supplies-Drawings Rights (KEMSA)	2,703,374	5,059,703
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	1,404,281	-
X-RAY MACHINE	2,989,000	266,452
Total grants in kind	36,966,486	38,279,715

8. Grants From Donors and Development Partners

Description	FY2024/2025	FY2023/2024
	KShs	KShs
Cancer Centre grant- DANIDA	-	-
World Bank grants	-	-
Paediatric ward grant- JICA	-	-
Research grants	-	-
Other grants	-	-
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 recognized in capital fund.	Total grant income during the year	Comparative Period
	KShs	KShs	KShs	KShs	KShs
Donor e.g., DANIDA	-	-	-	-	-
JICA	-	-	-	-	-
World Bank	-	-	-	-	-
Total	-	-	-	-	-

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

Notes to Financial Statements Continued

9. Transfers From Other Government Entities

Description	FY2024/2025	FY2023/2024
	KShs	KShs
Transfer from National Government (Ministry of Health)	-	-
Transfer from-National Hospital	-	-
Transfer from – Institute	-	-
Total Transfers	-	-

10. Public Contributions and Donations

Description	FY2024/2025	FY2023/2025
	KShs	KShs
Public donations	-	-
Donations from local leadership	-	-
Donations from religious institutions	-	-
Donations from other international organisations and Individuals	-	-
Other donations	-	-
Donations in kind-amortised	-	-
Total donations and sponsorships	-	-

10 (a)Reconciliations of amortised grants

Description	FY2024/2025	FY2023/2024
	Kshs	Kshs
Balance unspent at beginning of year	-	-
Current year receipts	-	-
Amortised and transferred to revenue	-	-
Conditions to be met – remain liabilities	-	-

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

Notes to Financial Statements Continued

11. Rendering of Services-Medical Service Income

Description	FY2024/2025	FY2023/2024
	Kshs	Kshs
Pharmaceuticals	2,335,322	2,026,497
Non-Pharmaceuticals	529,295	517,950
Laboratory	3,175,196	1,663,100
Radiology	304,300	207,050
Orthopedic and Trauma Technology	547,600	565,250
Inpatient	378,350	523,250
Outpatient	1,050,935	833,720
Medical examination	145,350	86,100
Medical report	897,225	36,000
Nutrition	32,800	6,600
Physiotherapy	28,000	15,700
Occupational therapy	76,365	4,050.00
Medical report	-	1,210,240
Counselling	33,500	20,000
Farewell home services		-
Ambulance services	308,000	96,000
Other medical services income	268,205	490
Waivers and exemptions		1,562,805
Total revenue from the rendering of services	10,110,443	9,375,051

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

Notes to the Financial Statements (Continued)

12. Revenue From Rent of Facilities

Description	FY2024/2025	FY2023/2024
	Kshs	Kshs
Residential property	-	-
Commercial property	24,000	10,000
Total Revenue from rent of facilities	24,000	10,000

13. Finance /Interest Income

Description	FY2024/2025	FY2023/2024
	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	-	-

(Provide brief explanation for this revenue)

14. Miscellaneous Income

Description	FY2042025	FY2023/2024
	KShs	KShs
Social Health Authority	6,996,876	-
Trident Insurance Co.	185,027	8543,544
Madison Insurance Co.	152,985	-
Makueni care-over 65	4,262,938	5,487,160
Write backs (Deposits, payments in advance etc)		-
Bad debts recovered		-
NHIF, SHA RECOVERIES	7,185,240	236,100
Total Miscellaneous income	18,783,066	14,266,804

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

Notes to the Financial Statements (Continued)

15. Medical/ Clinical Costs

Description	FY2024/2025	FY2023/2024
	Kshs	Kshs
Dental costs/ materials	-	-
Laboratory chemicals and reagents	1,258,990	999,515
Public health activities	-	-
Food and Ration	2,640,780	2,402,340
Uniform, clothing, and linen	-	-
Dressing and Non-Pharmaceuticals	819,684	576,087
Pharmaceutical supplies	629,082	297,614
Health information stationery	-	-
Reproductive health materials	-	-
Sanitary and cleansing Materials	613,117	450,729
Purchase of Medical gases	-	38,100
X-Ray/Radiology supplies	322,847	374,000
Other medical related clinical costs (<i>Medical equipments</i>)	56,029	-
Total medical/ clinical costs	6,340,529	5,138,385

16. Employee Costs

Description	FY2024/2025	FY2023/2024
	Kshs	Kshs
Salaries, wages, and allowances	6,053,676	4,350,833
Contributions to pension schemes	-	391,724
Service gratuity	-	-
Performance and other bonuses	-	-
Staff medical expenses and Insurance cover	-	-
Group personal accident insurance and WIBA	-	-
Social contribution	-	148,950
Other employee costs	-	105,285
Employee costs	6,053,676	4,996,792

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

Notes to the Financial Statements (Continued)

17. Board of Management Expenses

Description	FY2024/2025	FY2023/2024
	Kshs	Kshs
Chairman's Honoraria	325,780	-
Sitting allowance	-	109,000
Mileage	-	-
Insurance expenses	-	-
Induction and training	-	-
Travel and accommodation allowance	-	216,060
Airtime allowances	-	-
Total	325,780	325,060

18. Depreciation and Amortization Expense

Description	FY2024/2025	FY2023/2024
	Kshs	Kshs
Property, plant and equipment	1,477,985	2,063,761
Intangible assets	-	-
Investment property carried at cost	-	-
Total depreciation and amortization	1,477,985	2,063,7601

19. Repairs And Maintenance

Description	FY2024/2025	FY2023/2024
	Kshs	Kshs
Property- Buildings	348,745	556,380
Medical equipment	-	58,000
Office equipment	-	903,932
Furniture and fittings	35,000	58,349
Computers and accessories	566,500	233,901
Motor vehicle expenses	-	-
Maintenance of civil works	754,628	-
Total repairs and maintenance	1,704,873	1,810,652

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

Notes to the Financial Statements (Continued)

20. Grants And Subsidies

Description	FY2024/205	FY2023/2024
	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	-	-
Total grants and subsidies	-	-

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

21. General Expenses

Description	FY2024/2025	FY2023/2024
	Kshs	Kshs
Advertising and publicity expenses	-	-
Catering expenses	1,177,996	1,125,706
Waste management expenses	-	-
Insecticides and rodenticides	-	-
Audit fees	-	-
Bank charges	31,273	52,367
Conferences and delegations	-	70,000
Consultancy fees	-	-
Contracted services	313,462	288,000
Electricity expenses	-	312,793
Fuel and Lubricants-Transport	1,332,587	1,049,137
Fuel and Lubricants-Production	594,084	1,099,656
Other fuels	314,920	303,120
Travel and accommodation allowances	956,430	1,361,785
General office supply	1,865,975	1,118,,834
Printing and stationery	227,493	70,000
Out reaches	-	308,550
Computer accessories	196,500	-
Office Furniture	-	-
Rent expenses	-	-
Water and sewerage costs	409,320	413,199
Skills development levies	-	-
Telephone and mobile phone services	230,100	265,500
Internet expenses	63,700	94,175
Purchase of electrical and electronics	-	378,555
Subscriptions to professional bodies	10,000	16,200
Training and seminars	1,080,740	
Library books/Materials	-	-
Parking charges	-	-
Total General Expenses	8,804,579	8,327,578

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

22. Finance Costs

Description	FY2024/2025	FY2023/2024
	KShs	KShs
Borrowings (amortized cost) *	-	-
Finance leases (amortized cost)	-	-
Interest on Bank overdrafts/Guarantees	-	-
Interest on loans from commercial banks	-	-
Total finance costs	-	-

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

Description	FY2024/2025	FY2023/2024
	KShs	KShs
Property, plant, and equipment	-	-
Intangible assets	-	-
Other assets not capitalised	-	-
Total gain on sale of assets	-	-

24. Unrealized Gain On Fair Value Investments

Description	FY2024/2025	FY2023/2024
	KShs	KShs
Investments at fair value	-	-
Total gain	-	-

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

Notes to the Financial Statements (Continued)

25. Medical Services Contracts Gains /Losses

Description	FY2024/202 5	FY2023/202 4
	KShs	KShs
Comprehensive care contracts with NHIF/SHA	-	-
Non- Comprehensive contracts care with NHIF/SHA-Capitation	- -	-
Linda Mama Program	-	-
Waivers and Exemptions	-	1,562,805
Total Gain/Loss	-	1,562,805

26. Impairment Loss

Description	FY2024/2025	FY2023/2024
	KShs	KShs
Property, plant, and equipment	-	-
Intangible assets	8,232	11,760
Investments	-	-
Total impairment loss	8,232	11,760

27. Cash And Cash Equivalents

Description	FY2024/2025	FY2023/2024
	KShs	KShs
Current accounts	4,704,602	4,021,869
On - call deposits	-	-
Fixed deposits accounts	-	-
Cash in hand	-	-
Others(<i>specify</i>)- Mobile money	-	-
Total cash and cash equivalents	4,704,602	4,021,869

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

Notes to the Financial Statements (Continued)

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

Description		FY2024/2025	FY2023/2024
Financial institution	Account number	KShs	KShs
a) Current account			
Kenya Commercial bank-FIF	1144959446	3,348,183	2,319,666
Kenya Commercial bank-NHIF	1144710537	1,334,230	1,649,050
Kenya Commercial bank-Recurrent	1159865299	22,189	8,153
Sub- total		4,704,602	4,021,869
b) On - call deposits			
Kenya Commercial bank		-	-
Equity Bank – etc		-	-
Sub- total		-	-
c) Fixed deposits account			
Bank Name		-	-
Sub- total		-	-
d) Others			
cash in hand		-	-
Mobile money- Mpesa, Airtel money		-	-
Sub- total		-	-
		-	-
Grand total		4,704,602	4,021,869

Provide disclosure on any restricted cash that the entity is holding.

28. Prepayments

Description	FY2024/2025	FY2023/2024
	Kshs	Kshs
Insurance	-	-
Rent	-	-
Water	-	-
Internet	-	-
Others specify	-	-
Total	-	-

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

29. Receivables From Exchange Transactions

Description	FY2024/2025	FY2023/2024
	KShs	KShs
Medical services receivables	16,061,396	1,783,450
Rent receivables	-	-
Other exchange debtors-Makuenu Health Care	-	5,467,160
Less: impairment allowance	-	-
Total receivables	16,061,396	7,270,610

Analysis of Receivables From Exchange Transactions

Description	FY2024/2025		FY2023/2024	
	Kshs		Kshs	
	Current FY2024/25	% of the total	Comparative FY2023/24	% of the Total
Less than 1 year	3,160,107	20%	1,783,450	100%
Between 1- 2 years	12,901,289	80%	5,487,160	100%
Between 2-3 years	-	-	-	-
Over 3 years	-	-	-	-
Total (a+b)	16,061,396	100%	7,270,610	100%

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

30. Receivables From Non-Exchange Transactions

Description	FY2024-2025	FY2023-2024
	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	FY2024-2025		FY2023-2024	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	-	%	-	%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (a+b)	-	%	-	%

31. Inventories

Description	FY2024-2025	FY2023-2024
	KShs	KShs
Pharmaceutical supplies	60,354	1,344,758
Maintenance supplies	14,050	23,860
Food supplies	31,562	20,560
Dressing & non pharms	216,600	835,682
Laboratory	266,814	
Cleaning materials supplies	28,760	103,080
General supplies	130,310	91,458
Less: provision for impairment of stocks	-	-
Total	748,450	2,419,398

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

Detailed disclosure on inventories

	FY2024-2025	FY2023-2024
Opening balance	-	-
Additional Inventory in the year	-	-
Inventory expensed in the year	-	-
Write-downs in the year	-	-
Others specify	-	-
Closing balance	-	-

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

Notes to the Financial Statements (Continued)

32. Property, Plant and Equipment

Description	Land	Building s and Civil works	Motor vehicle s	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Asset s (speci fy)	Capit al Work in progr ess	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh	Ksh
Cost									
At 1 July 2023	-	-	-	3,552,445	4,715,82	8,746,773	-		12,770,801
Additions	-	-	-	-	-	-	-		-
Disposals	-	-	-	-	-	-	-		-
Transfers/adjustments	-	-	-	-	-	-	-		-
Revaluation Adjustments	-	-	-						
At 30th Jun 2024	-	-	-	4,059,937	830,270	10,236,312	-		15,126,520
	-	-	-						
At 1 July 2024	-	-	-	4,059,937	830,270	10,236,312	-		15,126,520
Additions	-	-	-	34,000	-	189,500	-		223,500
Disposals	-	-	-	-		-	-		-
Transfer/adjustments	-	-	-						
Revaluation Adjustments	-	-	-						
At 30th Jun 2024	-	-	-	4,093,937	830,270	10,425,812	-		15,350,020

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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
Depreciation and impairment				-	-	-	-	-	-
At 1 July 2023		-	-						
Depreciation for the year	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-
At 30 June 2024	-	-	-	1,014,984	512,167	2,529,078	-	-	4,056,229
At July 2024	-	-	-	1,014,984	512,167	2,529,078	-	-	4,056,229
Depreciation				384,869	106,024	987,092	-	-	1,477,985
Disposals	-	-	-			-	-	-	-
Impairment	-	-	-			-	-	-	-
Transfer/adjustment	-	-	-	-	-	-	-	-	-
At 30th June 2025	-	-	-	1,399,853	618,191	3,516,170	-	-	5,534,214
	-	-	-						
Net book values								-	
At 30 th Jun 2024				3,044,953	318,103	7,707,234		-	11,070,290
At 30 th Jun 2025		-	-	2,694,083	212,079	6,909,642	-	-	9,815,806

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Annual Report and Financial Statements for The Year Ended 30th June 2025

Notes to the Financial Statements (Continued)

33. Intangible Assets-Software

Description	FY2024-2025	FY2023-2024
	KShs	KShs
Cost		
At beginning of the year	27,440	80,000
Additions	-	-
Additions-Internal development	-	-
Disposal	-	-
At end of the year	27,440	80,000
Amortization and impairment		
At beginning of the year	-	(40,800)
Amortization for the period	-	-
Impairment loss	-	-
At end of the year	(8,232)	(11,760)
NBV	19,208	27,440

34. Investment Property

Description	FY2024-2025	FY2023-2024
	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	-	-

Kisau Sub County Hospital (Government of Makueni County)
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Notes to the Financial Statements (Continued)

35. Biological Assets

Description	FY2024-2025	FY2023-2024
	KShs	KShs
Trees in a plantation forest	-	-
Animals: Dairy Cattle, Pigs, Sheep	-	-
Others specify	-	-
Total	-	-

36. Trade and other Payables

Description	FY2024-2025		FY2023-2024	
	KShs		KShs	
Trade payables	1,645,898		2,219,226	
Employee dues	-		-	
Third-party payments (e.g. unremitted payroll deductions)	-		-	
Audit fee	-		-	
Doctors' fee	-		-	
Total trade and other payables	1,645,898		2,219,226	
Ageing analysis:	FY2024/2025	% of the Total	FY20 23/24	% of the total
Under one year	1,645,898	100%	2,219,226	100%
1-2 years	-	-	-	-
2-3 years	-	-	-	-
Over 3 years	-	-	-	-
Total	-	-	-	-

37. Refundable Deposits from Customers/Patients

Description	FY2024-2025	FY2023-2024
	KShs	KShs
Medical fees paid in advance	-	-
Credit facility deposit	-	-
Rent deposits	-	-
Others (specify)	-	-
Total deposits	-	-

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Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	-	-	-	-
1-2 years	-	-	-	-
2-3 years	-	-	-	-
Over 3 years	-	-	-	-
Total	-	-	-	-

38. Provisions

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

39. Finance Lease Obligation

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

40. Deferred Income

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

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Notes to the Financial Statements (Continued)

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

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

41. Borrowings

Description	FY 2024/2025	FY2023/2024
	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	FY2023/2024
	KShs	KShs
Current Obligation	-	-
Non-Current Obligation	-	-
Total	-	-

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Notes to the Financial Statements (Continued)

42. Service Concession Arrangements

Description	FY 2024/2025	FY2023/2024
	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	FY2023/2024
	KShs	KShs
Surplus for the year before tax	6,501,854	2,815,061
Adjusted for:		
Depreciation	1,477,985	2,963,760
Non-cash grants received	-	-
Impairment	8,232	-
Gains and losses on disposal of assets	-	-
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
Working Capital adjustments		-
<i>Year end adjustments</i>		12,7902
Increase in inventory	1,699,160	(910,729)
Increase in receivables	(8,790,786)	(1,206,160)
Increase in deferred income	-	-
Increase in payables	37,409	(609,203)
Increase in payments received in advance	-	-
Net cash flow from operating activities	933,855	220,631

Kisumu Sub County Hospital (Government of Makueni County)
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Notes to the Financial Statements (Continued)

44. Financial Risk Management

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

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

(i) Credit risk

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024				
Receivables from exchange transactions	7,270,610	7,270,610	-	-
Receivables from –non-exchange transactions			-	-
Bank balances	4,021,869	4,021,869	-	-
Total	11,292,479	11,292,479	-	-
At 30 June 2025	-	-	-	-
Receivables from exchange transactions	16,061,396	15,305,947	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	4,704,602	4,704,242	-	-
Total	20,765,998	20,010,548	-	-

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Notes to the Financial Statements (Continued)

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the hospital has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The entity has significant concentration of credit risk on amounts due from Mkueni county. 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	2,219,226	-	-	2,219,226
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	2,219,226	-	-	2,219,226
At 30 June 2025	-	-	-	-
Trade payables	383,852	1,262,046	-	1,645,898
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	383,852	1,262,046	-	1,645,898

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(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 2025			
Financial assets (investments, cash, debtors)	-	-	-
Liabilities	-	-	-
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

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

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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 negatively 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 identify institutions that offer favorable interest rates.

Sensitivity analysis

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

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

iii) 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	FY2023/2024
	Kshs	Kshs
Revaluation reserve	-	-
Retained earnings	10,461,223	18,953,971
Capital reserve	-	-
Total funds	10,461,223	18,953,971
		-
Total borrowings	-	2,219,225
Less: cash and bank balances	4,704,602	4,021,869
Net debt/ <i>excess cash and cash equivalent</i>	(4,704,602)	(1,802,643)
Gearing	(44.97%)	(10%)

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	FY2023/2024
	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 for employees	-	-
Payments for goods and services	-	-

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Description	FY 2024/2025	FY2023/2024
	Kshs	Kshs
Total	-	-
	-	-
d) Key management compensation	-	-
Director General	-	-
Compensation for Medical Sup	-	-
Compensation for key management	-	-
	-	-
Total	-	-

46. Segment Information

47. Contingent Liabilities

FY 2024/2025 FY2023/2024 Contingent liabilities	FY 2024/2025	FY2023/2024
	Kshs	Kshs
Court case against the hospital	-	-
Bank guarantee for a loan of subsidiary	-	-
Total	-	-

48. Capital Commitments

Capital Commitments	FY 2024/2025	FY2023/2024
	Kshs	Kshs
Authorised For	-	-
Authorised And Conducted For	-	-
Total	-	-

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49. Events after the Reporting Period

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

50. Ultimate and Holding Entity

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

51. Currency

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

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20. Appendices

Appendix 1: Progress on Follow up of Auditor Recommendations

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

Nos	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
OAG/PS&ICT/HEALTH/KISAU/2023/2024 (17)	Lack of Ownership Documents and Valuation Reports	The management will liaise with the Departments of health & Lands, Urban planning & Development to provide the hospital with a title deed. The county to follow up on the report of assets valuation from the county Asset valuation committee	On going	1 year
ALTH/PS/2023/2024 (17)	Not following Receipt	The management is in the process of reconciliation with the county PMHF and trident and arrived to a settlement on payable amount. Also the management and summary of claims submitted under Makueni Care incase of settlement shall be considered	Not resolved awaiting reimbursement	1 year
OAG/PS&ICT/HEALTH/KISAU/2023/2024 (17)	Deficiency in implementation of Universal Health Coverage (UHC)	The PMF Act on wage bill Requirements has limited both the county and the facility to attain the required threshold set by the KQMH policy guidelines to to budget availability. Despite this growing enrollment to SHA/SHIF	Not resolved	Continuous

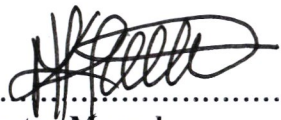
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		gives a promising opportunity to gradually bridge the gap upon reimbursement		
OAG/PS&ICT/HE ALTH/KISAU/2023/2024 (17)	Irregular Engagement of Casual Workers	Hospital to work with the department of health services and county public service board to regularize the employment and ensure full compliance with employment act (2007) and County Public Service Human Resource Manual 2017	Not resolved	Continuous
OAG/PS&ICT/HE ALTH/KISAU/2023/2024 (17)	Non-disclosure of employee costs paid by the County Government	Hospital to disclose employee costs for staff paid by the county	Resolved	Immediately
OAG/PS&ICT/HE ALTH/KISAU/2023/2024 (17)	Inventory management – Expired Medical Supplies	Hospitals to conduct improved inventory control procedures including monthly stock take to confirm the quantities, value and status to prevent further accumulation of expired stocks	Resolved	Continuous
Timeframe: Put a date when you expect the issue to be resolved)				
OAG/PS&ICT/HE ALTH/KISAU/2023/2024 (17)	Internal Audit Unit to conduct regular internal audit	estimates and approved by the respective hospital boards The county internal audit unit to conduct regular internal assignments, prepare and submit quarterly internal audit reports	Work on progress	Continuous

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Annual Report and Financial Statements for The Year Ended 30th June 2025

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 the for implementation of each issue.
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.


.....
Augustus Maundu
Accounting Officer



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

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

						Sources of funds
1						
2						
3						

Kisau Sub County Hospital (Government of Makueni County)
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Appendix III: Inter-Entity Confirmation Letter

Name of Transferring entity :Government of Makueni County

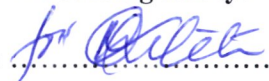
Name of Beneficiary entity: Kisau Sub County Hospital

Confirmation of amounts received by Kisau Sub County Hospital as at 30th June 2025

Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
FT24344VW5Y9	01.12.2024	2,300,000		2,300,000	
Total				2,300,000	

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

Head of Accounts Department - Disbursing Entity:

Name ... Eunice Kabwere Sign  Date 13/11/2025

Head of Accounts Department - Beneficiary Entity:

Name Albanus Kitetu Sign  Date 13/11/2025

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Appendix IV Reporting of Climate Relevant Expenditures

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

Appendix V: Disaster Expenditure Reporting Template

Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (i.e. onset, recovery, relief, reconstruction)	Expenditure Item	Amount (Kshs.)	Comments

