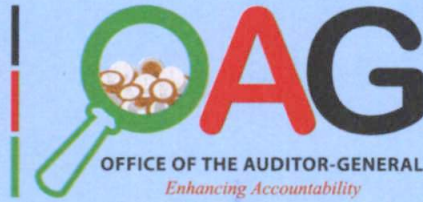


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KAMBU LEVEL 4 HOSPITAL

FOR THE YEAR ENDED
30 JUNE, 2025

COUNTY GOVERNMENT OF MAKUENI

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**KAMBU Level 4 HOSPITAL
(Makueni County Government)**

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

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

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1. Acronyms & Glossary of Terms

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

2. Key Entity Information and Management

(a) Background information

Kambu Sub-County Hospital is a Level 4 public healthcare facility established under Gazette Notice No. 7132. It operates under the Department of Health, Makueni County, and is governed by a Hospital Management Committee.

The hospital is located in Kambu town, along the old Mombasa–Nairobi highway in Mtito Andei Ward, Kibwezi East Constituency. It was established in 2009 through funding from the Kibwezi Constituency Development Fund (CDF). Originally set up as a Model Health Centre, it was upgraded to a Sub-County Hospital in 2019, following the issuance of Gazette Notice No. 7132. The facility serves an estimated catchment population of 16,727 residents.

(b) Principal Activities

The core mandate of Kambu Sub-County Hospital is to provide accessible, integrated, and high-quality preventive, curative, and rehabilitative health services to all Kenyans.

Vision

To be an efficient provider of high-quality healthcare that is accessible, equitable, and affordable to all.

Mission

To promote and deliver integrated, effective, promotive, preventive, curative, and rehabilitative healthcare services to the Kenyan population. The core values are patient- centred / customer focused, partnership, professionalism, integrity and transparency, innovation and excellence and impartiality.

Hospital Mandate

1. Eliminate Communicable Diseases
2. Halt, and reverse the rising burden of non-communicable conditions.
3. Reduce exposure to health risk factors.
4. Ensure access to essential health services.

(c) Key Management

The hospital is managed through the following key bodies and leadership structures:

- County department of health- Provides oversight, policy guidance, and resource allocation
- Hospital Management committee- Responsible for governance, strategic planning, and oversight.

- Accounting Officer/ Medical Superintendent- Oversees day-to-day operations and ensures financial accountability
- Hospital management team- Comprises departmental heads who coordinate hospital functions and service delivery
- Executive expenditure Committee - Monitors and manages financial expenditures in line with approved budgets

(d) Fiduciary Management

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

No.	Designation	Name
1.	Medical Superintendent	Dr. Abdulaziz Ahmed Ali
2.	Head of finance	Michael Muange
3.	Head of supply chain	Judy Muiruri
4.	Administrator	Peninnah Sileta
5.	Nursing Officer In-Charge	Dorcus Kiio

(e) Fiduciary Oversight Arrangements

- **Makueni County Assembly;** The County Assembly enacted the various legislation and performed the oversight required. They also reviewed the external audit reports and financial statements of the County Government as required by the law.
- **Makueni County Audit Committee;** The Committee supported the hospital by reviewing internal audit reports shared by the department of health services and ensured corrective actions were taken to safeguard the internal controls of the County’s financial operations. It also spearheaded preparation of the county risk management framework which was disseminated to the hospital.
- **Clinical Research and Standards Committee.**

The Committee is responsible for:

- Updating the clinical staff on current treatment guidelines.
- Ensuring that all drug related events are reported.
- Set performance targets for clinical units.
- Review various research findings and related policy documents.

- Review clinical audit reports and follow-up on implementation of recommendations.
- Carrying out mortality meetings and give feedback on the findings for action.

- **Risk Committee and Audit committee**

This committee is domiciled in county headquarters and therefore through the department of health services, it reviews the internal audit reports and ensures corrective actions are taken to safeguard the internal controls of the Hospital's operations.

The Committee assists the health management committee in fulfilling its corporate governance responsibilities and in particular to strengthen the effectiveness of the internal audit function which include maintaining oversight on internal control systems, provision of general oversight in risk and compliance matters and ensuring quality, integrity, effectiveness and reliability of the Hospital's risk management framework.

- **Hospital Management Committee (HMC)**

This committee comprises of members gazetted by the ECM of Health. The hospital management committee consists of 6 members. Members include

- Chairperson
- Secretary - Medical Superintendent (Facility In charge)
- Sub County Medical Officer of Health -SCMOH
- Member (FBO)
- Member (NGO)
- Member (Professional Body)

Secretary to this committee is the Medical Superintendent.

The committee is subdivided into sub-committees namely

- Finance, audit and general-purpose committee
- Primary healthcare committee

- **Executive Expenditure Committee (EEC)**

This committee consists of the executive managers who meet on quarterly basis to check the expenditure and budgets of the hospital. It is comprised of the Medical Superintendent as the chairperson, the Health Administrative Officer as the secretary, the Accountant, the Nursing officer in charge and Supply Chain Officer.

- **Hospital Management Team (HMT)**

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

The committee meets on a monthly basis, however there is a quarterly budget meeting where the heads of departments share their budgets to be approved by the Executive Expenditure Committee.

Key Entity Information and Management (continued)

(f) Entity Headquarters

P.O. Box 72-90137
Hospital Building Kambu
Makueni, Kenya

(g) Entity Contacts

Telephone: (+254)754308078
E-mail: kambu.hospital@makueni.go.ke
Website: www.kambusubcounty.go.ke

(h) Entity Bankers

Kenya Commercial Bank
Kibwezi Branch

(i) Independent Auditors

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

(j) Principal Legal Adviser

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




(k) County Attorney

P.O. Box.78 90300
Makueni, Kenya



3. The Board of Management



Ref	Directors	Details
1.	<p>Benjamin Kyalo Nyamai- Board Chairman</p> 	<p>Aged 44 years. Benjamin Kyalo Nyamai is a Principal officer in automobile communication company Kenya. He holds Master of science in commerce (Finance and Investment) from KCA university, he has wide experience in finance and investment for over work 21 years. He is the chairman to the board.</p>
2.	<p>Peter Mang'ala Mathekethi- Member</p> 	<p>Aged 64 years, Peter Mang'ala, coordinates various development programmes in Mtito Andei Development Initiative. He holds Diploma in community development From East Africa commercial college; he has over 41 years of experience in Project Development.</p>
3.	<p>Sospeter Kaka Mwanja -Member</p> 	<p>Aged 37 is has a B. Com [Finance] and MBA [Strategic Management] from the University of Nairobi. He's a certified supply chain supply chain professional from the APICS, USA. He's currently Product Manager at Maersk Kenya Ltd.</p>

***Kambu Sub County Hospital (Makueni County Government)
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4.	<p>Pastor Jonathan Nzola. -Member</p> 	<p>Age 55 years. He is the Chairman Embakasi Pastors Association.</p> <p>Leading over 500 Pastors, Bishops etc.</p> <p>He holds a degree in Theology from East Africa School of Theology Campus.</p> <p>He holds a diploma in Information Technology and he is the NSSF Nairobi Regional IT Officer (RITO).</p> <p>He is the lead Pastor of (JCC Tassia) Jesus Celebration Centre church-Tassia Nairobi</p>
5.	<p>Dr Abdulaziz Ahmed Ali – Secretary</p> 	<p>Aged 33 years, Dr. Abdulaziz Ahmed Ali is the Medical Superintendent Kambu Sub-County Hospital. He is the secretary to the Hospital Management Committee. He has over 4 years of experience practising as a Medical Officer. He holds a degree in Medicine from Ankara University – Turkey.</p>
6.	<p>Dr Caroline Kavilu-SCMOH-Member</p> 	<p>She is the Sub County MOH Kibwezi East and a gazetted board member of Kambu Sub County hospital.</p> <p>She has a bachelor in Pharmacy and Masters in Health System Management. She has over 10 years practising as a pharmacist.</p>

4. Key Management Team

Ref	Management	Details
1.	<p>Dr Abdulaziz Ahmed Ali</p> 	<p>MEDCAL SUPERINTENDENT</p> <p>Aged 33 years, Dr. Abdulaziz Ahmed Ali is the Medical Superintendent Kambu Sub-County Hospital. He is secretary to the Hospital Management Committee. He has over 4 years of experience practising as a Medical Officer. He holds a degree in Medicine from Ankara University -Turkey.</p>
2.	<p>Peninnah Sileta</p> 	<p>HEALTH ADMINISTRATIVE OFFICER.</p> <p>Aged 38 years. Peninnah Sileta is the Health Administrative Officer Kambu Sub-County hospital. She holds a Bachelor's degree in Business Administration and Management from ST Paul's University. She is also an accredited mediator and Kenya sign language interpreter.</p>
3.	<p>Dorcus Kiio</p> 	<p>NURSING OFFICER INCHARGE</p> <p>Aged 49 years, Dorcus Kiio is the Nursing officer in-charge Kambu sub county hospital. She holds Diploma in Community Health Nursing from Machakos KMTC. She has worked in Ivingoni dispensary as the facility in charge and later become the nursing officer in charge at Kambu Sub County Hospital. She has over 26 years of experience in nursing field.</p>

<p>4.</p>	<p>Michael Muange</p> 	<p>SUB COUNTY ACCOUNTANT</p> <p>Aged 45 years, Michael Muange is the hospital accountant. He is a Certified Public Accountant (CPA-K) and a registered member of the Institute of Certified Public Accountants of Kenya (ICPAK). He holds a Master of Science degree in Finance and Accounting and a Bachelor’s degree in Finance. He brings with him over 18 years of experience in accounting and financial management across both the private and public sectors. His expertise strengthens the hospital’s capacity in prudent financial planning, reporting, and accountability.</p>
<p>5.</p>	<p>Judy Muiruri</p> 	<p>PROCUREMENT OFFICER</p> <p>Aged 27 years. Judy is a licensed procurement officer at Kambu Sub County Hospital with over three years of experience in the field. She holds a diploma in Supply Chain Management and is currently pursuing her Bachelor's degree at Jomo Kenyatta University of Agriculture and Technology (JKUAT).</p>

5. Chairman's Statement

It is with great pleasure that I present the Annual Report and Financial Statements of Kambu Sub-County Hospital for the fiscal year 2024/2025. I am proud to reaffirm our hospital's unwavering commitment to delivering quality, timely, cost-effective, and patient-centered healthcare services to all Kenyan citizens. Despite facing several funding challenges, the year under review has been marked by notable achievements. Revenue generation increased through key programs such as the Facility Improvement Fund (FIF), National Health Insurance Fund (NHIF) and Social Health Insurance Fund (SHIF). However, delays in funding allocation from the Makueni County Government and unreimbursed NHIF/SHIF claims significantly strained the hospital's financial position, resulting in the accumulation of pending bills. It is my hope that these delays will be addressed to prevent recurrence and ensure financial stability. I wish to extend my sincere appreciation to my fellow Board Members for their dedication and oversight throughout the year. I also commend the Chief Officer and the entire hospital staff for their hard work, resilience, and continued efforts to achieve greater outcomes. However, several persistent challenges continue to hinder the hospital's performance and service delivery. These include:

1. **Underfunding** – While revenue collection has improved, it remains insufficient. The hospital continues to suffer from inadequate funding from both internal sources and County Government allocations, affecting core operations.
2. **Staff Shortages** – The facility is currently experiencing an acute shortage of personnel across most departments, limiting our capacity to offer timely and comprehensive services.
3. **Lack of Inpatient Wards** – The absence of dedicated Male, Female, and Paediatric wards forces us to refer patients to other facilities, reducing our capacity to serve the community and resulting in significant revenue loss.
4. **Inadequate Drug and Supply Provision** – Irregular and insufficient supply of essential drugs and non-pharmaceuticals has impacted the quality of care.
5. **Accumulating Pending Bills** – Mounting debts are straining supplier relations and undermining operational sustainability.

Proposed Way Forward

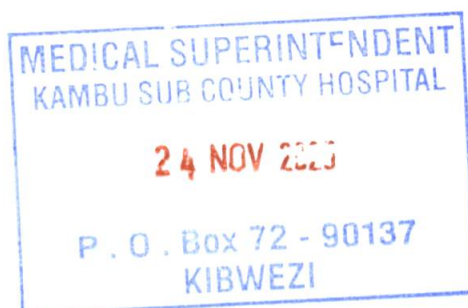
To address the above challenges and secure the future of Kambu Sub-County Hospital, I propose the following interventions:

1. **Enhanced Funding** – The County Government should prioritize increased funding allocations to the hospital in future financial years to meet critical needs.
2. **Support in Staffing** – The deployment of additional clinical and support staff is vital to manage the growing patient load and improve service delivery.
3. **Reliable Water Supply** – The County should invest in drilling a borehole and supplying adequate water storage facilities to ensure a consistent water supply.
4. **Operationalization of X-ray Services** – Although the hospital received an X-ray machine, it remains non-operational due to an unfinished block. The hospital has already procured some necessary items, including an air conditioner and protective equipment. We urge the County Government to complete the X-ray block renovations to make this essential service available.
5. **Timely Drug Supply** – Efficient and timely procurement and distribution of medical supplies and pharmaceuticals is critical to restoring and maintaining quality care.
6. **Construction of Inpatient Wards** – Immediate attention should be given to constructing dedicated Male, Female, and Pediatric wards to enhance inpatient service provision and increase revenue retention.

As we move forward, I am confident that through collaboration and sustained commitment, Kambu Sub-County Hospital will continue to grow and thrive as a premier healthcare provider in Makueni County. Thank you, and may God bless you all.



Name: **Benjamin Kyalo Nyamai**
Chairman to the Board



6. Report of The Medical Superintendent

I am delighted to present the key activities and achievements of Kambu Sub-County Hospital for the financial year 2024/2025. Our ongoing commitment to improving healthcare access and quality for the community has guided a number of impactful initiatives and programs.

1. Infrastructure Development

- Electrification and water connection to the mortuary: Improved utility access has enhanced mortuary services and patient dignity in end-of-life care.
- Procurement of assorted medical equipment: Modern equipment has bolstered our diagnostic and treatment capabilities, leading to better patient outcomes.
- Fencing of waste disposal areas: Enhanced environmental hygiene and infection control through secure and designated waste management areas.
- Shelving of the drug store: Improved organization has enabled better inventory management and faster access to essential medicines.

2. Health Promotion Services

- Weekly outpatient health talks: Educating patients fosters informed decision-making and healthier lifestyles.
- Continuous Medical Education (CME): Weekly forums for staff ensure up-to-date medical knowledge and improved service delivery.
- Monthly community outreach: Extending care to underserved villages improves access and health equity.
- GBV counselling sessions: Psychological support for victims of gender-based violence promotes recovery and resilience.
- Youth-friendly services: Creating a welcoming atmosphere encourages healthcare access among adolescents and young adults.
- Health education in schools: Engaging students in health awareness promotes a culture of prevention and wellness.
- Public involvement meetings: Stakeholder engagement strengthens trust and ensures community needs are reflected in hospital planning.

3. Health Prevention Services

- Routine immunization programs: Protecting children from vaccine-preventable diseases remains a top priority.
- Screening for non-communicable diseases (NCDs): Early detection helps manage conditions like diabetes and hypertension more effectively.
- Deworming and Vitamin A supplementation: Supporting child health and development, especially among preschoolers.
- HPV vaccination campaigns: Reducing future cervical cancer risks among young girls.
- Monthly birth preparation classes: Empowering expectant mothers through education enhances maternal and child health outcomes.

4. Curative Care Services

- Daily outpatient services: Providing prompt diagnosis and treatment for a variety of conditions.
- Specialized clinics (MOPC & Gynecology): Offering targeted care to patients with specific health concerns.
- Minor surgical procedures: On-site surgeries reduce referrals and improve turnaround times for care.
- Commodities and referral access: Ensuring essential medical supplies and facilitating timely referrals for advanced care.
- Operational theatre readiness: The team remains prepared for emergency and maternity cases, ensuring safe deliveries through best-practice protocols.

5. Rehabilitative Services

- Physiotherapy services: Promoting recovery and functionality for patients' post-treatment or injury.
- Counselling services: Emotional support remains an integral part of holistic healthcare.
- Mentorship for medical students: Empowering the next generation of healthcare professionals builds long-term capacity.

Challenges Faced

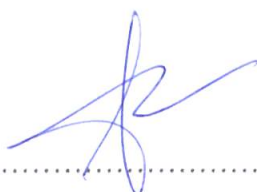
Despite these advances, we continue to face several systemic challenges:

- **Inadequate funding and irregular drug supply:** Financial constraints hinder seamless service delivery.

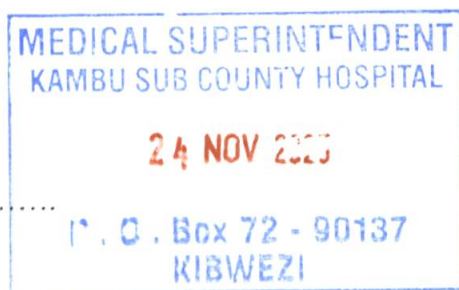
- **Understaffing across departments:** The need for more personnel is urgent to match the growing patient demand.
- **Delayed UHC disbursements:** We continue to liaise with the County Government to expedite these crucial funds.
- **Lack of general wards:** The hospital currently lacks Male, Female, and Paediatric wards, limiting our inpatient capacity.
- **Delayed NHIF reimbursements:** Many patients used the Linda Mama cover before Social Health Insurance Fund, but reimbursement delays from NHIF continue to strain our cash flow.

We remain steadfast in our mission to overcome these challenges and continue enhancing the quality of healthcare services provided at Kambu Sub-County Hospital. I extend my deepest gratitude to all stakeholders, staff and entire community for their ongoing support, collaboration, and belief in our mission.

Sincerely,



Name: **Dr. Abdulaziz Ali**
Secretary to the Board



7. Statement of Performance Against Predetermined Objectives

Kambu Sub-County Hospital’s Strategic Plan for FY 2024/2025 is structured around six key strategic pillars. Each pillar reflects a critical area of focus essential to the delivery of quality healthcare services. The hospital’s Annual Work Plan (AWP) is derived from these pillars and performance is assessed quarterly by the Board of Management.

- Pillar 1: Health Care Financing
- Pillar 2: Health Human Resource
- Pillar 3: Medical products & commodities
- Pillar 4: Health information Systems
- Pillar 5: Leadership & Governance
- Pillar 6: Service delivery

Based on quarterly performance reviews, the hospital successfully met the predetermined objectives for each of the six pillars in the FY 2024/2025. The table below summarizes the objectives, key performance indicators (KPIs), core activities, and major achievements under each pillar:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicator	Key Activities	Achievements
Health Care Financing	<ul style="list-style-type: none"> - Increase revenue generation from 10% to 20% - Reduce inappropriate waivers/exemptions 	<ul style="list-style-type: none"> - % increase in internally generated revenue - % reduction in inappropriate waivers/exemption 	<ul style="list-style-type: none"> - Use of cashless system - SHA/SHIF sensitization - System automation 	<ul style="list-style-type: none"> - Revenue increased from 10% to 15% - Waivers/exemptions reduced by 5%
Health human resource	-Ensure adequate staff availability	<ul style="list-style-type: none"> -Staff-to-patient ratio - % of approved posts filled 	<ul style="list-style-type: none"> - Staff recruitment - Payment of locum allowances. - Request 	- Recruitment of a few staff in different cadres

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

			staff from County HQ	
Medical products and technology	- Ensure proper usage and availability of commodities	- % availability of essential medicines - Frequency of stock-outs - % of departments using bin cards	- Use of bin cards for stock control. - Early and adequate ordering of supplies	- Ensure proper usage and availability of commodities - Availability of essential commodities improved
Health Information System	- Ensure timely and accurate reporting of health data	- % of timely KHIS submissions - Number of data review meetings held	- Monthly data uploads to KHIS - Quarterly data review meetings	- Monthly reporting sustained - 4 data review meetings conducted
Leadership & Governance	- Mentor HMT members - Strengthen governance practices	- Number of HMT meetings held - Number of mentorship sessions conducted	- Conduct 4 quarterly HMT meetings - Staff mentorship sessions	- Stronger leadership and governance - 4 HMT meetings held
Service Delivery	Deliver effective promotive and preventive services	- Number of community outreaches	- Monthly community outreaches - Weekly MOPCs & gynaecological clinics	- Monthly outreaches conducted - Weekly clinics offered

Pillar 1: Health Care Financing

- Objective: To increase revenue generation through diversified funding sources.
- Achievement: The hospital successfully enhanced its revenue collection through Facility Improvement Fund (FIF) and SHA/SHIF reimbursements thereby meeting or surpassing the set targets.

Pillar 2: Health Human Resource

- Objective: To address staff shortages and improve workforce efficiency.
- Achievement: Efforts to mitigate staffing gaps were effective, resulting in improved human resource capacity and enhanced quality of patient care.

Pillar 3: Medical Products & Commodities

- Objective: To ensure a consistent and sufficient supply of essential drugs and non-pharmaceutical items.
- Achievement: The hospital maintained effective stock management, ensuring the continuous availability of vital medical supplies for patient care.

Pillar 4: Health Information Systems

- Objective: To strengthen health information systems for timely and accurate data-driven decision-making.
- Achievement: The hospital made notable progress in improving data reporting and utilization, which supported informed planning and improved healthcare outcomes.

Pillar 5: Leadership & Governance

- Objective: To enhance leadership and governance structures for efficient hospital management.
- Achievement: Strong leadership practices were upheld, with regular engagement of the Hospital Management Team (HMT), contributing to effective governance and operational performance.

Pillar 6: Service Delivery

- Objective: To improve the quality and efficiency of healthcare service delivery to enhance patient satisfaction.
- Achievement: The hospital met its service delivery goals, providing accessible, high-quality, and patient-centred care to the community.

The achievement of the set performance targets for the Financial Year 2024/2025 clearly demonstrates Kambu Sub-County Hospital's unwavering commitment to the implementation of its Strategic Plan and the effective execution of its Annual Work Plan. Quarterly performance evaluations conducted by the Board have played a critical role in tracking progress, ensuring transparency, and fostering accountability, which in turn has led to significant improvements across all six strategic pillars.

By continuously aligning its operations with the strategic priorities—namely Health Care Financing, Human Resources for Health, Medical Products and Commodities, Health Information Systems,

Leadership and Governance, and Service Delivery—the hospital has made notable progress in enhancing the quality, efficiency, and reach of its healthcare services.

The contributions of the hospital’s management, staff, and stakeholders have been central to this success. Their dedication, professionalism, and collaborative spirit have enabled the facility to overcome challenges and achieve its objectives.

Moving forward, Kambu Sub-County Hospital remains committed to building on these gains, further strengthening healthcare delivery systems, and responding effectively to the evolving needs of the community it serves.

8. Corporate Governance Statement

Introduction

At Kambu Sub-County Hospital, we acknowledge the critical importance of sound corporate governance in delivering quality healthcare services and meeting the expectations of our stakeholders. As a public health institution entrusted with the welfare of the community, we are committed to upholding ethical standards, transparency, and accountability across all aspects of our operations.

Guiding Principles

1. **Customer and Stakeholder Focus:**

We prioritize the needs and expectations of our patients and the broader community we serve. We also actively address the interests of other key stakeholders, including the national and county governments, staff, suppliers, and the general public.

2. **Ethical Hospital Practices:**

Integrity and fairness underpin all our decisions and actions. We maintain the highest standards of ethical conduct through well-established hospital policies and procedures.

3. **Transparency and Accountability:**

We ensure timely and accurate disclosure of financial and operational information. We embrace open communication and hold ourselves accountable for both our performance and resource utilization.

Corporate Governance Structures and Practices

1. **Hospital Management Committee:**

The Hospital Management Committee comprises experienced professionals from diverse fields. It provides strategic leadership, oversees operations, and ensures full compliance with legal and regulatory frameworks.

2. **Board Committees:**

To enhance governance effectiveness, the Board has established specialized committees such as Finance and Audit, Human Resources, and Quality Assurance. These committees focus on core functions and report their findings and recommendations to the full Board on a regular basis.

3. **Policies and Procedures:**

In alignment with County Government directives, the hospital operates under comprehensive policies covering finance, human resources, patient care, procurement, and more. These are

routinely reviewed and cascaded to the facility level for implementation in line with evolving best practices.

4. Performance Monitoring:

The Board conducts quarterly performance assessments based on the hospital's strategic pillars. These reviews enable effective tracking of progress, timely problem identification, and data-driven decision-making.

5. Risk Management:

The hospital has implemented a robust risk management framework to proactively identify, assess, and mitigate potential risks. This ensures continuity, resilience, and the sustainable delivery of services.

6. Leadership and Ethical Conduct:

Hospital leadership is committed to modeling ethical conduct and cultivating a culture of integrity and professionalism. Staff are encouraged and rewarded for upholding high ethical standards.

Governance Principles and Guidelines

The Kambu Sub-County Hospital Management Committee is dedicated to ensuring effective governance and compliance with applicable legal requirements. The Committee's actions are guided by the following key governance documents:

1. Board Charter:

This document defines the roles, responsibilities, and operational scope of the Committee. It ensures independent, well-informed, and transparent decision-making.

2. Code of Conduct and Ethics:

This code sets the standard for ethical behavior by all hospital staff and stakeholders, fostering transparency, professionalism, and accountability.

3. Board Manual:

The manual provides practical guidance on governance responsibilities, processes, and best practices, enabling effective oversight and leadership.

4. Guidelines on Corporate Governance (Mwongozo):

The hospital adopts the Mwongozo Code of Governance for public institutions, further affirming its commitment to strong corporate governance principles, integrity, and compliance with national regulations.

Conclusion

Kambu Sub-County Hospital remains fully committed to excellent corporate governance as a foundation for service delivery and organizational sustainability. Through adherence to ethical principles, stakeholder focus, and continuous improvement in governance structures, the hospital continues to uphold public trust and deliver quality, accountable, and patient-centered healthcare services.

Board Organization and Structure

Kambu Sub-County Hospital Management Committee

1. Composition:

The Management Committee is composed of six (6) members, with the Medical Superintendent serving as the Secretary to the committee.

2. Independent Non-Executive Members:

Of the six members, four (4) are independent non-executive members drawn from the private sector, including the Chairperson of the Committee. These members bring diverse expertise and an external perspective to governance and oversight.

3. Institutional Representation:

One (1) member represents key institutional stakeholders and currently includes the Sub-County Medical Officer of Health (MOH).

4. Appointment:

Members of the Management Committee are formally appointed by His Excellency the Governor through the issuance of a Gazette Notice, in accordance with public service governance protocols.

5. Term of Service:

Each member is eligible to serve a term lasting three (3) years effective 1st August 2024 as per the gazette notice.

6. Gazettement:

The names of all appointed members, along with any subsequent changes in the composition of the Committee, are officially published in the Kenya Gazette, ensuring transparency and public awareness.

Standing Committees:

To enhance effective governance, Kambu Sub County Hospital has established the following Standing Committees under the Management Committee. These committees play a critical advisory and oversight role, ensuring the hospital maintains transparency, efficiency, and quality in service delivery.

1. Finance and General-Purpose Audit Committee:

Responsibilities:

This committee is responsible for advising the Board on financial matters, including oversight of the hospital's quarterly expenditure. It plays a key role in reviewing and approving budgetary allocations before they are submitted to the Hospital Management Committee (HMC).

Meeting Frequency:

The committee holds quarterly meetings and convenes additional meetings when necessary to ensure timely financial oversight.

Composition:

The committee is composed of six (6) members with relevant financial and governance expertise.

2. Quality Health Care / Primary Health Care Committee

Responsibilities:

This committee is mandated to identify and address service delivery challenges within the hospital. It reviews policies related to standards, quality assurance, and health research, and works closely with the Medical Superintendent to ensure the delivery of high-quality healthcare.

The committee also conducts quarterly evaluations of the hospital's quality assurance and service delivery standards.

Meeting Frequency:

During the reporting period, the committee convened four (4) formal meetings, with the provision to hold additional sessions as needed.

Liaison Role:

The committee maintains close collaboration with the hospital's leadership to ensure continuous improvement in healthcare delivery.

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

Together, these standing committees complement the role of the Management Committee by offering specialized oversight and strategic input in key areas.

Through their collective efforts, Kambu Sub County Hospital remains committed to delivering accountable, high-quality, and patient-centered healthcare services, in line with its strategic goals and governance principles.

The standing committees of Kambu Sub County Hospital hold regular meetings four (4) times annually, with the provision to convene supplementary meetings as necessary to effectively discharge their mandates. These committees play a critical role in advising and supporting the Hospital Management Committee in fulfilling its governance and oversight responsibilities.

The Finance and General-Purpose Audit Committee provides oversight on financial matters, including budget review and expenditure tracking, ensuring fiscal responsibility and transparency. The Quality Health Care / Primary Health Care Committee is tasked with monitoring and enhancing healthcare service delivery, reviewing policies related to quality assurance, and conducting periodic evaluations to uphold service standards.

Through the collaborative efforts of the Management Committee and its Standing Committees, Kambu Sub County Hospital remains committed to delivering quality, accountable, and patient-focused healthcare services while maintaining the highest standards of corporate governance and institutional integrity.

9. Management Discussion and Analysis

Section A

The entity's operational and financial performance

Kambu Sub County Hospital has put in efforts to better service delivery to the people. The hospital is engaged in the operational performance and the financial performance of the hospital. During the reporting period, the entity continued to provide essential healthcare services despite facing various operational constraints.

Clinical/operational performance

Kambu Sub County Hospital continues to prioritize improved service delivery, focusing on both operational and financial performance. During the reporting period, the hospital remained committed to providing essential healthcare services despite facing various operational and resource-related challenges.

i. Clinical/operational performance

a) Outpatient, inpatient and special clinics attendance

Outpatient attendance

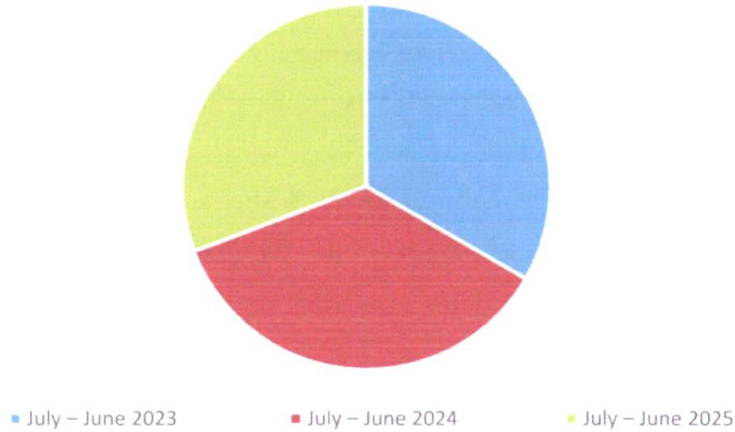
During the financial year ended 30th June 2024, the outpatient department recorded a total of 22,102 patient visits, marking an increase from 20,603 in the previous year. However, in the year ended 30th June 2025, outpatient attendance declined to 18,988, representing a reduction of 3,114 visits, approximately 14%. This decline may be attributed to shifting disease patterns in the catchment area, which could have led to fewer reported illnesses or reduced demand for outpatient services. Other contributing factors may include:

- Improved community health interventions and preventive care.
- Seasonal disease variation.
- Changes in health-seeking behavior.
- Accessibility challenges or service availability.

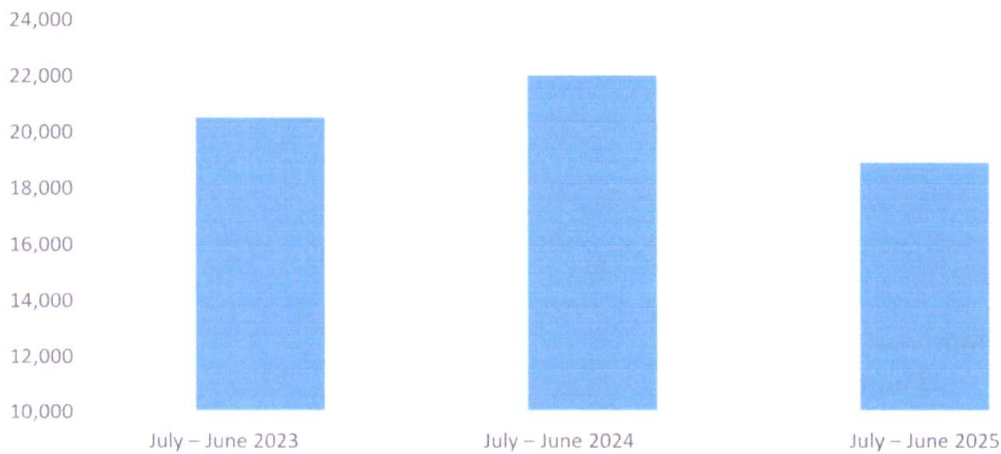
Outpatient Attendance Summary

Financial Year	Number of Patients
July – June 2023	20,613
July – June 2024	22,102
July – June 2025	18,988

Outpatient Attendance Summary



Outpatient Attendance Summary



Inpatient Attendance

During the financial year ending 30th June 2025, the facility recorded a total of 1,077 inpatient admissions, up from 1,024 admissions in the previous year ending 30th June 2024. This reflects a modest but meaningful increase of approximately 5.2%.

Looking further back, inpatient admissions in the year ending 30th June 2023 stood at 965. Overall, this represents a cumulative increase of 112 admissions over the three-year period—an overall growth of 11.6% from 2023 to 2025.

Key Drivers of Growth

The rise in inpatient attendance is primarily attributed to the following factors:

- **Enhanced Service Quality.**

The facility has continued to improve service delivery, especially in maternal and newborn care. This has boosted public confidence and attracted more patients, particularly for obstetric care.

- **Referral Uptake from Lower-Tier Facilities**

Being one of the key referral centers in the Sub-County, the facility experienced an increase in patient referrals from dispensaries and health centers that lack inpatient capacity. These facilities often refer complicated deliveries, obstetric emergencies, and neonatal cases.

- **Operational Theatre and Surgical Services**

The hospital's theatre has remained fully functional, facilitating timely cesarean sections and other minor surgical procedures. Post-operative patients, especially those undergoing cesarean sections, are typically admitted for three days, contributing to the inpatient numbers.

Nature of Inpatient Cases

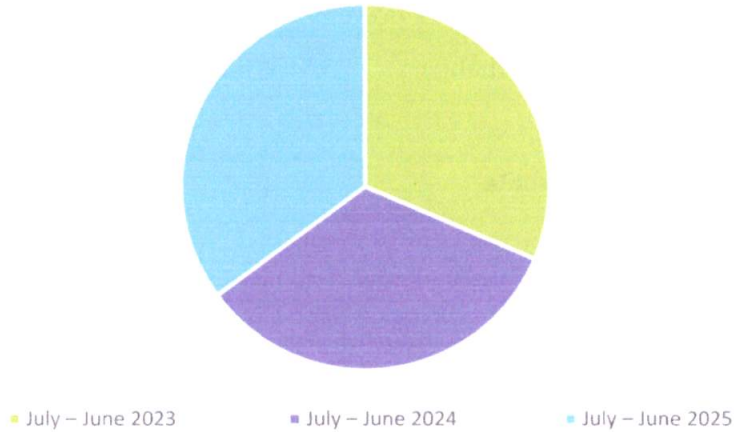
The inpatient data for the reporting period is primarily maternity-based, including:

- Skilled deliveries
- Cesarean sections
- Ectopic pregnancies
- Surgical site infections
- Other obstetric complications
- Neonatal admissions

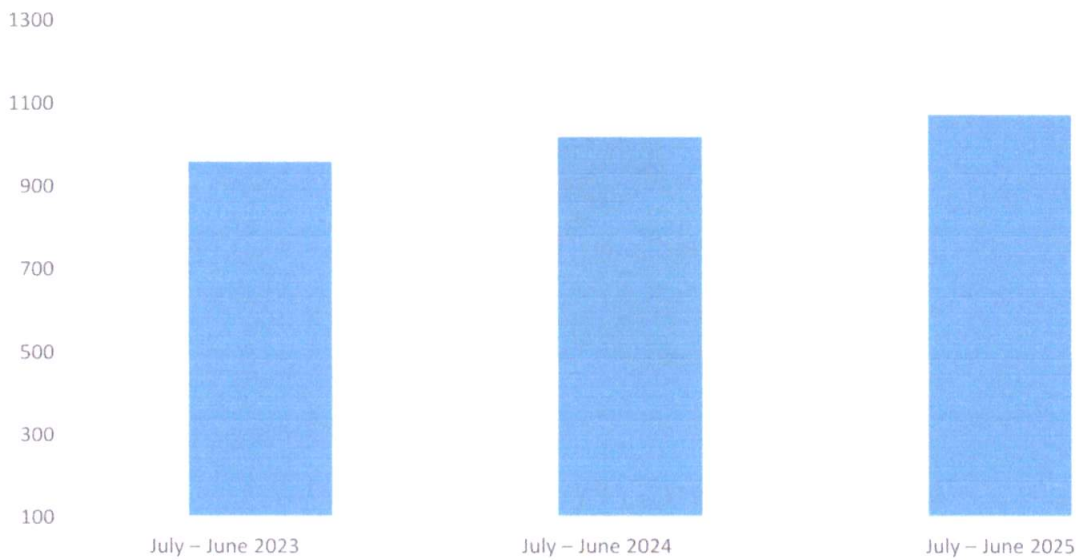
Inpatient Attendance Summary

Financial Year	Number of Patients
July – June 2023	965
July – June 2024	1,024
July – June 2025	1,077

INPATIENT ATTENDANCE



INPATIENT ATTENDANCE



Special Clinics Performance

During the financial year ending 30th June 2025, the facility recorded 14,782 patient visits to special clinics. This represents a slight decline from 14,916 visits in the previous year, a reduction of 134 patients or approximately 0.9%.

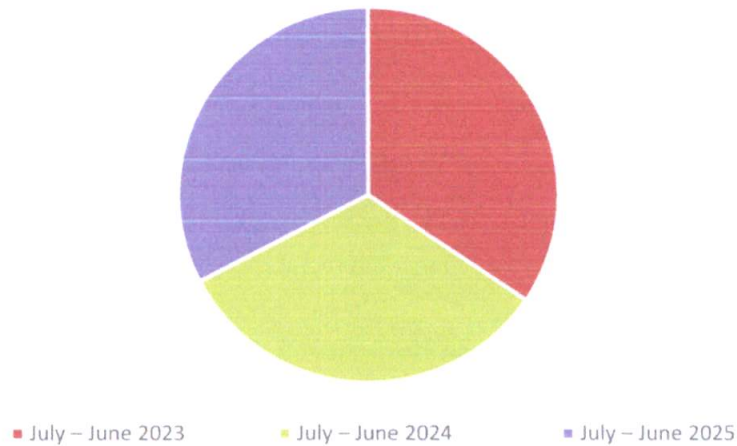
Comparatively, the number of visits has decreased by 833 patients over the three-year period, down from 15,615 in FY 2023 — a 5.3% overall decline.

The modest decline may be attributed to evolving disease patterns within the hospital’s catchment population, which may have influenced the demand for specialized healthcare services. Additionally, factors such as increased preventive care, improved primary health interventions, and shifts in health-seeking behavior may have contributed to the change.

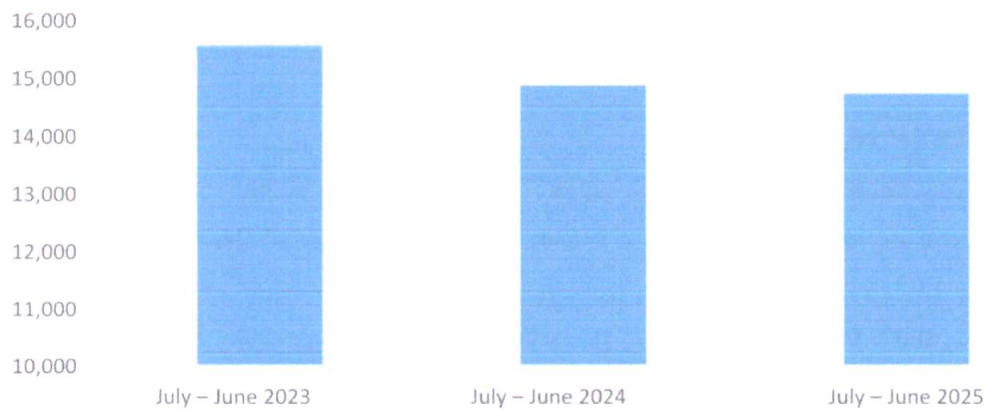
Special Clinics Attendance Summary

Financial Year	Number of Patients
July – June 2023	15,615
July – June 2024	14,916
July – June 2025	14,782

SPECIAL CLINIC ATTENDANCE



SPECIAL CLINIC ATTENDANCE



Bed Capacity

Current Status

Kambu Sub-County Hospital has historically maintained a bed capacity of 12 beds, a figure that remained unchanged for the last four years. These beds primarily served maternity patients, as the facility lacked adequate space for general inpatient admissions.

Recent Improvements.

In May 2025, the facility undertook a renovation of two existing rooms, which were repurposed to serve as general inpatient wards. This intervention led to an increase in total bed capacity from 12 to 18 beds. The additional beds have partially alleviated the pressure on maternity spaces and allowed for limited admission of non-maternity cases.

Limitations

Despite the increase, the current bed capacity remains insufficient to meet the growing inpatient demand, especially for:

- Male patients, who currently cannot be admitted due to the lack of designated space
- General medical cases beyond obstetrics

As a result, male patients requiring admission are routinely referred to Kibwezi and Makindu Level 4 Hospitals, which strains the referral system and imposes additional transport and care burdens on patients and their families.

Future Plans

The County Government has initiated plans to expand bed capacity further by constructing:

- A dedicated male ward.
- A dedicated female general ward.

This planned expansion will enhance the hospital's ability to:

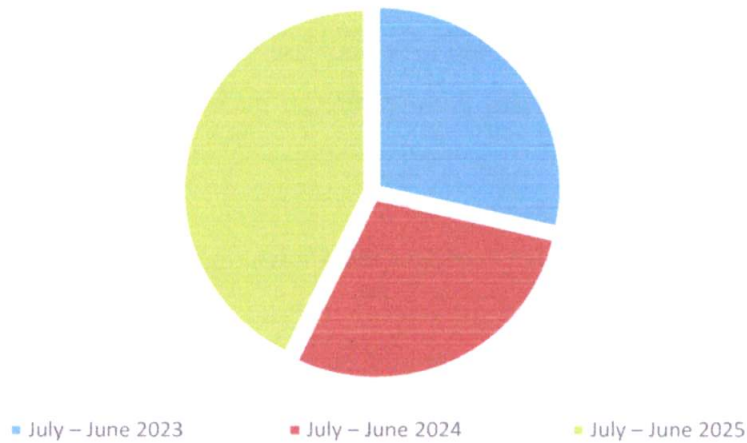
- Reduce dependency on referral facilities
- Improve turnaround time for emergency care
- Promote equity in access to inpatient services, especially for male and adult non-maternal patients

Strategic Significance

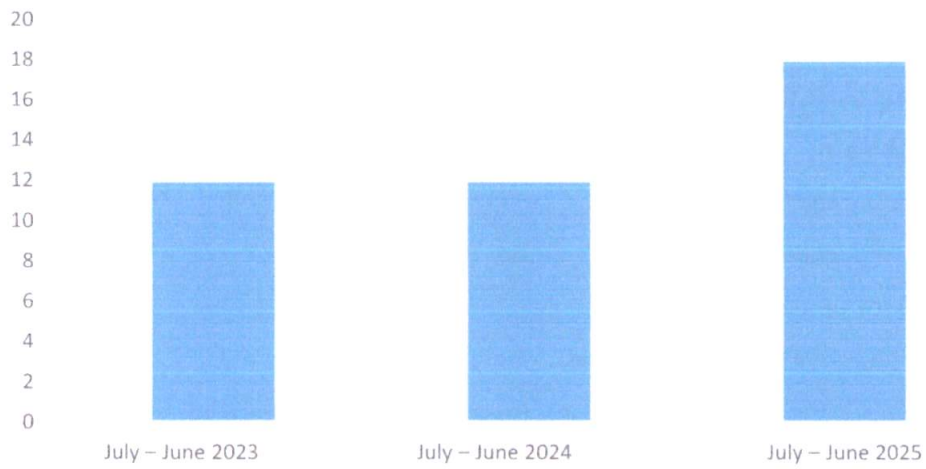
Increasing bed capacity is essential to support the facility's role as a Sub-County referral center. The expansion aligns with broader county health goals to decentralize care, reduce congestion in higher-level hospitals, and bring services closer to the community.

Financial Year	Number of Beds
July – June 2023	12
July – June 2024	12
July – June 2025	18

BED CAPACITY



BED CAPACITY



ii) **Financial performance**

a) **Revenue Sources**

The hospital has three main sources of revenue namely, Facility Improvement Fund (FIF), Universal Health Care and Linda Mama, NHIF/SHA/SHIF.

Facility Improvement Fund (Fif)

The Facility Improvement Fund (FIF) comprises funds paid directly by patients through MPesa Till Business Number: 4085257, with the patient's name used as the account reference, after receiving services at the facility. These funds support operations, infrastructure, and service delivery improvements.

In the financial year ending 30th June 2025, the facility collected KES 8,793,555.00, up from KES 6,970,374.00 in the previous year, an increase of KES 1,823,181.00, equivalent to 26.2%.

Over the three-year period, FIF revenue grew from KES 4,160,756.00 in FY 2023 to KES 8,793,555.00 in FY 2025, representing a cumulative increase of KES 4,632,799.00 or approximately 111.3%.

Key Factors Contributing to the Increase

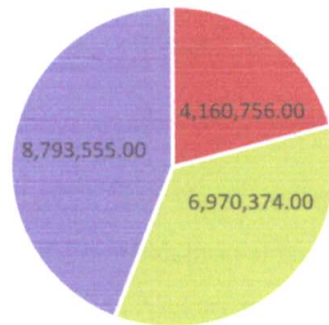
- Rising patient numbers and expansion of services, resulting in increased billing volumes.
- Implementation of the Finance Bill, which introduced revised service charges, boosting overall collections.
- Improved billing systems and enforcement, with strict “payment before service” compliance, minimizing revenue leakage.
- Increased use of digital payment platforms, enhancing transparency, accountability, and real-time tracking of collections.

This positive trend in FIF collections reflects the facility’s strengthened financial management systems and commitment to sustainable resource mobilization for improved healthcare service delivery.

Facility Improvement Fund (FIF) Collections Comparison

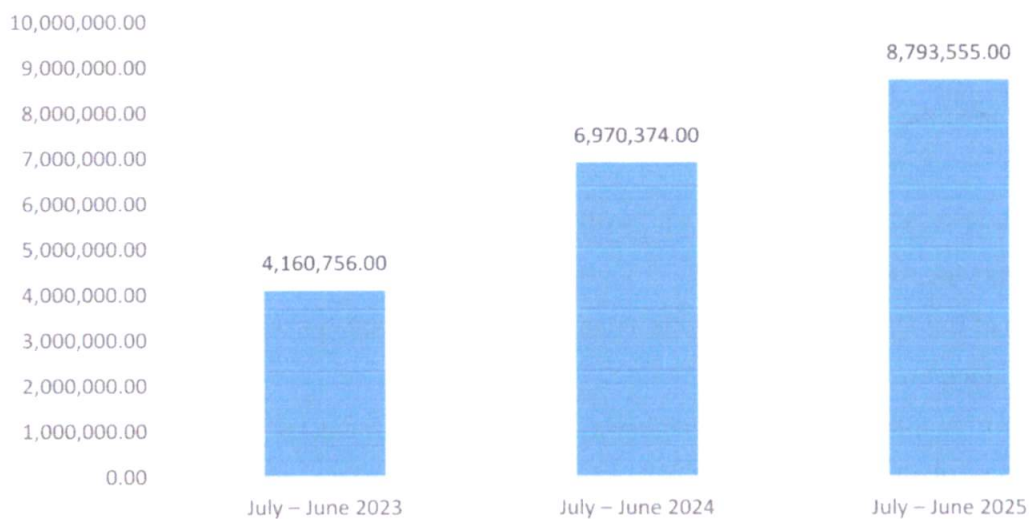
Financial Year	FIF Collections (KES)
July – June 2023	4,160,756.00
July – June 2024	6,970,374.00
July – June 2025	8,793,555.00

FIF COMPARISON



■ July – June 2023 ■ July – June 2024 ■ July – June 2025

FIF COMPARISON



NHIF, Linda Mama, and SHA/SHIF Reimbursements

Linda Mama, NHIF, and SHA/SHIF funds represent reimbursements paid by the National Health Insurance Fund (NHIF) and the Social Health Authority (SHA/SHIF) for both inpatient and outpatient services rendered to insured clients.

For the financial year ending 30th June 2024, the facility received a total of KES 4,958,512.00. In the subsequent year ending 30th June 2025, this amount significantly increased to KES 11,720,604.05. This reflects a notable increase of KES 6,762,092.05, representing a 136.4% growth.

Reasons for the Increase:

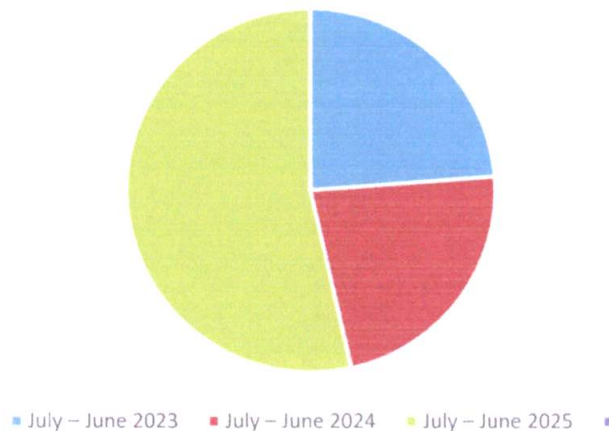
- Increased workload at the facility, particularly in maternal and chronic disease care, led to more billable encounters.
- Improved NHIF/SHA claim processing through timely and accurate documentation and full system uploads.
- Higher claim acceptance and reimbursement rates as a result of a better-structured contract and compliance with SHA guidelines.
- Expanded client enrollment into SHA by ensuring all eligible clients with identification cards were registered under the Social Health Authority, thus improving claim volumes.
- Staff capacity building on claim generation, documentation, and portal management improved the efficiency and completeness of claims submitted.

This positive trend demonstrates improved internal systems for revenue collection and positions the facility toward financial sustainability under the Universal Health Coverage (UHC) framework.

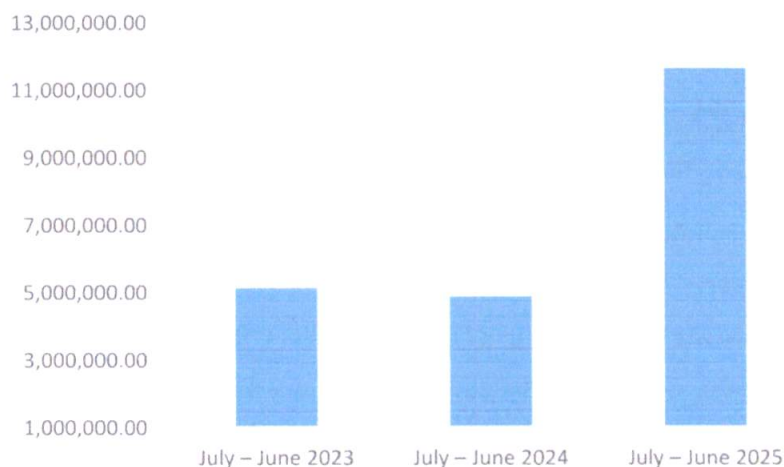
NHIF, Linda Mama and SHA/SHIF Reimbursements Comparison

Financial Year	Reimbursements (KES)
July – June 2023	5,205,620.00
July – June 2024	4,958,512.00
July – June 2025	11,720,604.05

NHIF/SHA/SHIF REIMBURSEMENTS



NHIF/SHA/SHIF REIMBURSEMENTS



Universal Healthcare Funds (UHC)

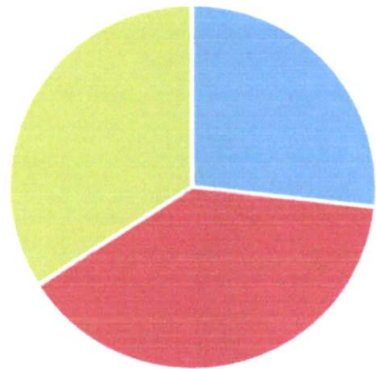
The Universal Healthcare (UHC) funds refer to amounts disbursed by the County Government of Makueni to support services provided to UHC beneficiaries and elderly patients receiving free care. In the financial year ending 30th June 2025, the facility received KES 3,358,900.00 in UHC support. This represents a reduction of KES 503,930.00, or approximately 13%, compared to the KES 3,862,830.00 received in FY 2024.

Despite this decline, the FY 2025 allocation remained higher than that of FY 2023, which stood at KES 2,639,000.00, showing an overall growth of KES 719,900.00 (or 27.3%) over the three-year period.

Universal Healthcare Funds (UHC) Comparison

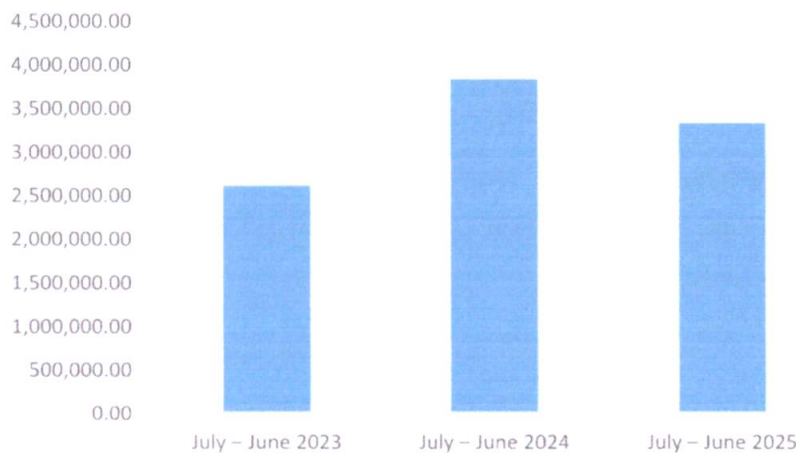
Financial Year	Reimbursements (KES)
July – June 2023	2,639,000.00
July – June 2024	3,862,830.00
July – June 2025	3,358,900.00

UHC Reimbursements



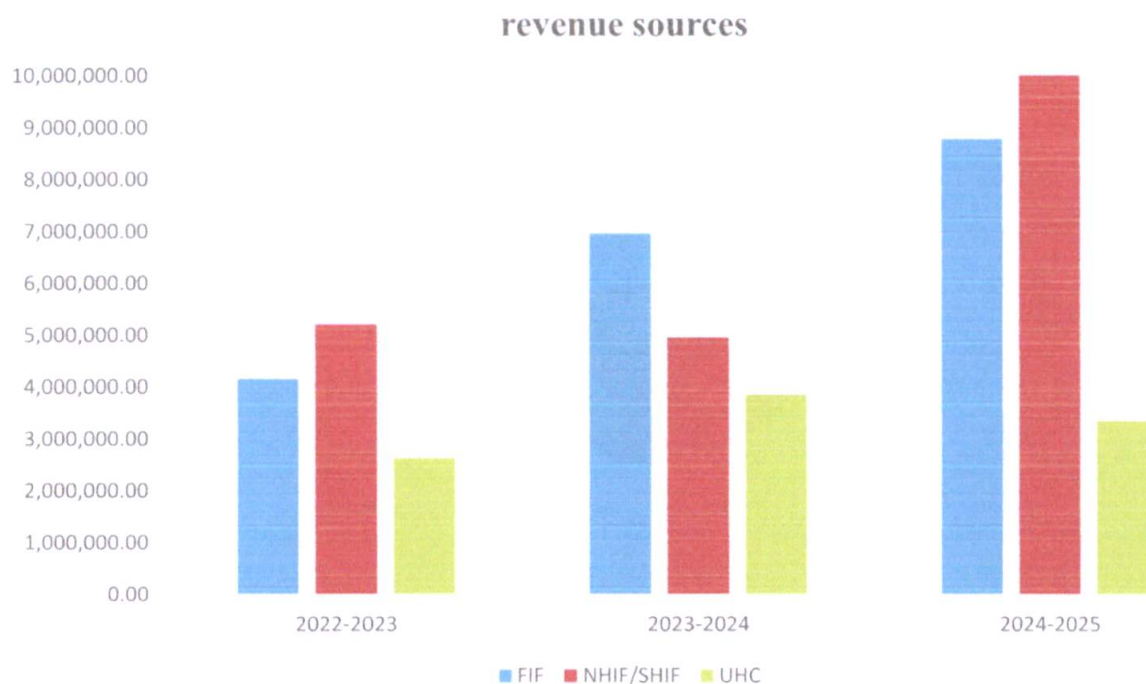
■ July - June 2023 ■ July - June 2024 ■ July - June 2025

UHC Reimbursements



Financial Performance Comparison

Revenue Source	2022-2023	2023-2024	2024-2025
Facility Improvement Fund (F.I.F)	4,160,756.00	6,970,374.00	8,793,555.00
NHIF, Linda Mama, SHIF & SHA Reimbursements	5,205,620.00	4,958,512.00	11,720,604.05
Universal Health Coverage (UHC)	2,639,000.00	3,862,830.00	3,358,900.00



Section B

Entity’s compliance with statutory requirements

The hospital has complied with all its statutory obligations which include payment of KRA dues, NSSF, housing levy and NHIF/SHA for its employees and suppliers.

Section C

Key projects and investment decisions the entity is planning/implementing.

- To construct a lagoon and change the piping system for the sewer
- Grading the hospital terrain then do landscaping
- Install a records and financial management systems. This will enhance service delivery and also improve on financial management systems.
- Renovation of drug store.
- Face-lifting the hospital buildings through painting
- Installation of solar system.
- Renovation and equipping of rehabilitation unit
- Establish a dental unit in the hospital.

Section D

Major risks facing the entity.

The hospital could be facing a serious liquidity risk if NHIF does not reimburse the total of KES 7,687,505 owed to them. This is money emanating from services offered to NHIF and Linda Mama Patients by the hospital.

Section E

Material arrears in statutory/financial obligations

The hospital does not have arrears on its statutory obligations

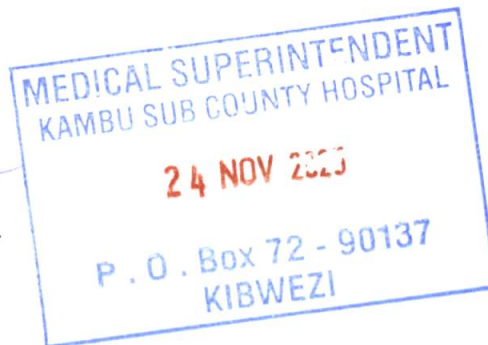
Section F

The entity's financial probity and serious governance issues

The facility ensures compliance to all financial regulations as stipulated in the relevant Acts. This includes adherence to the procurement and disposal Act 2012 and the public finance and management Act.



.....
Dr. Ali Abdulaziz
Medical Superintendent
Kambu Sub County Hospital.



10. Environmental And Sustainability Reporting

Kambu Sub County Hospital is committed to sustainability and environmental responsibility, placing the well-being of its patients and the community at the forefront of its operations. Here is a summary of the hospital's sustainability strategy and profile, environmental performance, employee welfare, market place practices, and corporate social responsibility/community engagements:

i) Sustainability strategy and profile

Kambu Sub County Hospital takes a long-term approach to client service and prioritizes delivering high-quality healthcare services. The hospital upholds the highest standards of clinical governance and ethical behaviour, invests in skilled staff, facilities, and equipment, and respects the communities and environment where it operates. To enhance financial sustainability, the hospital has implemented strategies to increase its own source revenue, such as promoting SHIF services to benefit from enhanced reimbursements.

ii) Environmental performance

The hospital places a strong emphasis on proper disposal of healthcare risk waste and is committed to using resources responsibly to minimize negative environmental impacts. The facility acknowledges the risks posed by regulatory changes, environmental constraints, and climate change, and is determined to take necessary measures to address these challenges. The hospital practices proper segregation of waste at the source and is working towards a cheaper disposal method that does not adversely affect the community. The construction of a secure drainage system is also being pursued to improve environmental management.

Beautification and Environmental Sustainability Initiative

As part of our commitment to sustainability and creating a serene environment, the hospital organized a beautification exercise in the mortuary compound. The activity was led by the Medical Superintendent, who planted a beautiful ornamental flower, symbolizing the hospital's dedication to promoting environmental aesthetics and sustainability.



Medical Superintendent planting a beautiful flower in the mortuary compound during the hospital's environmental beautification initiative.

iii) Employee welfare

Kambu Sub County Hospital ensures that employee recruitment is conducted fairly, selecting candidates based on their performance during interviews. Attracting and utilizing talent in the competitive healthcare market is a key focus for the hospital. To promote employee welfare, the hospital has created a conducive work environment and invests in staff training and development. Support for training, conference attendance, and senior courses are provided to improve the capacity, skills, and knowledge of staff members. Clear guidelines and ways of addressing staff grievances and reprimand are available at the facility.

iv) Market place practices

a) Responsible competition practice

The hospital adheres to fair competition practices and prequalifies suppliers under different needs. Framework agreements cover 2 to 3-year periods, ensuring fair competition, business guarantee, and minimizing corruption. Political involvement is avoided, following guidance from the County treasury and complying with regulations.

b) Responsible Supply chain and supplier relations

The hospital awards tenders to qualified suppliers after a transparent and competitive bidding process. Payments are made in a timely manner to support responsible supply chain practices.

c) Responsible marketing and advertisement

The hospital focuses on creating awareness of its services through social media, community support, and outreach programs. Satisfied clients contribute to positive word-of-mouth advertising.

d) Product stewardship

Kambu Sub County Hospital displays a service charter for all offered services to improve efficiency and effectiveness. Patients are provided with receipts as proof of payment for the services rendered.

v) Corporate Social Responsibility / Community Engagements

Kambu Sub County Hospital engages in community initiatives to impact lives positively. Activities such as Mother's Day meetings provide education on breastfeeding, hygiene practices, and offer support to mothers in the community.

Through its commitment to sustainability and responsible practices, Kambu Sub County Hospital aims to make a meaningful and positive impact on the lives of its patients, employees, and the community it serves

11. Report of The Board of Management

The Board of Management submits its report together with the audited financial statements for the financial year ended 30th June 2025, which present the state of affairs of the hospital as at that date.

Principal Activities

The core mandate of Kambu Sub-County Hospital is to provide integrated, accessible, and high-quality health care services that are promotive, preventive, curative, and rehabilitative in nature. The hospital offers a comprehensive range of services including:

- General outpatient and inpatient services
- Medical outpatient clinics
- Laboratory and diagnostic services
- Pharmacy services
- Maternity and child welfare services
- Surgical/theatre services
- Comprehensive Care Clinic (CCC)
- Nutrition and occupational therapy
- Physiotherapy and psychosocial support
- Orthopedic and trauma care
- Ambulance and emergency services
- Community health talks and education
- Clinical training and mentorship for Kenya Medical Training College (KMTC) students

Results

The results for the entity for the year ended 30th June 2025 are detailed in the accompanying Audited Financial Statements on pages 1 to 8.

Board of Management

The members of the Board of Management who served during the financial year are listed on pages viii and ix.

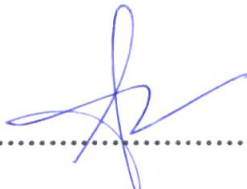
- During the year, new Board members were officially gazetted and appointed.
- There were no retirements or resignations from the Board during the reporting period.

The appointments brought additional expertise and governance capacity to strengthen the strategic leadership of the hospital.

Auditors

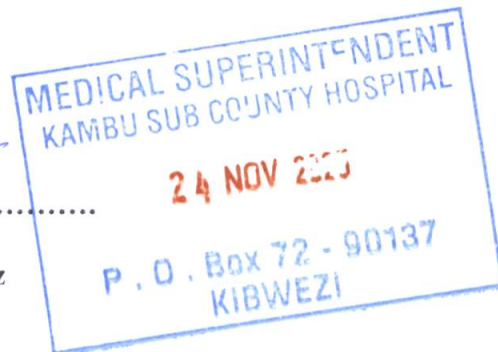
The Auditor General is responsible for the statutory audit of the Kambu Sub County Hospital in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board



.....
Name: Dr. Ali Abdulaziz

Secretary to the Board



12. Statement of Board of Management's Responsibilities

As per Section 164 of the Public Finance Management Act, 2012, the Board of Management of Kambu Sub County Hospital acknowledges its responsibility for the preparation and presentation of the financial statements that provide a true and fair view of the state of affairs of the Hospital at the end of the financial year/period and the operating results for that year/period, which ended on June 30th, 2025.

The Board of Management is committed to maintaining adequate financial management arrangements and ensuring their effectiveness throughout the reporting period. Proper accounting records are maintained, which disclose the financial position of the Hospital with reasonable accuracy at any given time. The Board has designed, implemented, and maintained internal controls relevant to the preparation and fair presentation of the financial statements to ensure they are free from material misstatements, whether due to error or fraud.

Safeguarding the assets of Kambu Sub County Hospital is a top priority for the Board of Management, and they select and apply appropriate accounting policies while making reasonable accounting estimates. The financial statements have been prepared in conformity with International Public Sector Accounting Standards (IPSAS) and in compliance with the PFM Act, 2012.

The Board of Management accepts responsibility for the financial statements, which are supported by appropriate accounting policies and prudent judgments and estimates. They confirm that the financial statements provide a true and fair view of the hospital's transactions during the period ended June 30th, 2025, and its financial position as of that date. The accounting records maintained for Kambu Sub County Hospital have been deemed complete and have been relied upon for the preparation of the financial statements, as well as the adequacy of the systems of internal financial control.

Furthermore, the Board of Management confirms that there is no indication to suggest that Kambu Sub County Hospital will not remain a going concern for at least the next twelve months from the date of this statement.

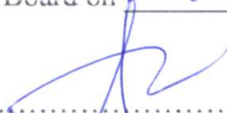
This statement is a testament to the Board's commitment to transparency, accountability, and responsible financial management in ensuring the sustainability and success of Kambu Sub County Hospital.

Approval of the financial statements

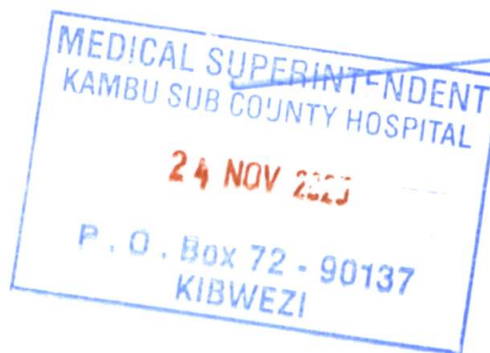
The Hospital's financial statements were approved by the Board on 22/11/2025 and signed on its behalf by:



.....
Name: Benjamin Kyalo Nyamai
Chairperson
Board of Management



.....
Name: Dr Ali Abdulaziz
Accounting Officer



MEDICAL SUPERINTENDENT
KAMBU SUB COUNTY HOSPITAL
24 NOV 2025
P. O. Box 72 - 90137
KIBWEZI

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: 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 KAMBU LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 - COUNTY GOVERNMENT OF MAKUENI

PREAMBLE

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

- A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;
- B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kambu Level 4 Hospital - County Government of Makueni set out on pages 1 to 59, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance,

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

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

Basis for Qualified Opinion

1. Undisclosed and Ownership of Property, Plant, and Equipment

The statement of financial position and as disclosed in Note 32 to the financial statements reflect a balance of Kshs.8,399,641 in respect of property, plant and equipment. However, physical verification revealed that the Hospital had movable and immovable assets, including land, buildings and equipment whose values had not been determined and were not disclosed in the financial statements. In addition, the title deed for the land and motor vehicle logbook were not provided for audit review.

In the circumstances, the accuracy, completeness and ownership of property, plant and equipment balance of Kshs.8,399,641 could not be confirmed.

2. Long Outstanding Receivables from Exchange Transactions

The statement of financial position and as disclosed in Note 29 to the financial statements reflect a balance of Kshs.19,682,178 in respect to receivables from exchange transactions. Review of the supporting schedules and ageing analysis revealed that Kshs.12,643,704 or approximately 64% of the total receivables had remained outstanding for more than one (1) year. Although Management explained that the outstanding balance mainly relate to unpaid claims from the defunct National Hospital Insurance Fund (NHIF) and that a demand letter was issued to Social Health Authority in December, 2024, the claims had not been paid. In addition, the Facility had not developed or implemented a Debt Management Policy to guide on monitoring, provisions and write-off of irrecoverable debts.

In the circumstances, the accuracy and recoverability of receivables from exchange transactions balance of Kshs.19,682,178 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kambu Level 4 Hospital - County Government of Makueni Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in

accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

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

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Understaffing in the Hospital

Review of the staff establishment during the year under review and payroll records revealed that the Hospital had sixty-nine (69) employees against a staff establishment of three hundred and seventy - eight (378) resulting in a deficit of three hundred and nine

(309) personnel. Although Management explained that they have engaged qualified contracted professionals and casual staff on short term engagements, the reliability of contracted professionals and casual staff could not be confirmed.

Failure to recruit and retain optimal number of employees hinders the effective delivery of services by the Hospital.

2. Deficiencies in Implementation of Universal Health Care

Review of the Hospital's records and interviews on verification of services offered, equipment used and medical specialists in the Hospital as at the time of audit in October, 2025 revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to staff deficits by eighty-four (84) or approximately 83% of the authorized staff establishment as indicated below:

Staff Requirement	Minimum Requirement	Actual Numbers	Variance	Actual against Minimum Requirement %
Medical Officers	16	3	13	81
Anesthesiologists	2	0	2	100
General Surgeons	2	0	2	100
Gynecologists	2	0	2	100
Pediatricians	2	0	2	100
Radiologists	2	0	2	100
Registered Community Health Nurses	75	14	61	81
Total	101	17	84	83

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

Equipment & Machine	Minimum Requirement	Actual Numbers	Variance	Actual against Minimum Requirement %
Incubators (newborn)	5	1	4	20
Beds Available	150	22	128	14
COTS	5	0	5	100
Resuscitaire in Theatre	1	0	1	100
Resuscitaire in Labour Ward	2	0	2	50
Functional ICU Beds	6	0	6	0
HDU Beds	6	0	6	0
Renal unit with Dialysis Machines	5	0	5	0

Equipment & Machine	Minimum Requirement	Actual Numbers	Variance	Actual against Minimum Requirement %
Functional Operating Theatres Maternity and General	2	1	1	50
Ambulances Available	2	1	1	50
Service	Service Offered			
Surgical Services	Yes			
Pediatric Services	No			
Gynecology Services	No			
Radiology Services	Yes			
Renal Services	No			
Tuberculosis Services	Yes			

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

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

3. Unutilized Medical Equipment

The statement of financial position and as disclosed in Note 32 to the financial statements reflect property, plant and equipment balance of Kshs.8,399,641 which includes medical equipment donated by the County Government of Makueni. However, physical verification conducted in October, 2025 revealed that the x-ray equipment of undetermined value in the radiology department was not operational and had not been serviced as at the time of audit. Although Management explained that they had engaged a qualified biomedical technician who conducted an assessment and prepared a detailed report on the required parts which were supposed to be sourced from Japan, evidence on availability of a budget and timelines for procuring the required parts were not provided for audit review.

In the circumstances, value for money for the unutilized equipment could not be confirmed.

4. Non-Compliance with Law on Ethnic Composition

Review of the payroll database for the Hospital revealed that out of a total of twenty-eight (28) employees, twenty-five (25) staff members or approximately 89% of the total workforce were from the dominant ethnic community in the County. This is contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that all public establishments shall seek to represent the diversity of the people of Kenya in employment of staff and that no public establishment shall have more than one third (33%) of its establishment from the same ethnic community.

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

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

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

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

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

Responsibilities of the Management and those Charged with Governance

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

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

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

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

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

comply with the authorities which govern them and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

01 December, 2025

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

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


Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	3,358,900	3,862,830
In-kind contributions from the County Government	7	55,118,681	57,202,106
Grants from donors and development partners	8	-	-
Transfers from other Government entities	9	-	-
Public contributions and donations	10	-	-
		58,477,581	61,064,936
Revenue from exchange transactions			
Rendering of services- Medical Service Income	11	8,656,626	6,681,766
Revenue from rent of facilities	12	-	-
Finance /Interest Income	13	-	-
Miscellaneous Income	14	24,676,387	13,510,670
Revenue from exchange transactions		33,333,012	20,192,436
Total revenue		91,810,593	81,257,372
Expenses			
Medical/Clinical costs	15	5,840,616	6,107,784
Employee costs	16	7,570,425	6,521,392
Board of Management Expenses	17	141,000	156,500
Depreciation and amortization expense	18	1,329,584	1,366,871
Repairs and maintenance	19	1,905,534	1,482,829
In-kind contributions from the County Government	7	55,118,681	57,202,106
General expenses	21	6,348,797	5,799,855
Finance costs	22	-	-
Total expenses		78,254,636	78,637,337
Other gains/(losses)			
Gain/Loss on disposal of non-Current assets	23	-	-

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

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Unrealized gain on fair value of investments	24	-	-
Medical services contracts Gains/Losses	25	(688,180)	(774,340)
Impairment loss	26	(-)	-
Gain on foreign exchange transactions		-	-
Total other gains/(losses)		(688,180)	(774,340)
Net Surplus / (Deficit) for the year		12,867,777	1,845,695

(The notes set out on pages 28 to 37 form an integral part of the Annual Financial Statements.)

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



Chairman
Board of Management



Head of Finance
ICPAK No: 8331



Medical Superintendent
MEDICAL SUPERINTENDENT
KAMBU SUB COUNTY HOSPITAL
24 NOV 2025
P. O. Box 72 - 90137
KIWWEZI

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

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

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	27	1,936,778	1,400,454
Prepayments	28		
Receivables from exchange transactions	29	19,682,178	7,489,210
Receivables from non-exchange transactions	30	-	-
Inventories	31	1,601,132	1,799,427
Total Current Assets		23,220,088	10,689,091
Non-current assets			
Property, plant, and equipment	32	8,399,641	8,746,925
Intangible assets	33	-	-
Investment property	34	-	-
Biological Assets	35		
Total Non-current Assets		8,399,641	8,746,925
Total assets (A)		31,619,729	19,436,016
Liabilities			
Current liabilities			
Trade and other payables	36	4,406,974	5,091,038
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		4,406,974	5,091,038
Non-current liabilities			
Provisions	38	-	-
Non-Current Finance lease obligation	39	-	-
Non-Current portion of deferred income	40	-	-
Non - Current portion of borrowings	41	-	-

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

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Service concession Arrangements	42	-	-
Total non-current liabilities		-	-
Total Liabilities (B)		4,406,974	5,091,038
Net assets (A-B)		27,212,755	14,344,978
Represented by:			
Revaluation reserve		-	-
Accumulated surplus/Deficit		26,605,970	13,738,193
Capital Fund		606,785	606,785
Net Assets		27,212,755	14,344,978

(The notes on pages 37 to 48 form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were approved by the Board on 20/11/2025 and signed on its behalf by:



Chairman
Board of Management



Head of Finance
ICPAK No: 8331



Medical Superintendent
MEDICAL SUPERINTENDENT
KAMBU SUB COUNTY HOSPITAL
24 NOV 2025
P.O. Box 72 - 90137
KIBWEZI

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

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

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2023	-	11,892,499	(1,936,780)	9,955,719
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	1,845,695		1,845,695
Capital/Development grants	-	-	2,543,565	2,543,565
As at June 30, 2024	-	13,738,193	606,785	14,344,978
At July 1, 2024	-	13,738,193	606,785	14,344,978
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	12,867,777		12,867,777
Capital/Development grants	-	-	-	-
At June 30, 2025	-	26,605,970	606,785	27,212,755

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

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

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government		3,358,900	3,862,830
Grants from donors and development partners		-	-
Transfers from other Government entities		-	-
Public contributions and donations		-	-
Rendering of services- Medical Service Income		8,656,626	6,681,766
Revenue from rent of facilities		-	-
Finance / interest income		-	-
Miscellaneous receipts(<i>specify</i>)		11,857,534	5,247,120
Total Receipts		23,873,059	15,791,716
Payments			
Medical/Clinical costs		6,214,979	4,037,376
Employee costs		7,574,225	6,062,792
Board of Management Expenses		141,000	156,500
Repairs and maintenance		1,817,024	1,483,459
Grants and subsidies		-	-
General expenses		6,607,207	4,567,190
Finance costs		-	-
Refunds paid out		-	-
Total Payments		22,354,435	16,307,318
Net cash flows from operating activities	43	1,518,624	(515,602)
Cash flows from investing activities			
Purchase of property, plant, equipment		(982,300)	(140,000)
Purchase of intangible assets		(-)	(-)
Proceeds from the sale of PPE		-	-
Acquisition of investments		(-)	(-)
Net cash flows used in investing activities		(982,300)	(140,000)
Cash flows from financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings		(-)	(-)
Capital grants received		-	-

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

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Net cash flows used in financing activities		(-)	(-)
Net increase/(decrease) in cash and cash equivalents		536,324	(655,602)
Cash and cash equivalents as at 1 July 2024	27	1,400,454	2,056,056
Cash and cash equivalents as at 30 June 2025	27	1,936,778	1,400,454

18. Statement of Comparison of Budget and Actual Amounts for Year Ended 30 June 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	4,000,000	-	4,000,000	3,358,900	641,100	84%
Grants from donors and development partners	-	-	-	-	-	%
Transfers from other Government entities	-	-	-	-	-	%
Public contributions and donations	-	-	-	-	-	%
Rendering of services- Medical Service Income	8,760,000	-	8,760,000	8,656,626	103,374	99%
Revenue from rent of facilities	-	-	-	-	-	%
Finance / interest income	-	-	-	-	-	%
Miscellaneous receipts (<i>specify</i>)	11,084,800	-	11,084,800	11,857,534	(772,734)	107%
Total receipts	23,844,800	-	23,844,800	23,873,059	(28,259)	100%
Payments						
Medical/Clinical costs	6,230,000	-	6,230,000	6,214,979	15,021	100%
Employee costs	7,615,090	-	7,615,090	7,574,225	40,865	99%
Remuneration of directors	160,000	-	160,000	141,000	19,000	88%
Repairs and maintenance	2,677,000	-	2,677,000	1,817,024	859,976	68%
Grants and subsidies	-	-	-	-	-	%
General expenses	7,162,710	-	7,162,710	6,607,207	555,503	92%
Finance costs	-	-	-	-	-	%
Refunds	-	-	-	-	-	%
Total Operational Expenditure paid	23,844,800	-	23,844,800	22,354,435	1,490,365	94%
Capital Expenditure paid	-	-	-	982,300	-	%
Surplus	-	-	-	536,324	-	%

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

Revenue Performance:

- Transfers from the County Government were lower than expected, with only Kshs 3,358,900 received against a budget of Kshs 4,000,000, representing 84% of the budget and a shortfall of Kshs 641,100.
- NHIF, SHA/SHIF receipts exceeded the budget by Kshs 772,734, achieving 107% of the budget, partially offsetting the shortfall in County transfers.
- Overall, total revenue collection was slightly below the original targets, primarily due to the lower-than-expected County Government transfers.

Expenditure Performance:

- Repairs and maintenance were underspent by Kshs 859,976 (only 68% utilized), and general expenses were underspent by Kshs 555,503 (92% utilized).
- The underspending occurred because revenue collected during the year was not sufficient to cover the full budgeted expenditure.

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	536,324
1	Cash Surplus after Capital Expenditure	536,324
2	Add: Opening Cash & Cash Equivalents (1 July 2024)	1,400,454
	Closing Cash and Cash Equivalent as per the statement of Cash flows	1,936,778

19. Notes to the Financial Statements

1. General Information

Kambu Sub County Hospital is established by and derives its authority and accountability from -Act. The entity is wholly owned by the Makueni County Government and is domiciled in Makueni County in Kenya. The entity's principal activity is to provide accessible, integrated, and high-quality preventive, curative, and rehabilitative health services to all Kenyans.

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. 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 (include any other applicable legislation), and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

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

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

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

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

Standard	Effective date and impact:
	<p>satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
<p>IPSAS 46 Measurement</p>	<p>Applicable 1st January 2025</p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
<p>IPSAS 47- Revenue</p>	<p>Applicable 1st January 2026</p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>

Standard	Effective date and impact:
IPSAS 48- Transfer Expenses	<p>Applicable 1st January 2026</p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
IPSAS 49- Retirement Benefit Plans	<p>Applicable 1st January 2026</p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p>Applicable 1st January 2027</p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ol style="list-style-type: none"> <li data-bbox="456 1182 1414 1279">i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. <li data-bbox="456 1294 1414 1442">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. <li data-bbox="456 1458 1414 1715">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 or the entity adopted the following standards early (state the standards, reason for early adoption and impact on entity’s financial statements.)

4. Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Rental income

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

b. Budget information

The original budget for FY 2024/2025 was approved by Board on 5th 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 budget following the Board's approval. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

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

c. Taxes

Sales tax/ Value Added Tax

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

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

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.

Note 1: Disclosure of Unrecognized Assets – Land, Buildings, and Ambulance.

The hospital utilizes several key assets in its operations which are currently not recognized in the financial statements due to the absence of formal valuations and/or legal ownership documentation.

1. Land:

The hospital occupies land that is used for its operations. However, the land has not been valued, and legal ownership documents such as a title deed are not available. The hospital currently holds only an allotment number for the land. As such, the land is not recognized under Property, Plant and Equipment in the Statement of Financial Position. The hospital is

working with the relevant county authorities to facilitate titling and valuation for future recognition.

2. Hospital Buildings:

The hospital operates from permanent buildings that are in active use. These buildings have not been valued, and no reliable historical cost or fair value data is available. Consequently, they are not recognized in the current financial statements. The hospital has initiated efforts to obtain formal valuation in order to comply with applicable asset recognition requirements.

3. Ambulance:

The hospital makes use of an ambulance that is stationed at the facility. While the legal ownership documents (logbook and valuation records) are held by the County Headquarters, the ambulance is under the hospital's operational control and is actively used to generate income through patient transport and emergency services. Despite the economic benefits derived, the ambulance is not recognized as a hospital asset in these financial statements due to the absence of ownership documentation.

These disclosures are made in line with applicable public sector accounting standards to promote transparency and accountability, and to support the eventual full recognition of these assets in future reporting periods.

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.

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 Notes.

Financial liabilities

Classification

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

k. Inventories

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

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

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

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

l. Provisions

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

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

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

Notes to the Financial Statements (Continued)

m. Social Benefits

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

n. Contingent liabilities

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

o. Contingent assets

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

p. Nature and purpose of reserves

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

q. Changes in accounting policies and estimates

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

Notes to the Financial Statements (Continued)

r. Employee benefits

Retirement benefit plans

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

s. Foreign currency transactions

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

t. Borrowing costs

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

construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

u. Related parties

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

v. Service concession arrangements

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

w. Cash and cash equivalents

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

x. Comparative figures

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

y. Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

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

Notes to Financial Statements Continued

6. Transfers from the County Government

Description	2024-2025	2023-2024
	KShs	KShs
Unconditional grants		
Operational grant-UHC	3,358,900	3,862,830
Level 4/5 grants	-	-
Unconditional development grants	-	-
Other grants (<i>specify</i>)	-	-
	-	-
Conditional grants		
User fee forgone	-	-
Transforming health services for Universal care project (THUCP)	-	-
DANIDA	-	-
Wards Development grant	-	-
Paediatric block grant	-	-
Administration block grant	-	-
Laboratory grant	-	-
Total government grants and subsidies	3,358,900	3,862,830

6 b Transfers from The County Government

Name of the Entity sending the grant	Amount recognized to Statement of financial performance* KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	2023-2024
			KShs	KShs	KShs
Makueni County Government	3,358,900	-	-	3,358,900	3,862,830
Total	3,358,900	-	-	3,358,900	3,862,830

Notes to Financial Statements Continued

7. In Kind Contributions from The County Government

Description	2024-2025	2023-2024
	KShs	KShs
Salaries and wages	49,745,948	50,914,800
Medical supplies-Drawings Rights (KEMSA)	-	-
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	5,162,497	5,327,221
Utility bills	210,236	960,085
Total grants in kind	55,118,681	57,202,106

8. Grants From Donors and Development Partners

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

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

Name of the Entity sending the grant	Amount recognized to Statement of financial performance	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year	2023-2024
	KShs	KShs	KShs	KShs	KShs
Donor e.g., DANIDA	-	-	-	-	-
JICA	-	-	-	-	-
World Bank	-	-	-	-	-
Total	-	-	-	-	-

9. Transfers From Other Government Entities

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

10. Public Contributions and Donations

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

10 (a)Reconciliations of amortised grants

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

11. Rendering of Services-Medical Service Income

Description	2024-2025	2023-2024
	Kshs	Kshs
Pharmaceuticals	1,445,380	1,207,491
Non-Pharmaceuticals		
Laboratory	1,524,720	1,335,990
Radiology	1,171,240	903,410
Orthopedic and Trauma Technology	383,040	304,760
Theatre	73,500	
Accident and Emergency Service	-	-
Anesthesia Service	-	-
Ear Nose and Throat service	-	-
Nutrition service	11,900	3,700
Cancer centre service	-	-
Dental services	-	-
Reproductive health	-	-
Paediatrics services	-	-
Farewell home services	1,241,980	1,587,930
Ambulance services	423,550	400,200
Other medical services income (<i>specify</i>)	2,381,315	938,285
Total revenue from the rendering of services	8,656,626	6,681,766

12. Revenue From Rent of Facilities

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

13. Finance /Interest Income

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

14. Miscellaneous Income

Description	2024-2025	2023-2024
	KShs	KShs
Insurance recoveries-NHIF/SHA/SHIF	11,720,604	4,958,512
Insurance recoveries (Makueni UHC Registration)	135,000	192,000
Direct Customer Deposits	1,930	96,608
Receivables from exchange transactions-UHC claims	5,294,923	
Waivers and Exemptions	688,180	774,340
Receivables from exchange transactions	6,835,750	7,489,210
Bad debts recovered	-	-
<i>Others (Specify)</i>	-	-
Total Miscellaneous income	24,676,387	13,510,670

15. Medical/ Clinical Costs

Description	2024-2025	2023-2024
	Kshs	Kshs
Dental costs/ materials	-	-
Laboratory chemicals and reagents	525,764	603,000
Public health activities	-	-
Food and Ration	2,230,023	2,773,877
Uniform, clothing, and linen	20,000	
Dressing and non-pharmaceuticals	1,898,101	1,704,853
Pharmaceutical supplies	473,104	233,273
Health information stationery	-	-
Reproductive health materials	-	-
Sanitary and cleansing Materials	367,167	538,776
Purchase of Medical gases	166,607	132,585
X-Ray/Radiology supplies	159,850	121,420
Other medical related clinical costs (<i>specify</i>)	-	-
Total medical/ clinical costs	5,840,616	6,107,784

16. Employee Costs

Description	2024-2025	2023-2024
	Kshs	Kshs
Salaries, wages, and allowances	2,420,014	1,936,865
Contracted Employees	4,193,587	3,687,927
Contributions to pension schemes	-	-
Service gratuity	-	-
Performance and other bonuses	-	-
Staff medical expenses and Insurance cover	-	-
Group personal accident insurance and WIBA	-	-
Social contribution	-	-
Other employee costs - <i>locum</i>	956,824	896,600
Employee costs	7,570,425	6,521,392

17. Board of Management Expenses

Description	2024-2025	2023-2024
	Kshs	Kshs
Chairman's Honoraria	-	-
Sitting allowance	141,000	156,500
Mileage	-	-
Insurance expenses	-	-
Induction and training	-	-
Travel and accommodation allowance	-	-
Airtime allowances	-	-
Total	141,000	156,500

18. Depreciation and Amortization Expense

Description	2024-2025	2023-2024
	Kshs	Kshs
Property, plant and equipment	1,329,584	1,366,871
Intangible assets	-	-
Investment property carried at cost	-	-
Total depreciation and amortization	1,329,584	1,366,871

19. Repairs And Maintenance

Description	2024-2025	2023-2024
	Kshs	Kshs
Property- Buildings	371,275	367,640
Medical equipment	59,000	184,990
Office equipment	-	-
Furniture and fittings	25,000	21,000
Computers and accessories	80,000	123,000
Motor vehicle expenses	88,096	287,204
Maintenance of Plant<machinery and Equipment	1,282,163	498,995
Total repairs and maintenance	1,905,534	1,482,829

Notes to the Financial Statements (Continued)

20. Grants And Subsidies

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

21. General Expenses

Description	2024-2025	2023-2024
	Kshs	Kshs
Advertising and publicity expenses	-	-
Catering expenses	-	197,413
Waste management expenses	-	-
Insecticides and rodenticides	-	-
Audit fees	-	-
Bank charges	28,953	49,585
Conferences and delegations	-	-
Consultancy fees	-	-
Contracted services	450,000	409,913
Electricity expenses	615,561	338,276
Fuel and Lubricants-other fuels	280,000	169,000
Fuel and Lubricants for transport	2,288,500	2,564,741
General office Supplies-stationery	1,232,848	903,365
Travel and accommodation allowance	760,360	541,240
Supplies and accessories for Computers	-	189,586
Fuel and Lubricants for production	-	113,017
Courier and postal services	-	-
Printing and stationery	-	-
Hire charges	-	-
Rent expenses	-	-
Water and sewerage costs	165,915	100,740
Skills development levies	-	-

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Description	2024-2025	2023-2024
	Kshs	Kshs
Telephone and mobile phone services	110,000	135,000
Internet expenses	30,000	-
Staff training and development	139,200	-
Subscriptions to professional bodies	-	-
Subscriptions to newspapers periodical, magazines, and gazette notices	-	-
Library books/Materials	-	-
Other general expenses (households & electricals)	247,460	87,979
Total General Expenses	6,348,797	5,799,855

22. Finance Costs

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

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

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

24. Unrealized Gain On Fair Value Investments

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

25. Medical Services Contracts Gains /Losses

Description	2024-2025	2023-2024
	KShs	KShs
Comprehensive care contracts with NHIF/SHA	-	-
Non- Comprehensive contracts care with NHIF/SHA	-	-
Linda Mama Program	-	-
Waivers and Exemptions	(688,180)	(774,340)
Total Gain/Loss	(688,180)	(774,340)

26. Impairment Loss

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

27. Cash And Cash Equivalentents

Description	2024-2025	2023-2024
	KShs	KShs
Current accounts	1,936,778	1,400,454
On - call deposits	-	-
Fixed deposits accounts	-	-
Cash in hand	-	-
Others(<i>specify</i>)- Mobile money	-	-
Total cash and cash equivalentents	1,936,778	1,400,454

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

Description		2024-2025	2023-2024
Financial institution	Account number	KShs	KShs
a) Current account			
Kenya Commercial bank	1157902049	1,931,891	1,394,796
Kenya Commercial bank	1139073907	4,887	5,658
Sub- total		1,936,778	1,400,454
b) On - call deposits			
Kenya Commercial bank		-	-
Equity Bank – etc		-	-
Sub- total		-	-
c) Fixed deposits account			
Bank Name		-	-
Sub- total		-	-
d) Others(specify)			
cash in hand		-	-
Mobile money- Mpesa, Airtel money		-	-
Sub- total		-	-
Grand total		1,936,778	1,400,454

28. Prepayments

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

29. Receivables From Exchange Transactions

Description	2024-2025	2023-2024
	Kshs	Kshs
Medical services receivables- SHA/NHIF/UHC Claims	19,682,178	7,489,210
	-	-
Other exchange debtors	-	-
Less: impairment allowance	(-)	(-)
Total receivables	19,682,178	7,489,210

Analysis of Receivables From Exchange Transactions

Description	2024-2025		2023-2024	
	Kshs		Kshs	
	2024-2025	% of the total	2023-2024	% of the total
Less than 1 year	7,038,474	36%	7,489,210	100%
Between 1- 2 years	12,643,704	64%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (a+b)	19,682,178	100%	7,489,210	%

30. Receivables From Non-Exchange Transactions

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

Analysis of Receivables From Non-Exchange Transactions

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

31. Inventories

Description	2024-2025	2023-2024
	KShs	KShs
Pharmaceutical supplies	590,755	621,187
Dressing and non-pharmaceuticals	293,845	990,690
Food supplies	30,022	42,650
Laboratory reagents and materials	637,200	
Cleaning materials supplies	-	-
General supplies	49,310	144,900
Less: provision for impairment of stocks	(-)	(-)
Total	1,601,132	1,799,427

Detailed disclosure on inventories

Description	2024-2025	2023-2024
Opening balance	1,799,427	-
Additional Inventory in the year	11,522,336	-
Inventory expensed in the year	11,720,631	-
Write-downs in the year	-	-
Others specify	-	-
Closing balance	1,601,132	1,799,427

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32. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (specify)	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
Cost									
At 1 July 2023	-	-	-	15,000	365,000	-	-	-	380,000
Additions	-	-	-	2,770,800	286,000	6,838,808	-	-	9,895,608
Disposals	(-)	(-)	(-)	(-)	(-)	(-)	-	-	(-)
Transfers/adjustments	-	-	(-)	-	-	-	-	-	(-)
Revaluation Adjustments	-	-	-	-	-	-	-	-	-
At 30th Jun 2024	-	-	-	2,785,800	651,000	6,838,808	-	-	10,275,608
At 1 July 2024	-	-	-	2,785,800	651,000	6,838,808	-	-	10,275,608
Additions	-	-	-	184,300	216,000	582,000	-	-	982,300
Disposals	(-)	(-)	(-)	(-)	(-)	(-)	-	(-)	(-)
Transfer/adjustments	-	-	-	-	-	-	-	(-)	-
Revaluation Adjustments	-	-	-	-	-	-	-	-	-
At 30th Jun 2025	-	-	-	2,970,100	867,000	7,420,808	-	-	11,257,908
Depreciation and impairment									
At 1 July 2023	-	-	-	3,516	158,297	-	-	-	161,813
Depreciation for the year	-	-	-	347,786	164,234	854,851	-	-	1,366,871
Disposals	(-)	(-)	(-)	(-)	(-)	(-)	(-)	-	(-)
Impairment	(-)	(-)	(-)	(-)	(-)	(-)	(-)	-	(-)

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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
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh	Ksh
At 30 June 2024		-	-	351,301	322,531	854,851	-	-	1,528,683
At July 2024		-	-	351,301	322,531	854,851	-	-	1,528,683
Depreciation		-	-	327,350	181,490	820,745	-	-	1,329,584
Disposals		(-)	(-)	(-)	(-)	(-)	(-)	-	(-)
Impairment		(-)	(-)	(-)	(-)	(-)	(-)	-	(-)
Transfer/adjustment		-	-	-	-	-	-	-	(-)
At 30th June 2025		-	-	678,651	504,021	1,675,596	-	-	2,858,267
Net book values									
At 30th Jun 2024	-	-	-	2,434,499	328,469	5,983,957	-	-	8,746,925
At 30th Jun 2025	-	-	-	2,291,449	362,979	5,745,212	-	-	8,399,641

Notes to the Financial Statements (Continued)

33. Intangible Assets-Software

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

34. Investment Property

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

Notes to the Financial Statements (Continued)

35. Biological Assets

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

36. Trade and other Payables

Description	2024-2025		2023-2024	
	KShs		KShs	
Trade payables	4,406,974		5,091,038	
Employee dues	-		-	
Third-party payments (<i>e.g. unremitted payroll deductions</i>)	-		-	
Audit fee	-		-	
Doctors' fee	-		-	
Total trade and other payables	4,406,974		5,091,038	
Ageing analysis:	2024-2025	% of the Total	2023-2024	% of the total
Under one year	4,406,974	100%	4,894,118	96.1%
1-2 years	-	%	196,920	3.9%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	4,406,974	100%	5,091,038	100%

37. Refundable Deposits from Customers/Patients

Description	2024-2025	2023-2024
	KShs	KShs
Medical fees paid in advance	-	-
Credit facility deposit	-	-
Rent deposits	-	-
Others (<i>specify</i>)	-	-
Total deposits	-	-

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

38. Provisions

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

39. Finance Lease Obligation

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

40. Deferred Income

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

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

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

41. Borrowings

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

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

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

Notes to the Financial Statements (Continued)

42. Service Concession Arrangements

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

43. Cash Generated from Operations

Description	2024-2025	2023-2024
	KShs	KShs
Surplus for the year before tax	12,867,777	1,845,695
Adjusted for:		
Depreciation	1,329,584	1,366,871
Non-cash grants received	(-)	(-)
Impairment	-	-
Gains and losses on disposal of assets	(-)	(-)
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
Working Capital adjustments		
Increase in inventory	198,295	(267,482)
Increase in receivables	(12,192,968)	(4,585,440)
Increase in deferred income	-	-
Increase in payables	(684,064)	1,124,754
Increase in payments received in advance	-	-
Net cash flow from operating activities	1,518,624	(515,602)

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	7,489,210	7,489,210	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	7,489,210	7,489,210	-	-
At 30 June 2025				
Receivables from exchange transactions	19,682,178	19,682,178	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	19,682,178	19,682,178	-	-

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 -x The board of management sets the hospital's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(ii) Liquidity risk management

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024				
Trade payables	1,261,090	1,161,990	2,667,958	5,091,038
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	1,261,090	1,161,990	2,667,958	5,091,038
At 30 June 2025				
Trade payables	1,144,200	1,645,846	1,616,928	4,406,974
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	1,144,200	1,645,846	1,616,928	4,406,974

Notes to the Financial Statements (Continued)

(iii) Market risk

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

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

a) Foreign currency risk

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

Description	Kshs	Other currencies	Total
	Kshs		Kshs
At 30 June 20xx			
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 20xx			
Financial assets (investments, cash, debtors)	-	-	-
Liabilities			
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

Foreign currency sensitivity analysis

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

Description	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
2024			
Euro	10%	-	-
USD	10%	-	-
2025			
Euro	10%	-	-
USD	10%	-	-

b) Interest rate risk

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

Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable 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 Kshs - (20xx: Kshs -). A rate increase/decrease of 5% would result in a decrease/increase in surplus of Kshs - (20xx – Kshs -).

iv) **Capital Risk Management**

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

Description	2024-2025	2023-2024
	Kshs	Kshs
Revaluation reserve	-	-
Retained earnings	26,605,970	13,738,193
Capital reserve	606,785	606,785
Total funds	27,212,755	14,344,978
Total borrowings	-	-
Less: cash and bank balances	(1,936,778)	(1,400,454)
Net debt/ (excess cash and cash equivalents)	-	-
Gearing	-7.11%	-9.76%

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45. Related Party Balances

Nature of related party relationships

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

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

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

Description	2024-2025	2023-2024
	Kshs	Kshs
Transactions with related parties		
a) Services offered to related parties		
Services to -	-	-
Sales of services to -	-	-
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 for -	-	-
Total	-	-
d) Key management compensation		
Directors' emoluments	-	-
Compensation to the medical Sup	-	-

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Description	2024-2025	2023-2024
	Kshs	Kshs
Compensation to key management	-	-
Total	-	-

46. Segment Information

Where an organisation operates in different geographical regions or in departments, IPSAS 18 on segmental reporting requires an entity to present segmental information of each geographic region or department to enable users understand the entity's performance and allocation of resources to different segments

47. Contingent Liabilities

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

48. Capital Commitments

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

49. Events after the Reporting Period

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

50. Ultimate and Holding Entity

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

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51. **Currency**

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

20. Appendices

Appendix 1: Progress on Follow Up of Auditor Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
OAG/MRO/KAMBU L4H/2023/2024/ (15)	Non-disclosure of plant and equipment	Management has requested valuation of unvalued assets; disclosures will be updated once completed. Interim disclosures have been made in the notes to the financial statements regarding unvalued asset	<i>Not Resolved</i>	2 years
OAG/MRO/KAMBU L4H/2023/2024/ (15)	Deficiencies in implementation of UHC	Management acknowledges the gaps. Plans are underway to acquire and install required equipment, expand in-patient services, and make the radiology equipment operational in compliance with safety standards. Coordination with the County Government is ongoing to address these deficiencies.	<i>Not Resolved</i>	5 years
OAG/MRO/KAMBU L4H/2023/2024/ (15)	Long Outstanding Trade and Other Payables	Management confirms that the outstanding payables were fully settled in the current financial year. Controls have been strengthened to ensure	<i>Resolved</i>	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		timely settlement and compliance with the Act.		
OAG/MRO/KAMBU L4H/2023/2024/ (15)	Failure to maintain Fixed Assets Register	A comprehensive Fixed Asset Register has been developed and is now in place. The register includes all hospital assets and will be updated regularly as part of asset management.	<i>Resolved</i>	
OAG/MRO/KAMBU L4H/2023/2024/ (15)	Lack of Risk Management Policy	Following the observation and recommendation by the auditors, the hospital management clarifies that it adopted the county risk management policy framework to help identify, assess, manage, and mitigate potential risks across the hospital	<i>Resolved</i>	

Guidance Notes:

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

***Kambu Sub County Hospital (Makueni County Government)
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MEDICAL SUPERINTENDENT
KAMBU SUB COUNTY HOSPITAL
24 NOV 2025
P. O . Box 72 - 90137
KIBWEZI

.....
Accounting Officer



*Kambu Sub County Hospital (Makueni County Government)
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Appendix II: Projects Implemented by The Entity

Projects

Projects implemented by the Hospital Funded by development partners

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

Status of Projects completion

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

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Appendix III: Inter-Entity Confirmation Letter

Name of Transferring entity: MAKUENI COUNTY GOVERNMENT

Name of Beneficiary entity: KAMBU SUB COUNTY HOSPITAL

Confirmation of amounts received by Kambu Sub County Hospital as at 30 th June 2025					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
FT24200NDR58	18/07/2024	81,000	-	81,000	
FT242706TQTV	26/09/2024	300,000	-	300,000	
FT24344NVHVR	09/12/2024	2,300,000	-	2,300,000	
FT24341WRVY5	14/12/2024	500,000	-	500,000	
FT25057986FR	04/03/2025	177,900	-	177,900	
Total		3,358,900	-	3,358,900	

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

Head of Accounts Department - Disbursing Entity:
 Name Eunice Kabwen Sign Ek Date 24/11/2025

Head of Accounts Department - Beneficiary Entity:
 Name Michael Mwangi Sign [Signature] Date 24/11/25

MEDICAL SUPERINTENDENT
 KAMBU SUB COUNTY HOSPITAL
 24 NOV 2025
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 KIBWEZI

Kambu Sub County Hospital (Makueni County Government)
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Appendix IV Reporting of Climate Relevant Expenditures

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

Appendix V: Disaster Expenditure Reporting Template

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