



REPUBLIC OF KENYA

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OF KENYA



REPUBLIC OF KENYA



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REPORT

OF

THE AUDITOR-GENERAL

ON

MTITO ANDEI LEVEL 4 HOSPITAL

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

COUNTY GOVERNMENT OF MAKUENI

PAPERS LAID	
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**MTITO ANDEI 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)

**MEDICAL SUPERINTENDENT
MTITO-ANDEI SUB-COUNTY HOSPITAL
20 NOV 2025
P. O. Box 128 - 90128,
MTITO ANDEI**

Table of Contents

1. Acronyms & Glossary of Terms.....	ii
2. Key Entity Information and Management.....	iii
3. The Board of Management	viii
4. Key Management Team.....	x
5. Chairman’s Statement	xii
6. Report of The Medical Superintendent.....	xiv
7. Statement of Performance Against Predetermined Objectives.....	xvi
8. Corporate Governance Statement	xviii
9. Management Discussion and Analysis	xxi
10. Environmental and Sustainability Reporting	xxvi
11. Report of The Board of Management.....	xxix
12. Statement of Board of Management’s Responsibilities	xxx
13. Report of the office of the Auditor General (<i>Mtito Andei Level 4 Hospital</i>)	xxxii
14. Statement of Financial Performance for The Year Ended 30 June 2025.....	1
15. Statement of Financial Position As At 30 th June 2025	3
16. Statement of Changes in Net Assets for The Year Ended 30 June 2025.....	5
17. Statement of Cash Flows for The Year Ended 30 June 2025.....	6
18. Statement of Comparison of Budget and Actual Amounts for Year Ended 30 Jun 2025	8
19. Notes to the Financial Statements	10
20. Appendices	56

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

Mtito Andei level (4) hospital is domiciled in Makueni County under the department of Health. The hospital started as a health center and grew to level 3B on 4th February 2020 gazette number **Vol. CXXII- No.24** and later to a level 4 hospital. The hospital is governed by a Hospital Management Committee. The Hospital previously located near Mtito Andei railway station - Mtito Andei terminus was affected by the construction of the Standard gauge railway (SGR) and plans to relocate the hospital began in 2016. The hospital was planned to be constructed along Mombasa – Nairobi highway in Mtito Andei ward, Kibwezi East constituency, Makueni County at latitude 2.6904 & longitude 38.1700 behind Rubi hotel directly opposite Taleh hotel. The hospital sits on a 14-acre land and offers various services including outpatient services, inpatient services, dental services, maternity services among other services.

(b) Principal Activities

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

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's management is under the following key organs:

- County department of health
- Board of Management
- Accounting Officer/ Medical Superintendent
- Sub Committees to the Hospital Management Committee
- Hospital Management team

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.

(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. Stephen Musembi-
2.	Head of finance	Nicholas kioko
3.	Head of supply chain	Judy Muiruri
4.	Nursing officer in charge	Daniel Ndemange
5.	Pharmacst incharge	Alphonce Kilonzo

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

The Committee is responsible for:

- Review the weekly ward round reports

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

- **Risk Committee and Audit committee**

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**

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

- 1) Dr. Peter Kioko - Chairperson
- 2) Dr. Stephen Musembi - Secretary
- 3) Sub County Medical Officer of Health
- 4) Member (FBO)
- 5) Member N.G.O
- 6) Member (Professional Body)

Secretary to this committee is the Medical Superintendent.

The committee is subdivided into two subcommittees namely;

1. Finance and audit committee
2. Primary health committee

- **Executive Expenditure committee**

This committee consists of the executive managers who meet on monthly 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, the Pharmacist in charge and the Supply Chain Officer.

- **Hospital Management Committee**

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

1. Chairperson
2. Secretary - Medical Superintendent
3. Sub County Medical Officer of Health -SCMOH
4. Member (FBO)
5. Member N.G.O
6. Member (Professional Body)

Secretary to this committee is the Medical Superintendent. The committee is subdivided into two subcommittees namely;

1. Finance and audit committee
2. Primary health committee

- **Executive Expenditure committee**

This committee consists of the executive managers who meet on monthly 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, the Pharmacist in charge and the Supply Chain Officer.

- **Hospital Management Team**

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 also 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 128-90128
Hospital Building Mtito Andei
Makueni, Kenya

(g) Entity Contacts

Telephone: (+254)780852723
E-mail: mtitoandei.hospital@makueni.go.ke
Website: www.mtitoandeisubcounty.go.ke

(h) Entity Bankers

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

(i) Independent Auditors

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





(j) Principal Legal Adviser



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

(k) County Attorney





P.O. Box. 78 90300
Makeni, Kenya

3. The Board of Management

Ref	Directors	Details
1.	 DR. PETER KIOKO	<p>He is the board chairman, he is a 59 years veterinary surgeon with MPH, Bachelor of veterinary medicine (BVM) with over 35 years work experience as a veterinary surgeon</p>
2.	 DR. CAROLINE KAVILU	<p>She is the sub county MOH Kibwezi East and member of board at Mtito Andei sub county hospital</p> <p>She has a Bachelor in Pharmacy and Masters in Health System Management.</p>
3.	 MR. MORRIS MBEKE	<p>He is a board member; he is a CPA finalist and holds a Bachelor's degree in Finance and Banking. He is an Accountant by profession and has 7 years' work experience.</p>
4.	<p>Lucy Mutiso</p> 	<p>Md. Lucy Mutiso is a board member and a holder of masters degree in education, administration and planning. She has over 10 years work experience working in the education sector.</p>

5.	 MR. JONATHAN KITOKOI	Mr jonathan kithokoi is a member to the board committee. He is a farmer and a businessman.
6.	 DR. STEPHEN MUSEMBI	Aged 57 years Dr. Stephen musembi is the board secretary. He holds a degree in clinical medicine and surgery. He has over 30 years work experience working as medical practitioner.

4. Key Management Team

Ref	Management	Details
1.	 Dr. STEPHEN MUSEMBI	He is the medical Superintendent
2.	 MR. VICTOR SILA	He is the Hospital administrator with administrative duties in the hospital
3.	 MR. NICHOLAS KIOKO	He is the Hospital Clerical officer (II) and the Ag. Accountant.
4.	 MR. DANIEL NDEMANGE	He is the Nursing Officer in charge

5.		He is the hospital Pharmaceutical Technologist in charge.
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5. Chairman's Statement

I have served as the chairman of Mtito Andei Sub County hospital for a period of about a year beginning from September **2024**. The hospital has since then undergone growth in its operations with more advanced improvements in the key areas of medical services delivery. Since we relocated to the newly built hospital, we have expanded hospital operations by recruiting more technical staff to attend to the increased number of clients/patients. In terms of revenue collection, the trend has been on the upward trajectory resulting from diversified services offered. Some of the services introduced during the financial year include dental services, special clinics services, extra laboratory services and morgue services.

I have worked closely with the management team to address the challenges that face the hospital. We have tried our best to ensure quality leadership and good management of the hospital. We have faced hard economic times but we managed to plan efficiently to meet the hospital obligations. The board has made the management of the hospital interactive by putting into consideration community interests and concerns. E.g creating employment opportunities to the local community, conducting outreaches to the local community. The board holds meetings regularly to effect matters of budgeting, improvement of healthcare services and formulation of new policies where need be.

Some of the major challenges we have faced during the year include and not limited to:

- **Water shortage**

Water consumption in the new hospital has really went up resulting from increased water usage against the connected piped water supply which is most of the times not reliable to supply the whole hospital. We have as a result relied mostly on water boozers to supplement the available ater supplied by the **KIMAWASCO** Water company. The management is doing efforts to link with development partners to provide a borehole for the hospital to address the water shortage matters we have been able to improve healthcare services to the people. During the ended financial period.

- **Lack of transport means (ambulance)**

With increased growth in services offered, the hospital has experienced challenges in referrals in and out of the hospital. We have always relied on ambulance from the call centre and the one for Kambu

sub county hospital. This has been a challenge to address because most referral cases are emergency matters which need a standby means of transport.

We are expecting to gain a tremendous progress and capture a large scope of citizens by making available various services which we currently don't offer in the facility. We are planning to improve standards of the facility to enable seamless provision of healthcare services and compliance to the laid down regulation.

MORRIS MWINJA

FOR

Name

[Handwritten Signature]

Chairman to the Board

MEDICAL SUPERINTENDENT
MTITO-ANDEI SUB-COUNTY HOSPITAL
20 NOV 2025
P. O. Box 128 - 90128,
MTITO ANDEI

6. Report of The Medical Superintendent

Mtito Andei sub county hospital has in the past years undergone various development upgrading from a health center to a level 3B and later to a level 4 hospital. During its early stages of growth, the hospital had very minimal infrastructure to sustain service delivery but through support from the County government of Makueni, community members and other stakeholders, the hospital grew to become a reliable facility assisting the community members and other healthcare seekers. Some of the key achievements were introduction of Medical Outpatient Clinics (MOPC), improved maternity care and admissions, the hospital has been having special clinics both weekly and monthly follow ups. Medical out-patient and out-patient clinics weekly are held on Tuesdays and Thursdays every week, TB and nutrition clinics are held daily, psychological counselling clinic is held on daily basis. These clinics have enhanced service delivery at the hospital.

Key successes witnessed during the financial year include; successful relocation to the new hospital with quite good infrastructure, good environment and a place well accessible to all healthcare seekers. The hospital was also able to get a Medical Officer and a Community Oral health officer (COHO) from the department. As an hospital we were able to employ recruit more nurses, clinical officers, a radiographer, laboratory technologist, pharmaceutical technologists and a clerical officer to assist provide quality health care.

Amid the great achievements, we faced challenges which included; great financial challenges following unpaid NHIF/SHA claims amounting to **Kshs 5,470,634**. Under-funding and delayed disbursement of funds has affected the day to day operations of the hospital especially payment of casual and contracted staff salaries, water and sewerage bills, laboratory reagents, food rations sanitary and cleaning materials, General office supplies (stationary) among other bills.


There has still been increase in demand for staff especially nurses, laboratory technicians and casuals. This shortage may increase the hospital expenditure on professional contracted services (locums). Since then, there has also been shortage of drugs and other medical commodities due the increased patient attendance.

During 2024/2025 financial year, we have depended on ambulance services from Makueni county head quarter and at times Kambu sub county hospital. This has been really a great challenge since we have experienced delays especially when addressing emergency cases. The facility being on

Mombasa - Nairobi highway, we receive both traumas related and cases and medical emergencies and therefore we require an ambulance to assist manage such cases easier.

During the financial year ending **30th June 2025**, the facility recorded **21,375** outpatient attendance, **968 inpatients** cases and **210** normal deliveries. Due to the increase in deliveries and management of new-borns and the mothers post-delivery, there is need for a maternity unit to handle both pre and post - natal care.

To motivate the staff, there is need to organize for motivation activities like team building, bench marking, awarding best performing staff and end year parties among other social activities. All the above activities may not be realized unless there are timely and adequate disbursements of funds to the hospital, coupled with good management of resources available for use


.....
Name **Dr S. Mwangi**
Secretary to the Board



7. Statement of Performance Against Predetermined Objectives

Mtito Andei sub-county hospital has several strategic pillars and objectives within the current Strategic Plan for the FY 2024- 2025. These strategic pillars are as follows;

Pillar 1: Reduce Communicable conditions

Pillar 2: Stop and reverse the rising burden of non-communicable conditions
Pillar 3: Minimize exposure to health risk factors

Pillar 4: Provide essential health services

Mtito Andei sub-county hospital develops its annual work plans based on the above pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. During the beginning of the year the facility sets individual targets, this helps identify strengths, weaknesses, and areas for development, ultimately linking individual and organizational goals. This system is strongly linked to the hospital achievements for the FY 2024/2025, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Reduce communicable conditions	1. Reducing transmission of HIV.	1.The hospital commits to reduce new HIV/AIDS infections	1. Scaling up HIV testing and counselling services	90% Achievement
	2.Reducing transmission of TB	2. Early identification of 55 new TB patients (30%)	2. Early identification of 55 new TB patients (30%)	98% Achievement
	3. Reduce risk of mother to child transmission (PMTCT)	Proportion HIV+ pregnant mothers receiving preventive ARV's	1. Counselling and testing of all ANC and PMC mothers 2. Initiation of HIV mothers to care and treatment	98% Achievement

8. Corporate Governance Statement

Mtito Andei sub county Hospital Management committee is responsible for the overall governance of the hospital and is accountable to the Government for ensuring that the hospital complies with the law and the highest standards of best practices corporate governance and business ethics. The Health Facility Management Committee consists of six members who were appointed by the county executive committee member, Via Kenya Gazette Notice **No. 11778**, dated 11778, dated 13th September, 2024.

The members are committed to fostering a culture that values ethical behavior, integrity and respect and the need to conduct business and operations of the hospital in accordance with generally accepted corporate practices. The members believe that adopting and operating in accordance with high standards of corporate governance is essential for sustainable long-term performance and value creation.

In discharging its mandate, the Board is guided by the Board Charter, Code of Conduct and Ethics, and Board Manual to effectively fulfil its corporate governance responsibility towards stakeholders. In addition, it has adopted Guidelines on Corporate Governance developed by the Mwongozo Code of Governance for State Corporations. The Board Charter defines the roles, responsibilities, scope and functions of the Directors in the governance of the hospital and provides for free exercise of independent judgment.

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

The members are as follows; the in-charge of the health facility, who is an ex official and the Secretary to the Committee, the Sub-County Medical Officer of Health, the Chairman who is a village representative and a member of business community, a resident of the area, nominated by a joint forum of faith-based organizations and two members from the community who are professionals.

The board members Include;

1.	Dr. Peter Kioko	Chairperson
2.	Dr. Stephen Musembi	Secretary
3.	Mr. Moris Mbeke	Member
4.	Mr. Jonathan Kitokoi	Member
5	Sub County MOH	EX Official

The committee is charged with a mandate of

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

Stop and reverse the rising burden of non-communicable conditions	Prevention of Alcohol and Drug Abuse	Reach out to 3,000 people through counselling services (50%) 2. Mainstream counselling intervention in all departments (50%)	Community mobilization and sensitization	99% Achievement
Minimize exposure to health risk factors	Safety and Security Measures	The hospital commits to carry out safety and security baseline assessment	Preparing tools for baseline assessment (50%) Sensitizing managers to carry out the assessment (50%)	100% achievement
Provide essential health services	1. Reducing average length of hospital stay. 2. The hospital commits to develop service charters for all departments 100%	1. The hospital commits to reduce the average length of hospital stay from 5 days to 2 days 2. The hospital commits to reduce facility maternal mortality rate from 0 to 0 persons through strengthening MPDSR	1. Preparing hygiene protocols for all wards (50%) holding monthly mortality audits (50%) 2. Monthly reporting from the hospital committees (100%)	100% achievements 100% achievements

- Oversight and administrative supervision
- Promoting development
- To approve plans, programs and budgets for implementation

The committee has two sub committees appointed among the members

Finance and General Purpose committee

The finance and general Purposes Committee oversees financial matters, managing budgets, controlling expenditures, ensuring legal compliance, and monitoring risk, while also handling general administrative and management functions.

This committee is mandated with reviewing financial performance, providing recommendations on budget and investments, ensuring effective financial controls, and reporting to the hospital board.

Members of the committee

1.	Mr. Morris Mbeke	Chairperson
2.	Dr. Stephen Musembi	Secretary
3.	Mr. Jonathan Kitokoi	Member
4.	Mr. Nicholas Kioko	Member

Primary and Quality care

This committee holds meetings once in a quarter and is supposed to look into primary healthcare matters including personal hygiene, water and sanitation, waste management, immunization and maternal child welfare.

The Health Facility Management Committee, submits for approval to the chief officer the annual facility work plan and budget, monitors the utilization of facility improvement financing and take corrective action in relation to implementation challenges identified that hinder efficient absorption of funds, ensures all financial procedures and reporting requirements are met by the facility in-charges and conform to the Public Finance Management Regulations, ensures strict adherence to procurement rules as prescribed in the Public Procurement and Asset Disposal Act (No. 33 of 2015), ensures public awareness on administration of the facility improvement financing through public participation during annual planning and budgeting, receive the audit report and initiate response to management

queries, implement the recommendations of the Auditor-General made pursuant to section 31(3)(a) of the Public Audit Act (No. 34 of 2015) and acts as liaison between the health facility and the community to strengthen delivery of quality health services.

The board was inducted and trained by the department of health in order to familiarize with the hospital's mission, vision, values, strategic plan, organizational structure, and key stakeholders. The training included introduction to the board's roles and responsibilities, legal and ethical obligations, financial oversight, risk management, and the hospital's operational environment.

The board was able to achieve its mandate during the reporting period, this includes; approving of facility Annual Work Plan, facility procurement plan, facility quarterly financial statements, annual budgets and financial statements among other functions.

The hospital management committee during the FY 2024 – 2025 held four (4) board meetings and four (4) subcommittee meetings for both primary health and quality and finance and general-purpose committees. Majority of the members attend and actively participate in the deliberations of the meetings.

The ECM, health services will gazette new board members upon completion of 3 year term of the current hospital board members, this will be done in accordance with the Mwongozo Code (Kenya's code of conduct for state corporations)

All the board members signed a conflict of interest form during the beginning of their tenure, this was done to avoid conflicts of interest as part of their duty of loyalty.

9. Management Discussion and Analysis

Mtito Andei sub county hospital has in the financial year ending 2024/2025 improved the general provision of both inpatient and outpatient services, the maternity unit has been able to record **210** Normal deliveries. The outpatient unit has introduced MOPC services to patients assisting the affected groups to acquire services conveniently at specific dates. Despite the hard economic times, the management has tried to budget efficiently to utilize the made available funds well. The management has worked closely with the staff to optimize revenue collection which is a strong tool towards meeting financial obligation of the facility.

The hospital's operational and financial performance can be explained in details as follows.

Clinical/operational performance

○ **Bed capacity of the hospital.**

The hospital has a bed capacity of 50 normal beds as outlined below;

UNIT	NO. OF BEDS
Paediatrics	14
Adults	38
TOTAL	52

INPATIENT ATTENDANCE

Inpatient attendance during the financial year ending 30th June 2025 was as outlined below;

MONTH	INPATIENT ATTENDANCE
July	18
August	46
September	103
October	77
November	83
December	89
January	94
February	105
March	92
April	105
May	88
June	68
TOTAL	968

- **Overall patient attendance during the year for both inpatient and outpatient.**

In the period ending 30th June 2025, the outpatient recorded patients.

MONTH	OUTPATIENT ATTENDANCE
July	1,785
August	1,669
September	1,675
October	1,626
November	1,672
December	1,568
January	1,870
February	2,055
March	1,667
April	1,778
May	1,869
June	2,141
TOTAL	21,375

REVENUE SOURCES

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

Facility Improvement Fund (FIF)

F.I.F is money paid by patients through only Mpesa paybill business number: **4118259** (No cash payments accepted) account number is the **patients name**.

For the period ending **30th June 2025**, the facility collected KES **6,264,579**. The M-pesa collections decreased due to high uptake of SHA patients with the number of patients acquiring services under SHA increasing at a high rate. Patients getting services under SHA must be duly registered and having paid the required premiums. FIF collections for the financial year ending 30th June 2025 are analyzed monthly as follows;

MONTH	FIF
July	243,020
August	261,701.00
September	829,131.00
October	679,810.00
November	581,627.00
December	522,805.00
January	628,015.00

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

February	652,960.00
March	597,740.00
April	467,430.00
May	415,375.00
June	384,965.00
TOTAL	6,264,579

NHIF/SHA/SHA

NHIF/SHA/SHIF funds are monies paid by NHIF/SHIF for services provided to NHIF/SHIF patients by the facility both outpatient and inpatient. For the period ending **30th June 2025**, the facility was paid KES **4,935,432.95** by NHIF/SHA. In the period ending **30th June 2025**, the amount paid by NHIF/SHIF appear to increase due to fully enrolling patients to Social Health Authority. This can still be explained by increased work load and proper NHIF/SHA reimbursements. This can also be explained by better claim and reimbursements rates from Social Health Authority found in the Contract between the facility and SHA. The claims are fully done leading to the increase in the reimbursements. Enrolling all clients with identification card to Social Health Authority led to the increase in claiming and reimbursements.

MONTH	NHIF/
July	5,690.00
August	28,880.00
September	258,420.00
October	587,240.00
November	72,450.00
December	-
January	-
February	-
March	821,221.10
April	2,519,313.50
May	89,959.40
June	552,258.95
TOTAL	4,935,432.95

UHC funds are money paid by the County Government of Makueni for services provided to UHC patients. The County Government of Makueni provided KES **2,376,500.00** in the period ending **30th June 2025**

REVENUE ANALYSIS	
F.I. F	6,264,579
N.H.I. F/SHA	4,935,433
U.H.C	2,376,500
TOTAL	13,576,512

SOURCES OF FUNDS



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
- Erect a perimeter wall and fix laser wire to eliminate the monkey menace.

- 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/SHA does not reimburse the total of KES 5,470,634 owed to them. This is money emanating from services offered to NHIFSHA patients both inpatient and outpatient.

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

10. Environmental and Sustainability Reporting

i) Sustainability strategy and profile

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

ii) Environmental performance

Mtito Andei sub county hospital ensures availability of waste bins, clean washrooms and a healthy environment, there is an incinerator in place to enhance waste segregation in line with the required standards. The facility uses cooking gas as the main source of fuel which is a key matter to environment conservation.

The facility has planted trees in the hospital compound as a way of environment conservation. Through the assistance of the public health officers, food handlers regularly undergo tests to ensure compliance with standards. We have also reduced paperwork through automation of most procedures to safeguard the environment.

iii) Employee welfare

Mtito Andei sub county hospitals adheres to the requirements of hiring process including advertising job vacancies whenever they arise, long listing, shortlisting and picking the qualified/suitable applicants in a formal interview without biasness. The hospital considers the community members interests taking into account gender ratio when recruiting staff.

The hospital also makes sure all staff are involved in various training and seminars when they are called upon to attend such. It also accords support to its staff while attending training timely to enable them undertake the exercise without challenges. Improvements are made regularly to review and ensure the hiring procedures are followed to the latter. The facility has set up up safety measures to avoid injuries in case of possible occurrence of natural disasters. For example, we have in place fire

extinguishers, fire alarms, fire blankets, fire exit signs, to assist in case of breakouts in line with Occupational Safety and Health Act of 2007, (OSHA).

iv) Market place practices-

The organisation should outline its efforts to:

a) Responsible competition practice.

All tenders are awarded competitively where every bidder is given a fair chance through a transparent process as prescribed in the procurement and disposal Act.

b) Responsible Supply chain and supplier relations

The Board strives to achieve an appropriate balance between its various stakeholders in the best interest of the organization by taking into account their legitimate interest and expectations in decision making. The Board values the importance of complete, timely, transparent and effective communication with its stakeholders for building and maintaining their trust and confidence by providing regular information on its performance, activities and addressing their concerns whilst having regard to legal and strategic considerations

c) Responsible marketing and advertisement or Responsible engagement with citizens

The main avenues for communication are through stakeholder forums and local advertisements through the hospital notice board which is accessible to the public at all times. The hospitals ensure to makes responsible promises to community members and other clients to avoid conflicts between the hospital and community. Through outreaches, the facility ensures to conduct ethical advertisement and healthy competition without interfering with competitors in the same field.

d) Product stewardship or Awareness Creation

The facility ensures to grant consumers their right including right to quality healthcare, right to peaceful demonstration, right to choice of giving consent before medical procedures are initiated on them or their patients. The hospital also maintains high levels of confidentiality of data and

details concerning patients/ clients. The facility has in place a suggestion box to enhance freedom of expression on confidential matters which patients may need to communicate to the management.

v) Corporate Social Responsibility / Community Engagements

Mtito Andei Sub County has made efforts to operate in ways that enhance society and environment through inclusive healthcare inspired towards fulfilling public healthcare needs. We focus on bringing quality healthcare within the reach of all people regardless of their geographic location or economic status. Our Corporate Social Responsibility initiatives express our commitment and concern to the welfare of our employees and the patients we serve. These initiatives focus on community development and health, human rights, empowering people through education and dissemination of information. The hospital through health promotional activities engages communities to create awareness on health educations etc. This ensures citizen visit health facilities for screening early enough before situations become worse.

11. Report of The Board of Management

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

Principal activities

The core mandate of Mtito Andei sub county hospital is to provide accessible, integrated, high quality preventive curative and rehabilitative health services to all Kenyans.

Results

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

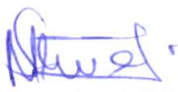
Board of Management

The members of the Board who served during the year are shown on page ix, xi, xii. During the year, 6 directors were appointed with effect from **1st August 2024**

Auditors

The Auditor General is responsible for the statutory audit of Mtito andei 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. S. Ngunjiri**
Secretary to the Board



12. Statement of Board of Management's Responsibilities

Section 164 of the Public Finance Management Act, 2012 and Facility Improvement fund of 2023 requires the Board of Management to prepare financial statements in respect of that Mtito Andei Level 4 hospital which give a true and fair view of the state of affairs of the entity at the end of the financial year/period and the operating results of the entity for that year/period. The Board of Management is also required to ensure that the entity keeps proper accounting records which disclose with reasonable accuracy the financial position of the entity. The council members are also responsible for safeguarding the assets of the *entity*.

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

The Board of Management accepts responsibility for the entity's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Board members are of the opinion that the entity's financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2025, and of the entity's financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the entity, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The Hospital's financial statements were approved by the Board on 28/11/2025 and signed on its behalf by:

MORRIS MUIWA
.....
FOR Name: *[Signature]*
Chairperson
Board of Management

[Signature]
.....
Name: *D. S. Njencubi*
Accounting Officer



REPUBLIC OF KENYA



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Website: www.oagkenya.go.ke

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

REPORT OF THE AUDITOR-GENERAL ON MTITO ANDEI 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 Mtito Andei Level 4 Hospital - County Government of Makueni set out on pages 1 to 56, 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 Mtito Andei 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. Long Outstanding Receivables

The statement of financial position and as disclosed in Note 29 to the financial statements reflect receivables from exchange transactions balance of Kshs.5,470,634. Included in the balance are receivables totalling Kshs.1,317,080 in respect to National Hospital Insurance Fund (NHIF) which have been outstanding for a period of more than one (1) year. However, Management did not provide measures put in place to recover the outstanding receivables.

In the circumstances, the accuracy and recoverability of receivables from exchange transactions balance of Kshs.1,317,080 could not be confirmed.

2. Inaccuracies in Medical/Clinical Costs

The statement of financial performance and as disclosed in Note 15 to the financial statements reflect medical/clinical costs of Kshs.5,264,571. Review of documents including payment vouchers revealed that the amount includes expenditure relating to prior year totalling Kshs.1,244,064 which should have been accounted for as payables.

In the circumstances, the accuracy and completeness of Medical/Clinical Costs of Kshs.5,264,571 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Mtito Andei 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 xxx 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 Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effects of the matter 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

Deficiencies in Implementation of Universal Health Coverage (UHC)

Review of the Hospital's records and 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 ninety-four (94) or approximately 93% of the authorized establishment as shown in Table 1 below:

Table 1: Deficiencies in Staff Requirements

Staff Requirement	Level 4 Standard	Number in Hospital	Variance	Percentage %
Medical Officers	16	1	15	94
Anesthesiologists	2	0	2	100
General Surgeons	2	0	2	100
Gynecologists	2	0	2	100
Pediatrics	2	0	2	100
Radiologists	2	0	2	100
Kenya Registered Community Health Nurses	75	6	69	
Total	101	7	94	93

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

Table 2: Deficiencies in Equipment

Equipment and Machines	Level 4 Standard	Actuals in the Hospital	Variance	Percentage Variance
Beds	150	52	98	65
Resuscitaire (2 in labor & 1 in theatre)	2	1	1	50
New Born Unit Cots	5	0	5	100
Functional ICU beds	6	0	6	100
High Dependency Unit (HDU) Beds	6	0	6	100
Renal Unit with at least 5 Dialysis Machines	5	0	5	100
Two Functional Operational Theatres - Maternity & General	2	1	1	50

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

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and Board of Management

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

01 December, 2025

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

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

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	2,376,500	-
In- kind contributions from the County Government	7	33,904,784	-
Grants from donors and development partners	8	-	-
Transfers from other Government entities	9	-	-
Public contributions and donations	10	-	-
		36,281,284	-
Revenue from exchange transactions			
Rendering of services- Medical Service Income	11	6,437,054	-
Revenue from rent of facilities	12	-	-
Finance /Interest Income	13	-	-
Miscellaneous Income	14	8,208,757	-
Revenue from exchange transactions		14,645,811	-
Total revenue		50,927,095	-
Expenses			
Medical/Clinical costs	15	5,264,571	-
Employee costs	16	35,928,553	-
Board of Management Expenses	17	135,000	-
Depreciation and amortization expense	18	-	-
Repairs and maintenance	19	600,975	-
Grants and subsidies	20	-	-
General expenses	21	4,169,910	-
Finance costs	22	-	-
In kind contribution from the county government		-	-
Total expenses		46,099,009	
Other gains/(losses)			

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

Description	Note	2024/2025	Opening statement 1 July 2024
		Kshs	Kshs
Service concession Arrangements	42	-	-
Total non-current liabilities		-	-
			-
Total Liabilities (B)		3,179,734	1,319,064
			-
Net assets (A-B)		5,871,984	1,216,373
			-
Represented by:			-
Revaluation reserve		-	-
Accumulated surplus/Deficit		4,655,611	-
Capital Fund		1,216,373	1,216,373
			-
Net Assets		5,871,984	1,216,373

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

for MORRIS MUIVA
 Chairman
 Board of Management



Head of Finance
 ICPAK No: 28785

[Handwritten signature]

Medical Superintendent



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

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2023 (previous year)	-	-	-	-
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	-	-	-
Capital/Development grants	-	-		
Adjustments:				
Assets			2,535,437	2,535,437
Liabilities			(1,319,064)	(1,319,064)
As at June 30, 2024	-	-	1,216,373	1,216,373
At July 1, 2024	-	-	1,216,373	1,216,373
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	4,655,611	-	4,655,611
Capital/Development grants	-	-	-	-
At June 30, 2025	-	4,655,611	1,216,373	5,871,984

The capital fund is:

Opening bank balance	338,127
Opening receivables	2,197,310
Assets	2,535,437
Less opening payables	(1,319,064)
	<u>1,216,373</u>

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

Description	Note	2024/2025	Opening statement 1 July 2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government		2,376,500	-
Grants from donors and development partners		-	-
Transfers from other Government entities		-	-
Public contributions and donations		-	-
Rendering of services- Medical Service Income		6,264,579	-
Revenue from rent of facilities		-	-
Finance / interest income		-	-
Miscellaneous receipts(<i>specify</i>)		4,935,433	-
Total Receipts		13,576,512	-
Payments			
Medical/Clinical costs		4,155,295	-
Employee costs		4,642,660	-
Board of Management Expenses		135,000	-
Repairs and maintenance		372,975	-
Grants and subsidies		-	-
General expenses		3,446,745	-
Finance costs		-	-
Refunds paid out		-	-
Total Payments		12,752,675	-
Net cash flows from operating activities	43	823,837	-
Cash flows from investing activities			
Purchase of property, plant, equipment		-	-
Purchase of intangible assets		-	-
Proceeds from the sale of PPE		-	-
Acquisition of investments		-	-
Net cash flows used in investing activities		-	-
Cash flows from financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-

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

Capital grants received		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		823,837	-
Cash and cash equivalents as at 1 July	27	338,127	338,127
Cash and cash equivalents as at 30 June	27	1,161,964	338,127

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

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

Description	Original budget a Kshs	Adjustments b Kshs	Final budget c=(a+b) Kshs	Actual on comparable basis d Kshs	Performance difference e=(c-d) Kshs	% of utilisation f=d/c%
Budget carryovers from the previous year	-	-	-	-	-	-
Receipts						
Transfers from the County Government	3,000,000	-	3,000,000	2,376,500	623,500	79 %
Grants from donors and development partners	-	-	-	-	-	-
Transfers from other Government entities	-	-	-	-	-	-
Public contributions and donations	-	-	-	-	-	-
Rendering of services- Medical Service Income	6,400,000	-	6,400,000	6,264,579	135,421	98 %
Revenue from rent of facilities	-	-	-	-	-	-
Finance / interest income	-	-	-	-	-	-
Finance / interest income	5,400,000	-	5,400,000	4,935,433	464,567	91 %
Miscellaneous receipts (<i>specify</i>)	14,800,000	-	14,800,000	13,576,512	1,223,488	92%
Total receipts						
Payments						
Medical/Clinical costs	5,631,740	-	5,631,740	4,155,295	1,476,445	73.8 %
Employee costs	4,776,260	-	4,776,260	4,642,660	133,600	97.2 %
Remuneration of directors	140,000	-	140,000	135,000	5,000	96.4%
Repairs and maintenance	410,000	-	410,000	372,975	37,025	90.9%
Grants and subsidies	-	-	-	-	-	-
General expenses	3,842,000	-	3,842,000	3,446,745	395,255	89.7 %
Finance costs	-	-	-	-	-	-
Refunds	-	-	-	-	-	-
Total Operational Expenditure paid	14,800,000	-	14,800,000	12,752,675	2,047,325	86.16%
Capital Expenditure paid	-	-	-	823,837	-	-
Surplus						

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

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	823,837
1	Cash and Cash Equivalents at the start of the period	338,127
	Closing Cash and Cash Equivalent as per the statement of Cash flows	1,161,964

19. Notes to the Financial Statements

1. General Information

Mtito Andei sub county hospital is established by and derives its authority and accountability from 2012 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 curative rehabilitative and client/patient care to the residents of Makueni county and the whole country at large.

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

3. Adoption of New and Revised Standards

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

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

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

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
IPSAS 45- Property Plant and Equipment	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for 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>
IPSAS 46 Measurement	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p>

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

Standard	Effective date and impact:
	<p>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</p> <p>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;</p> <p>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</p> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47- Revenue	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
IPSAS 48- Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
IPSAS 49- Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>
IPSAS 50: Exploration For & Evaluation of	<p><i>Applicable 1st January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p>

Standard	Effective date and impact:
Mineral Resources	<ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity’s financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.

iii) Early adoption of standards

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

4. Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Rental income

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

Notes to the Financial Statements (Continued)

b. Budget information

The original budget for FY 2024/2025 was approved by Board on *3rd July 2024*. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. There were no additional appropriations added to the original budget by the entity on the FY 2024/2025 budget. The hospital's *budget* is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

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

c. Taxes

Sales tax/ Value Added Tax

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

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

Notes to the Financial Statements (Continued)

d. Investment property

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

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of Five 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,

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. 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. Medical equipment

The hospital has various medical equipment currently which were donated by a development partner and are currently in use to generate income, however, the assets are not disclosed in the financial statements because we lack valuation from a professional valuer and also lack ownership documents

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

Notes to the Financial Statements (Continued)

f. Leases

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

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

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

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

g. Intangible assets

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

Notes to the Financial Statements (Continued)

h. Biological Assets

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

i. Research and development costs

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

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

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

j. Financial instruments

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

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in Note 26.

Financial liabilities

Classification

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

k. Inventories

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

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

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

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

l. Provisions

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

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

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

Notes to the Financial Statements (Continued)

m. Social Benefits

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

n. Contingent liabilities

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

o. Contingent assets

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

p. Nature and purpose of reserves

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

q. Changes in accounting policies and estimates

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

Notes to the Financial Statements (Continued)

r. Employee benefits

Retirement benefit plans

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

s. Foreign currency transactions

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

t. Borrowing costs

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

u. Related parties

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

v. Service concession arrangements

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

w. Cash and cash equivalents

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

x. Comparative figures

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

y. Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 38. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Notes to Financial Statements Continued

6. Transfers from the County Government

Description	2024/2025	2023/2024
	KShs	KShs
Unconditional grants		
Operational grant	-	-
Level 4/5 grants	2,376,500	-
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	2,376,500	-

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 KShs	Comparative Period KShs
			KShs		
Makueni County Government	2,376,500	-	-	2,376,500	-
Total	2,376,500	-	-	2,376,500	-

Notes to Financial Statements Continued

7. In Kind Contributions from The County Government

Description	2024/2025	2023/2024
	KShs	KShs
Salaries and wages	29,961,150	-
Medical supplies-Drawings Rights (KEMSA)	-	-
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	3,943,634	-
Utility bills	-	-
Total grants in kind	33,904,784	-

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	Comparative Period
	KShs	KShs	KShs	KShs	KShs
Donor e.g., DANIDA	-	-	-	-	-
JICA	-	-	-	-	-
World Bank	-	-	-	-	-
Total	-	-	-	-	-

Notes to Financial Statements Continued

9. Transfers From Other Government Entities

Description	2024/2025	2023/2024
	KShs	Kshs.
Transfer from National Government (Ministry of Health)	-	-
Transfer from Makueni Referral Hospital	-	-
Transfer from Department of Health	-	-
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
	FY	FY
	Kshs	Kshs
Balance unspent at beginning of year	-	-
Current year receipts	-	-
Amortised and transferred to revenue	-	-
Conditions to be met – remain liabilities	-	-

Notes to Financial Statements Continued

11. Rendering of Services-Medical Service Income

Description	2024/2025	2023/2024
	Kshs	Kshs
Pharmaceuticals	1,847,831	-
Non-Pharmaceuticals	-	-
Laboratory	1,348,490	-
Radiology	289,850	-
Orthopedic and Trauma Technology	176,550	-
Theatre	79,910	-
Accident and Emergency Service	307,303	-
Anesthesia Service	-	-
Ear Nose and Throat service	-	-
Nutrition service	32,500	-
Cancer centre service	-	-
Dental services	29,820	-
Reproductive health	-	-
Paediatrics services	-	-
Farewell home services	504,200	-
Ambulance services	108,000	-
Other medical services income (<i>specify</i>)	1,712,600	-
Total revenue from the rendering of services	6,437,054	-

Notes to the Financial Statements (Continued)

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	8,208,757	-
Income from sale of tender	-	-
Services concession income	-	-
Sale of goods (water, publications, containers etc)	-	-
Write backs (Deposits, payments in advance etc)	-	-
Bad debts recovered	-	-
<i>Others (Specify)</i>	-	-
Total Miscellaneous income	8,208,757	-

Notes to the Financial Statements (Continued)

15. Medical/ Clinical Costs

Description	2024/2025	2023/2024
	Kshs	Kshs
Dental costs/ materials		-
Laboratory chemicals and reagents	410,688	-
Public health activities	-	-
Food and Ration	580,507	-
Uniform, clothing, and linen	144,420	-
Dressing and Non-Pharmaceuticals	1,803,954	-
Pharmaceutical supplies	1,947,302	-
Health information stationery	-	-
Reproductive health materials	-	-
Sanitary and cleansing Materials	332,700	-
Purchase of Medical gases	-	-
X-Ray/Radiology supplies	45,000	-
Other medical related clinical costs (<i>specify</i>)	-	-
Total medical/ clinical costs	5,264,571	-

16. Employee Costs

Description	2024/2025	2023/2024
	Kshs	Kshs
Salaries, wages, and allowances	35,928,553	-
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>specify</i>)	-	-
Employee costs	35,928,553	-

Notes to the Financial Statements (Continued)

17. Board of Management Expenses

Description	2024/2025	2023/2024
	Kshs	Kshs
Chairman's Honoraria	-	-
Sitting allowance	135,000	-
Mileage	-	-
Insurance expenses	-	-
Induction and training	-	-
Travel and accommodation allowance	-	-
Airtime allowances	-	-
Total	135,000	-

18. Depreciation and Amortization Expense

Description	2024/2025	2023/2024
	Kshs	Kshs
Property, plant and equipment	-	-
Intangible assets	-	-
Investment property carried at cost	-	-
Total depreciation and amortization	-	-

19. Repairs And Maintenance

Description	2024/2025	2023/2024
	Kshs	Kshs
Property- Buildings	312,975	-
Medical equipment	-	-
Office equipment	-	-
Furniture and fittings	-	-
Computers and accessories	288,000	-
Motor vehicle expenses	-	-
Maintenance of civil works	-	-
Total repairs and maintenance	600,975	-

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	495,705	-
Waste management expenses	-	-
Insecticides and rodenticides	111,600	-
Audit fees	-	-
Bank charges	28,433	-
Conferences and delegations	-	-
Consultancy fees	-	-
Contracted services	1,480,000	-
Electricity expenses	-	-
Other fuels	114,000	-
Fuel and Lubricants	483,100	-
Insurance	-	-
Research and development expenses	-	-
Travel and accommodation allowance	218,500	-
Legal expenses	-	-
Licenses and permits	-	-
Courier and postal services	-	-
Printing and stationery	402,450	-
Hire charges	-	-
Rent expenses	-	-

Description	2024/2025	2023/2024
	Kshs	Kshs
Water and sewerage costs	831,122	-
Skills development levies	-	-
Telephone and mobile phone services	5,000	-
Internet expenses	-	-
Staff training and development	-	-
Subscriptions to professional bodies	-	-
Subscriptions to newspapers periodical, magazines, and gazette notices	-	-
Library books/Materials	-	-
Other operating expenses	-	-
Total General Expenses	4,169,910	-

22. Finance Costs

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

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

Description	2024/2025	2023/2024
	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	-	-

Notes to the Financial Statements (Continued)

25. Medical Services Contracts Gains /Losses

Description	2024/2025	223/2024
	KShs	KShs
Comprehensive care contracts with NHIF/SHA	-	-
Non- Comprehensive contracts care with NHIF/SHA	-	-
Linda Mama Program	-	-
Waivers and Exemptions	(172,475)	-
Total Gain/Loss	(172,475)	-

26. Impairment Loss

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

27. Cash And Cash Equivalents

Description	2024/2025	2023/2024
	KShs	KShs
Current accounts	1,161,964	338,127
On - call deposits	-	-
Fixed deposits accounts	-	-
Cash in hand	-	-
Others(<i>specify</i>)- Mobile money	-	-
Total cash and cash equivalents	1,161,964	338,127

Notes to the Financial Statements (Continued)

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

Description		2024/2025	2023/2024
Financial institution	Account number	KShs	KShs
a) Current account			
Kenya Commercial bank	1157962831	55,863	15,614
Equity Bank, etc	1108305717	1,106,101	322,513
Sub- total		1,161,964	338,127
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		1,161,964	338,127

28. Prepayments

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

29. Receivables From Exchange Transactions

Description	2024/2025	Opening Statement 1 July 2024
	KShs	KShs
Medical services receivables - NHIF	1,317,080	2,197,310
Medical services receivables-SHA	4,153,554	-
Rent receivables	0	-
Other exchange debtors	0	-
Less: impairment allowance	0	-
Total receivables	5,470,634	2,197,310

Analysis of Receivables From Exchange Transactions

Description	2024/2025		Opening Statement 1 July 2024	
	Kshs		Kshs	
	2024/2025	% of the total		% of the total
Less than 1 year	4,153,554	76 %	2,197,310	100%
Between 1- 2 years	1,317,080	24 %	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (a+b)	5,470,634	100 %	2,197,310	100%

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

31. Inventories

Description	2024/2025	2023/2024
	KShs	KShs
Pharmaceutical supplies	519,818	-
Dressing and non-pharmaceuticals	1,157,794	-
Maintenance supplies	-	-
Laboratory chemicals and reagents	417,242	-
Food supplies	264,466	-
Linen and clothing supplies	-	-
Cleaning materials supplies	18,500	-
General office supplies (stationary)	41,300	-
Less: provision for impairment of stocks	-	-
Total	2,419,120	-

Detailed disclosure on inventories

	2024/2025	2023/2024
Opening balance	-	-
Additional Inventory in the year	7,548,363	-
Inventory expensed in the year	5,129,243	-
Write-downs in the year	-	-
Others specify	-	-
Closing balance	2,419,120	-

Notes to the Financial Statements (Continued)

32. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (specify)	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh	Ksh
Cost									
At 1 July 2024 (previous year)	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-	-	-	-
At 30th Jun 2024	-	-	-	-	-	-	-	-	-
At 1 July 2025 (current year)	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-	-	-	-
At 30th Jun 2025	-	-	-	-	-	-	-	-	-
Depreciation and impairment									
At 1 July 2024 (previous year)		-	-	-	-	-	-	-	-



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

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (specify)	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh	Ksh
Depreciation for the year		-	-	-	-	-	-	-	-
Disposals		-	-	-	-	-	-	-	-
Impairment		-	-	-	-	-	-	-	-
At 30 June 2025		-	-	-	-	-	-	-	-
At July 2025 (current year)		-	-	-	-	-	-	-	-
Depreciation		-	-	-	-	-	-	-	-
Disposals		-	-	-	-	-	-	-	-
Impairment		-	-	-	-	-	-	-	-
Transfer/adjustment		-	-	-	-	-	-	-	-
At 30th June 2025		-	-	-	-	-	-	-	-
Net book values		-	-	-	-	-	-	-	-
At 30 th Jun 2024 (previous)	-	-	-	-	-	-	-	-	-
At 30 th Jun 2025 (current)	-	-	-	-	-	-	-	-	-

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 (<i>where investment property is at cost</i>)	-	-
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		Opening statement 1 July 2024	
	KShs		KShs	
Trade payables	2,476,834		1,319,064	
Employee dues	702,900		-	
Third-party payments (<i>e.g. unremitted payroll deductions</i>)	-		-	
Audit fee	-		-	
Doctors' fee	-		-	
Total trade and other payables	3,179,734		1,319,064	
Ageing analysis:	2024/2025 FY	% of the Total	Opening statement 1 July 2024	% of the total
Under one year	1,860,670	59%	1,319,064	100%
1-2 years	1,319,064	41%	-	-
2-3 years	-	-	-	-
Over 3 years	-	-	-	-
Total	3,179,734	100%	1,319,064	100%

37. Refundable Deposits from Customers/Patients

Description	Insert Current FY	Insert Comparative FY
	KShs	KShs
Medical fees paid in advance	-	-
Credit facility deposit	-	-
Rent deposits	-	-
Others (<i>specify</i>)	-	-
Total deposits	-	-

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

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

38. Provisions

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

39. Finance Lease Obligation

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

40. Deferred Income

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

Notes to the Financial Statements (Continued)

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

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

41. Borrowings

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

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

Description	2024/2025	Insert Comparative FY
	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	4,655,611	-
Adjusted for:		
Depreciation	-	-
Non-cash grants received	-	-
Impairment	-	-
Gains and losses on disposal of assets	-	-
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
Working Capital adjustments		
Increase in inventory	(2,419,120)	-
Increase in receivables	(3,273,324)	-
Increase in deferred income	-	-
Increase in payables	1,860,670	-
Other non-cash accrual adjustments		-
Net cash flow from operating activities	823,837	-

Notes to the Financial Statements (Continued)

44. Financial Risk Management

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

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

(i) Credit risk

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024 (previous year)	-	-	-	-
Receivables from exchange transactions	-	-	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-
At 30 June 2025 (current year)				
Receivables from exchange transactions	5,470,634	3,273,324	2,197,310	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	1,161,964	-	-	-
Total	6,632,598	3,273,324	2,197,310	-

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. 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	-	-	1,319,064	1,319,064
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	1,319,064	1,319,064
At 30 June 2025				
Trade payables	-	-	3,179,734	3,179,734
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	3,179,734	3,179,734

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

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

Notes to the Financial Statements (Continued)

Description	KShs	Other currencies	Total
	Kshs		Kshs
At 30 June 2025			
Financial assets (investments, cash, debtors)	-	-	-
Liabilities			
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

Foreign currency sensitivity analysis

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

Description	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
2024 (previous year)			
Euro	10%	-	-
USD	10%	-	-
2025 (current year)			
Euro	10%	-	-
USD	10%	-	-

b) Interest rate risk

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

Management of interest rate risk

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

Notes to the Financial Statements (Continued)

Sensitivity analysis

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

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.

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	4,655,611	-
Capital reserve	1,216,373	-
Total funds	5,871,984	-
		-
Total borrowings	0	-
Less: cash and bank balances	1,161,964	-
Net debt/ (<i>excess cash and cash equivalents</i>)	0	-
Gearing	0	-

Notes to the Financial Statements (Continued)

45. Related Party Balances

Nature of related party relationships

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

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

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

Description	2024/2025	2023/2024
	FY	FY
	Kshs	Kshs
Transactions with related parties		
a) Services offered to related parties		
Services to	-	-
Sales of services	-	-
Total	-	-
b) Grants from the Government		
Grants from County Government	2,376,500	-
Grants from the National Government Entities	-	-
Donations in kind	-	-
Total	2,376,500	-
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for employees	-	-
Payments for goods and services	-	-
Total	-	-
d) Key management compensation		

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

Description	2024/2025	2023/2024
	FY	FY
	Kshs	Kshs
Directors' emoluments	-	-
Compensation to the medical Sup	-	-
Compensation to key management	-	-
Total	2,376,500	-

46. Segment Information

47. Contingent Liabilities

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

48. Capital Commitments

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

49. Events after the Reporting Period

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

50. Ultimate and Holding Entity

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

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)

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.



Accounting Officer



Appendix II: Projects Implemented by The Entity

Projects

Projects implemented by the Hospital Funded by development partners

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

Status of Projects completion

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



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



Appendix III: Inter-Entity Confirmation Letter

Name of Transferring entity: Makueni County Government

Name of Beneficiary entity: Mtito Andei Level 4 Hospital


Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30 th June (Current FY)					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
INWARD SWIFT PAYEE MAKUENI COUNTY/ KE NAIROBI	9/12/2024	1,001,500			
INWARD SWIFT PAYEE MAKUENI COUNTY/ KE NAIROBI	17/2/2025	660,000			
INWARD SWIFT PAYEE MAKUENI COUNTY/ KE NAIROBI	4/6/2025	665,000			
INWARD SWIFT PAYEE MAKUENI COUNTY/ KE NAIROBI	27/6/2025	50,000			
Total		2,376,500			

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

Head of Accounts Department - Disbursing Entity:

Name Sign Date

Head of Accounts Department - Beneficiary Entity:

Name: Everlyne Mulei Sign  Date: 20/11/2025



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

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		

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

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