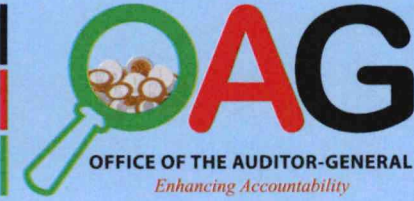
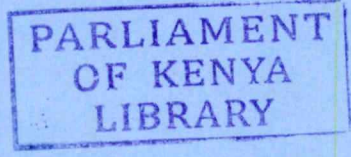


REPUBLIC OF KENYA



REPORT



OF

THE AUDITOR-GENERAL

ON

TAWA SUB-COUNTY LEVEL 4 HOSPITAL

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

COUNTY GOVERNMENT OF MAKUENI

PAPERS LAID	
DATE	02/12/2025
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COMMITTEE	-
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TAWA SUB COUNTY Level 4 HOSPITAL (Makueni County Government)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2025

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

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1. Acronyms & Glossary of Terms

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

CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
Fiduciary Management	Key management personnel who have financial responsibility in the entity.
FIF	Facility Improvement Fund
EEC	Executive Expenditure Committee
HMC	Hospital Management Committee
SHA	Social Health Authority
TSCH	Tawa Sub County Hospital

2. Key Entity Information and Management

(a) Background information

Tawa sub county hospital is a level (4) hospital established under gazette notice 4226 of Date 4th February and is domiciled in Makueni County Government under department of Health Services. The hospital is governed by a Board of Management. It is located in Kiteta sub-ward, Kiteta Kisau ward, Mbooni sub county, Makueni County. It was established as a dispensary in the year 1965 and later upgraded to a health Centre and afterwards to hospital. The facility has 62 bed capacity and offers general outpatient and inpatient services to a catchment population of 16,890 and 6660 households with a monthly workload estimated at 6,500. It serves residents of Makueni County and the neighboring Kitui and Machakos counties . The hospital acts as a sub-county referral center, receiving patients from various health centers within Mbooni sub county.

One of its competitive advantage and growth potential compared with the nearby health facilities namely Mbooni and Kisau sub county hospitals is the opening of Kenya medical training college (KMTC) Mbooni campus which neighbors the hospital. The campus will utilize the hospital for clinical teachings and practice. The facility is strategically located between Makueni county headquarters ‘Wote town’ and Machakos hence accessible to clients from both counties as well as neighboring Kitui County.

(b) Principal Activities

The principal activity or mandate of the Hospital is to promote and participate in the provision of integrated and effective promotive, preventive, curative and rehabilitative health care services to all Kenyans. This includes general outpatient and in-patient services, medical outpatient clinic, laboratory services, pharmacy services, dental services, radiology services, maternity and child welfare services, theatre services, comprehensive care clinic, pediatric outpatient clinic, occupational services, nutritionist services, physiotherapy services, psychosocial services, ambulance services and teaching /training for KMTC students.

Vision

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

Mission

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

Core Values

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

Strategic Objectives

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

(c) Key Management

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

- County department of health
- Board of Management
- Accounting Officer/ Medical Superintendent
- Management
- Hospital Management team

(d) Fiduciary Management

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

No.	Designation	Name
1.	Medical Superintendent	Dr Masaku S. Muoki
2.	Head of finance	Virginia Muthoni
3.	Head of supply chain	Peter Mutevu
4.	Head Administrative Services	Zacheaus Nyamai
5.	Head Nursing Services	Martin Muema
6.	Head Pharmacy Services	Dr Eddy Kang'alikya

(e) Fiduciary Oversight Arrangements

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

The Committee is responsible for:

- Review the weekly ward round reports
- Review and 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

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

Hospital Management Committee

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

The members of the board include: -

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

Finance, Audit and General-Purpose Committee

This a sub- committee working under the HMC that oversees hospital budgeting process and scrutinizes the expenditure analysis

Hospital management team committee

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

Medical therapeutic committee

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

Executive Expenditure committee

This committee consists of the executive managers who meet on quarterly basis to check the expenditure of the hospital. This committee comprises of 5 members as outlined below;

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

Key Entity Information and Management (continued)

(f) Tawa sub county hospital

P.O. Box 70-90133, Tawa
Makueni, KENYA

(g) Entity Contacts

Telephone: (+254) 0732748851
E-mail: .tawa.hospital@makueni.go.ke
Website: www.makueni.go.ke

(h) Entity Bankers

Kenya Commercial Bank
Masii Branch

(i) Independent Auditors

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

(j) Principal Legal Adviser

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

(k) County Attorney

P.O. Box. 70-90300
Makueni, Kenya


3. The Board of Management

Ref	Directors	Details
1.	 Joshua Nzau Kimuyu – Chairman	Name: Joshua Nzau Kimuyu Age: 54 years Key qualifications: Bachelor’s Degree in Theology and Masters in Business Administration (Strategic Management) Work experience: 28 years Director: Independent
2.	 Richard Mutisya Muendo– Member	Name: Richard Mutisya Muendo Age: 35 years Key qualifications: Bachelor’s Degree in Business Administration Work experience: 13 years Director: Independent
3.	 Onesmus M. Mulinge – Member	Name: Onesmus Musyoki Mulinge Age: 68 years Key qualifications: Bachelor of Education Work experience: 24 years Director: Independent

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<p>4.</p>	 <p>DR Masaku S. Muoki – Secretary</p>	<p>Name: Dr Masaku S. Muoki Age: 30 years Key qualifications: Bachelor’s Degree in Medicine and Surgery Work experience: 9 years Director: Dependent</p>
<p>5.</p>	 <p>Agnes Katindi Mang’eng’e – Member</p>	<p>Name: Agnes Katindi Mang’eng’e Age: 64 years Key qualifications: “O” Level Work experience: 28 years Acts as a member of hospital board. Director: Independent</p>

4. Key Management Team

Ref	Management	Details
1.	 Dr Masaku S. Muoki	Medical Superintendent (Senior Medical Officer) Academic qualification- Bachelor's Degree in Medicine and Surgery
2.	 Zacheaus Nyamai	Secretary – Health Administrative Officer Academic qualification-Bachelor's Degree in Health Systems Management
3.	 Virginia Muthoni	Member- Accountant Academic qualification-CPA 6

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4.	 Martin Muema	Member- Nursing officer in-charge Academic qualification- Diploma in Kenya Registered Community Health Nurse
5.	 Dr. Eddy Kang'alikya	Member- Pharmacy in-charge Academic qualification-Bachelor's Degree in Pharmacy
6.	 Peter Mwangangi Mutevu	Member- Procurement officer Academic qualification-Masters in supply chain management

5. Chairman's Statement

Over the recent past, Tawa sub county hospital has undergone tremendous change and growth. The board has taken a leadership and governance role with assistance of the hospital management committee to carry out key strategic decisions and activities.

We have continuously carried governance role through approval of budgets, quarterly board meetings and ensuring functional subcommittees namely; quality committee and finance and general-purpose committee have performed to improve quality, efficiency and accountability in day to day running of the hospital.

One of the greatest successes is operationalization of the new Maternal and New-born unit constructed by Safaricom MPESA foundation, and equipped by the county government of Makueni. We are happy that the facility was officially commissioned on the 17th July 2023 and operations began immediately.

The facility has been offering quality maternity and new-born services including a fully equipped theatre and NBU units.

The land dispute between the hospital and a private developer still remains unresolved hence hindering the installation of a hospital gate and fence. There is great need to acquire additional land for construction of more wards and a mortuary since current land is limited hence hindering future growth.

Short staffing remains a challenge owing to the exit of more than 10 staff members from service without commensurate replacement. We appeal to the county government for more nursing officers and Doctors.

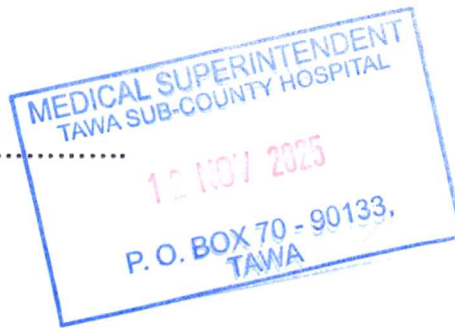
Despite the great milestone achieved, we still face challenges namely;

- 1). Staff shortage especially nurses, laboratory technicians, medical officers, sonographer, social worker
- 2). Shortages in pharmaceutical and non-pharmaceutical commodities
- 3). Inadequate hospital land for expansion

- 4). Lack of hospital mortuary
- 5). Land dispute hence derailing our efforts to have the hospital gate constructed,
- 6). Lack of utility vehicle
- 7). Asbestos roofing which poses a health hazard to both staff and local communities.



.....
Name: Joshua N. Kimuyu
Chairman to the Board



6. Report of The Medical Superintendent

The hospital prides itself in a dedicated & hardworking staff. This has been a key drive in the last financial year.

Healthcare service delivery is pegged on the WHO health system blocks that are intertwined to bring out the desired quality of care to patient. These building blocks area human resource, efficient service delivery system, health infrastructure, essential health product, health information, healthcare financing and leadership.

Service Delivery

The hospital has trade strides in improving patient turn over time by engaging a order clinical officers and nurses. The overall patient experience has improved by having a customer care desk that directs patient around the facility. We have increased the scope of investigations in the lab; this has minimized referral to other facilities for investigations.

Human resources for health

The hospital has had a huge resource in its staff shortage by getting 9 nurses, 3 clinical officers, 1 lab technologist, 1 driver, 2 HRIO and 2 sonographers from a program run by the County government in anticipation of withdrawal or partner supported staff in CCC clinic the hospital has made plans to intergrate HIV&TB services to outpatient department.

Health commodities and vaccines

Stock out of pharmaceutical & non pharmaceutical has plagued the hospital throughout the year. The hospital made efforts to curb the shortages by opening an account with MEDS & KEMSA and making orders each quarter to supplement the county supplies. For the first time we had a shortage of KEPI vaccines due to a nationwide stock out. A donation of drugs from DAWA East Africa came in handy especially for our outpatients.

Governance and leadership

A new hospital board was gazetted and took over from the previous board in September of 2024. The new board has been at the fore front in shaping the Hospital into a model Sub-County Hospital. The hospital management has had a good working relationship with the board and other key stake holders to the facility.

Health Infrastructure

Our hospital infrastructure has had a continuous expansion. However, due to aging and continous use our dental unit and anaesthesia machines have had frequent breakdowns. The cost of operating the two equipments has necessitated the need for new ones. The hospital managed to acquire a BioChemistry analyzer; this has stopped referral to Masii for Lab investigations/.

County Government is in the process of initiating an out of court settlement of hospital land dispute after which it will be possible to fence the hospital. Several modifications have been made of the hospital overloaded sewer system however this has not been enough it still needs an overhaul.

Ministry of Health through its Digital Health Authority provided the hospital with 36 tablets a huge step towards digitizing healthcare delivery. CCTV camera installation has improved hospital security in our outpatient and stores.

Healthcare financing

We had an improvement in hospital revenue collection from 30,051,681 in 2023/2024 to 41,505,255 in 2024/2025. This has helped reduce our hospital pending bills significantly and made procurement of key commodities a smoother process. SHA reimbursements have been our largest source of own revenue. We look forward to an improvement in our own source of revenue in this new financial year.


Health Information

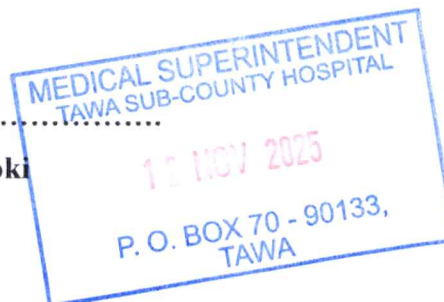
We have started the journey towards digitization through Taifacare. The hospital has continued to support staff training on the Taifacare HMIS and installing reliable internet network in the facility.

Elephant HMIS contract was terminated due to its financial cost to the hospital.

Despite the great milestone achieved, we still face challenges namely;

- 1). Staff shortage especially nurses, laboratory technicians, medical officers, sonographer, social worker
- 2). Shortages in pharmaceutical and non-pharmaceutical commodities
- 3). Inadequate hospital land for expansion
- 4). Lack of hospital mortuary
- 5). Land dispute hence derailing our efforts to have the hospital gate constructed,
- 6). Lack of utility vehicle
- 7). Asbestos roofing which poses a health hazard to both staff and local communities.


.....
Name: Dr Masaku S. Muoki
Secretary to the Board



7. Statement of Performance Against Predetermined Objectives

Section 164 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the County Government entity’s performance against predetermined objectives.

Tawa Sub-County Hospital has 4 strategic pillars and objectives within the current Strategic Plan for the FY 2023/2024. These strategic pillars are as follows;

Strategic Objectives

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

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

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

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communicable conditions		services (50%) 2.Mainstream counselling intervention in all departments (50%)		
Minimize exposure to health risk factors	Safety and Security Measures	The hospital commits to carry out safety and security baseline assessment	Preparing tools for baseline assessment (50%) Sensitizing managers to carry out the assessment (50%)	100% achievement
Provide essential health services	1.Reducing average length of hospital stay 2.Thehospital commits to develop service charters for all departments 100% 3. Reducing facility based maternal mortality rate	1.The hospital commits to reduce the average length of hospital stay from 5 days to 4 days through: The hospital commits to reduce facility maternal mortality rate from 1 to 0 persons through strengthening MPDSR.	1. Preparing hygiene protocols for all wards (100%) Holding monthly mortality audits (100%) Monthly reporting from the hospital committees (100%)	100% achievement 100% achievement

8. Corporate Governance Statement

i. Appointment of Board members, Process of appointment and removal of directors, The size, diversity, and demographics of the Board, Existence of the board charter

The Health Management Committee (HMC) provides governance and oversight to the hospital.

- Appointment process
 - Members are appointed by the County Executive Committee (CEC) Member for Health.
 - The process involves public participation at ward level within the hospital's catchment area, engaging all relevant stakeholders.
 - Names are proposed during the participatory forums and subsequently appointed by the county leadership.
- Membership
 - The committee currently comprises of five members namely
 - ❖ Chairperson
 - ❖ Two representatives from the community
 - ❖ Sub -County Medical Officer of Health
 - ❖ Medical Superintendent
- Attendance requirements
 - Any appointed member who fails to attend three consecutive quarterly meetings is automatically removed from the committee.

The HMC therefore provides a mechanism for community participation, accountability and leadership in the hospital's management

ii. Roles and functions of the board

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

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

iii. *Induction, training, and development*

The current committee underwent a week long training on their duties and responsibilities

iv. *Board and members' performance*

The current board has managed 100% scheduled meetings and has been very instrumental in resource mobilization for the hospital.

v. *Number of Board meetings held and the attendance to those meetings by members*

Four quarterly meetings were held in the year in review and a good attendance from the members was achieved.

vi. *Succession plan*

They each serve for a maximum of two terms of three (3) years. Thereafter the executive member for health appoints a new committee and names of all members and changes thereto are published in the Kenya Gazette.

vii. *Policy to manage conflict of interest.*

The committee upholds principle of good governance including avoiding conflict of interest.

viii. *Board remuneration*

Board remuneration is guided by a circular from the National Treasury, which provides standard allowances for members as follows:

- Transport allowance: KES 2,000 for all members per sitting.
- Sitting allowance:
 - Chairperson: KES 4,000 per sitting
 - Members: KES 2,500 per sitting
- Meal/lunch allowance: KES 500 for all members per sitting

This framework ensures consistency with government guidelines on board compensation.



ix. *Ethics and Conduct*

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.

x. *Governance audit*

The board is the top most governing body at the hospital and answerable to the appointing authority.

xi. *Communication policy*

Communication within the hospital is illustrated in the facility organofram, from the board through the medical superintendent to the rest of the staff.

xii. *Terms of Reference of Committees*

The terms of reference of committees outlines the purpose, structure, responsibilities, authority and operations of each committee. These terms ensures that governance is transparent, accountable, and aligned with the hospital's goals and legal requirement.

xiii. *Policy on related party transactions*

Policy on related party transaction ensures that transactions involving parties that have close ties to the hospital are conducted ethically, transparently and in the hospital's best interest. This prevents conflict of interest ,promotes accountability and complies with applicable laws and regulations.

9. Management Discussion and Analysis

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

Clinical/operational performance

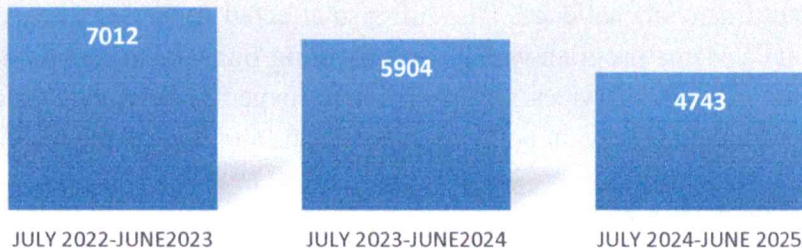
TSCH has 62 Bed capacity of the hospital. The overall patient attendance during the period for both inpatient and outpatient was 2,198 and 30,929 respectively. Average hospital stay is 5 days with bed occupancy rate of 42%.

ATTENDANCE OPD



There was a decrease in opd attendance from 53,240 to 43,626 and to 30,929 during the three years of comparison. This was due to healthcare workers strike affecting doctors, nurses and other UHC staff as well as termination of free Linda Mama program services in the month of October with introduction of Social Health Authority. Services which were free i.e. antenatal, delivery and postnatal services, mothers were required to register to the new social health program and pay their premiums and some of them could not afford.

AVERAGE FACILITY WORKLOAD



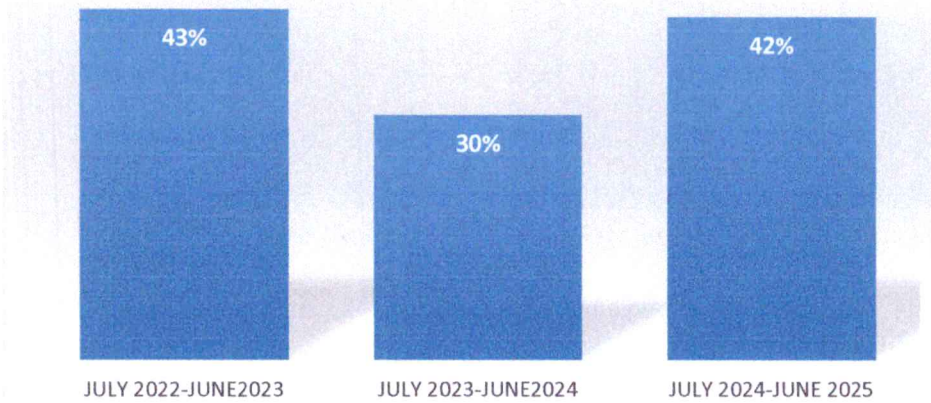
The average facility workload drop from 7,012 to 5,904 then to 4,743. This was due to termination of free Linda Mama program services in the month of October with introduction of Social Health Authority. Services which were free i.e. antenatal, delivery and postnatal services, mothers were required to register to the new social health program and pay their premiums and some of them could not afford.

THEATRE UTILIZATION



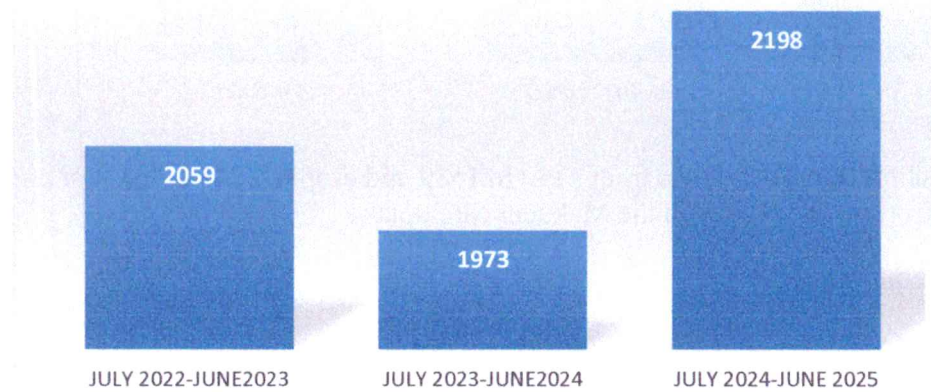
Theatre utilization drop from 337 in the year ending June 2023 to 272 in the year ending June 2024 then increased to 296 in the year ending June 2025.

% OCCUPANCY RATE



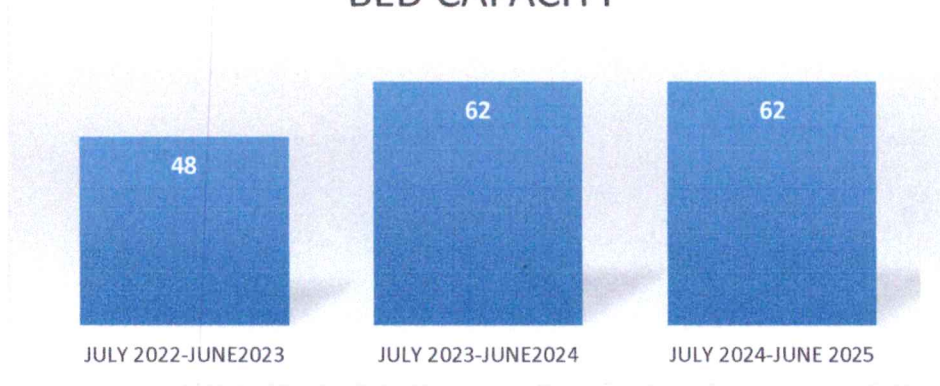
Bed occupancy rate drop from 43% to 30% and rose to 42% for the 3 year's comparison

INPATIENT ATTENDANCE



The inpatient workload decreased from 2059 to 1973 and increased to 2198 during the period of comparison

BED CAPACITY



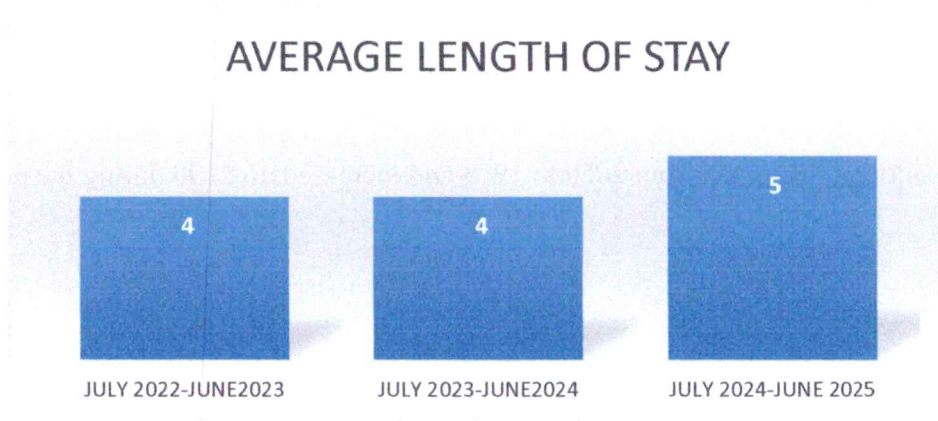
The bed capacity rose from 48 in the year ending in June 2023 and remained at 62 in the periods ending in June 2024 and June 2025.

SPECIALIZED CLINIC ATTENDANCE



The specialized clinic attendance rose from 1130 to 1539 and drop to 1246 in the year ending June 2025. This was as a result of decline in the Makueni care uptake.

AVERAGE LENGTH OF STAY



The average length of stay increased from 4 to 5 days.

Financial performance

Health care Financing remain a key pillar to support health care provision in health facilities whether public or private. Tawa Sub County Hospital has different sources of revenue, this includes own source revenue generated from rendering of medical services, Transfers from county government and grants from donors. In the current FY2024/25 the hospital received revenue mainly from services rendered by the facility and SHA.

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

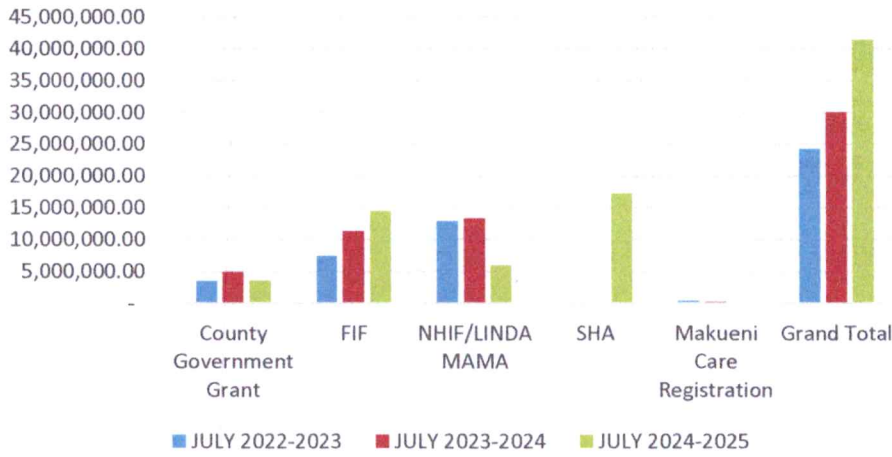
Despite this improvement, the hospital has faced few challenges namely;

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

Revenue Sources

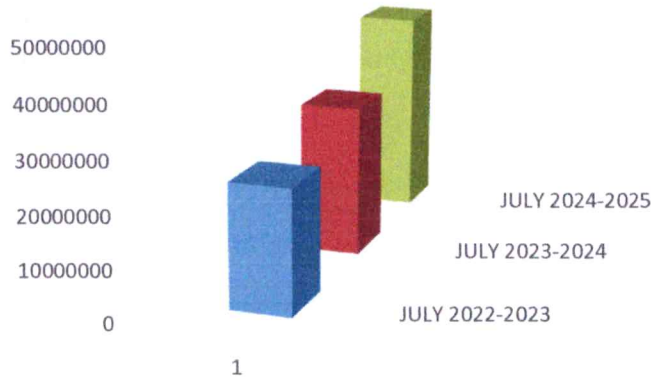
Revenue Stream	July 2024-June 2025	July 2023- June 2024	July 2022-June 2023
County Government Grant	3,545,000	5,000,000	3,505,000
FIF	14,545,679	11,403,011	7,428,581
NHIF	6,020,649	13,432,670	12,890,040
SHIF	17,326,927.05	-	-
Makueni Care Registration	67,000	216,000	423,000
Grand Total	41,505,255.05	30,051,681	24,246,621

FIF COLLECTION COMPARISON



There was an upward trend in hospital revenue collection from ksh 24,246,621 in 2022/2023 to ksh 30,051,681 in 2023/2024 and to ksh 41,505,255 in 2024/2025 as illustrated below; This was attributed to better service delivery translating to an increase in out-of-pocket payments and also a relatively good reimbursements from SHA.

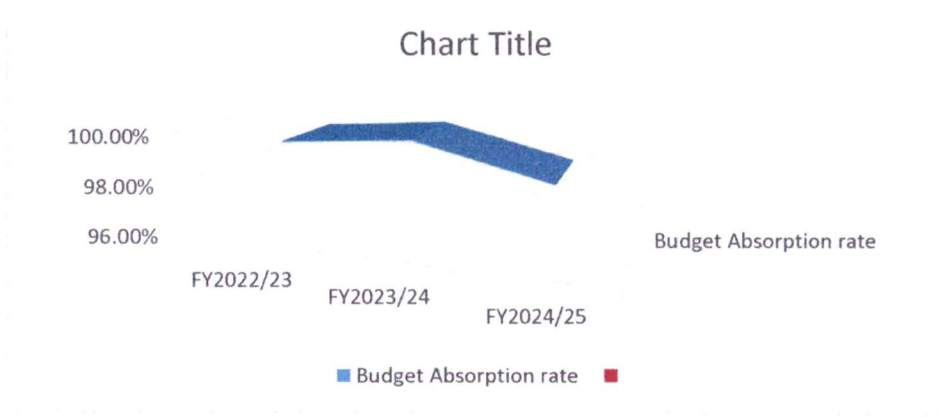
REVENUE COMPARISON



Budget Utilisation

In the FY 2024/25 the hospital budget allocation increased by approximately 6M. This was achieved through prudent revenue collection methods, cashless payment systems, and the automation of processes. However, there was a reduction in Makueni Care universal healthcare reimbursement, which had an overall impact on the financing of hospital operations and sustainability. It's also good to note that financial reports indicate a shift to out-of-pocket expenditure and a decline in insurance uptake. This trend could lead to catastrophic expenditure and impoverishment. Budget utilisation decreased from 99.7% to 98.4%. Expansion of services in the hospital contributed to high budget burn rate and therefore need to consider for increased funding from the county government as well as SHIF scheme utilization. The table below and graph gives an in-depth analysis.

Year	Budget	Expenditure	Budget Absorption rate
FY2022/23	20,869,572	20,723,806	99.3%
FY2023/24	33,515,086	33,426,584	99.7%
FY2024/25	40,458,170	39,828,104	98.4%



[Signature]
 Name: Dr Masaku S. Muoki
 Secretary to the Board

MEDICAL SUPERINTENDENT
 TAWA SUB-COUNTY HOSPITAL
 12 NOV 2025
 P. O. BOX 70 - 90133,
 TAWA

10. Environmental And Sustainability Reporting

Tawa sub county hospital exists to transform lives. It's what guides us to deliver our strategy, putting the client/Citizen first, delivering health services, and improving operational excellence. Below is an outline of the organisation's policies and activities that promote sustainability.

i) Sustainability strategy and profile

TSCH key stakeholders include: patients, doctors, employees and trade unions, suppliers, healthcare funders, government and authorities, industry associations, investors, the community and the media. TSCH recognises its accountability to its stakeholders and is committed to effective and regular engagement with them, and to publicly report on its sustainability performance. TSCH key stakeholders are those groups who have a material impact on, or are materially impacted by, TSCH and its operations

ii) Environmental performance

The Hospital's main environmental impacts are the utilisation of resources, predominantly energy, through electricity consumption and water, and the disposal of healthcare risk waste. The Hospital is fully aware of the need to use resources responsibly and is committed to minimising its environmental impacts to the extent possible. The Hospital recognises the risks that regulatory changes, environmental constraints and climate change present to its operations. Potential impacts include rising costs, reduced access to facilities, interruptions in service, and incidents of extreme weather events as a result of climate

iii) Employee welfare

The focus of attracting and utilising talent in a challenging healthcare market continues to be in accident and emergency room doctors. TSCH management has focused on creating conducive work environment in order to attract, train and retain workers. We have continuously through the human resource and advisory committee improved the capacity, skills and knowledge of staff through approving of trainings, Continuous Medical Educations, supporting conference attendance and supporting and financing senior courses

iv) Market place practices-

Tawa sub county hospital has made efforts to promote:

a) *Responsible competition practice.*

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

b) *Responsible Supply chain and supplier relations*

Those interested to do business the organisation, buy tenders when advertised through the various social media after every two years. Those who qualify are given orders and are paid in good time.

c) *Responsible marketing and advertisement or Responsible engagement with citizens*

When clients are served well, they advertise and inform others about the good quality services available which are friendly and cost effective. TSCH holds regular stakeholders forum with key stakeholders and the community members to educate and pass regular information to the community members. Community health promoters also serve as key partners in sensitizing the community on services provided. Through this forums community members are given opportunity to share their concerns and come up with action plan on solving problems identified.

d) *Product stewardship or Awareness Creation*

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

v) *Corporate Social Responsibility / Community Engagements*

The commitment of TSCH to social responsibility and the pursuit of societal good through inclusive healthcare inspired us towards fulfilling public healthcare needs. We focus on bringing quality healthcare within the reach of all people regardless of their geographic location or economic status.

TSCH aspires to be a socially responsible corporate citizen delivering superior and sustainable value to all. TSCH Corporate Social Responsibility initiatives express our commitment and concern to the welfare of our employees and the patients we serve. These initiatives focus on community development and health, human rights, empowering people through education and dissemination of information. Community trainings on different aspects remain as one of the key Corporate Social Responsibility. Education and support of the expectant and breast-feeding mothers through provision of mother pack is a program designed to ensure the facility remain a centre for preferred Health Care services provision in the surrounding Community.



Issuance of wheelchairs

11. Report of The Board of Management

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

Principal activities

The principal activities of the hospital are to promote and participate in the provision of integrated and efficacious promotive, preventive, curative and rehabilitative health care services to all Kenyans. This includes general outpatient and in-patient services, medical outpatient clinic, laboratory services, pharmacy services, dental services, radiology services, maternity and child welfare services, theatre services, comprehensive care clinic, physiotherapy services, psychology services, ambulance services and teaching /training for KMTC students.

Results

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

Board of Management

The members of the Board who served during the year are shown on pages viii to ix.

Auditors

The Auditor General is responsible for the statutory audit of Tawa 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 Masaku S. Muoki

Secretary to the Board



12. Statement of Board of Management's Responsibilities

Section 166 of the Public Finance Management Act, 2012 require the Directors to prepare quarterly financial statements in respect of Tawa Sub County Hospital which give a true and fair view of the state of affairs of Tawa Sub County Hospital at the end of the period and the operating results of Tawa Sub County Hospital for that period. The Directors are also required to ensure that Tawa Sub County Hospital keeps proper accounting records which disclose with reasonable accuracy the financial position of Tawa Sub County hospital. The Directors are also responsible for safeguarding the assets of Tawa sub county hospital

The Board of Directors is responsible for the preparation and presentation of Tawa Sub County Hospital financial statements, which give a true and fair view of the state of affairs of Tawa Sub County hospital for and as at the end of the period ended on June 30th , 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 Tawa Sub County Hospital; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Board of Directors accepts responsibility for Tawa Sub County Hospital financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgement 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 Tawa Sub County Hospital financial statements give a true and fair view of the state of Tawa Sub County Hospital transactions during the financial year ended June 30, 2025, and of the Tawa Sub County Hospital financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for Tawa Sub County Hospital, which have been relied upon in the preparation of the Tawa Sub County Hospital financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

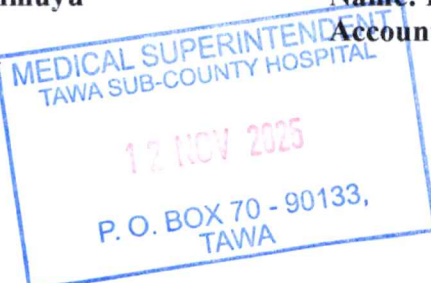
The Hospital's financial statements were approved by the Board on 12th NOV 2025 and signed on its behalf by:



.....
Name: Joshua Nzau Kimuyu
Chairperson
Board of Management



.....
Name: Dr. Masaku S. Muoki
Accounting Officer



REPUBLIC OF KENYA

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



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

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

PREAMBLE

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

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

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

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

Qualified Opinion

I have audited the accompanying financial statements of Tawa Sub-County Level 4 Hospital - County Government of Makueni set out on pages 1 to 57, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and the

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Tawa Sub-County Level 4 Hospital - County Government of Makueni as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Facility Improvement Act, 2023.

Basis for Qualified Opinion

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

The statement of financial position and as disclosed in Note 32 to the financial statements reflect Kshs.2,237,260 in respect to property, plant and equipment. However, the balance excludes the value of fixed assets which comprise of land, building and civil works and motor vehicles. Further, ownership documents for the land and one motor vehicle were not provided for audit review.

In the circumstances, the ownership, accuracy and completeness of property, plant and equipment with a balance of Ksh,2,237,260 could not be confirmed.

2. Long Outstanding Receivables

The statement of financial position and as disclosed in Note 29 to the financial statements reflect receivables from exchange transactions totaling Kshs.18,202,799. However, included in the balance are receivables totaling Kshs.2,014,810 which have been outstanding for more than one (1) year.

In the circumstances, the accuracy, completeness and recoverability of the receivables from exchange transactions balance of Kshs.2,014,810 could not be confirmed.

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

Emphasis of Matter

Long Outstanding Trade and Other Payables

The statement of financial position and as disclosed in Note 36 to the financial statements reflect trade and other payables totalling Kshs.7,466,793. Included in the amount are

trade payables of Kshs.558,043 which have been outstanding for more than two (2) years. In addition, the payables were not supported with vendor statements, invoices and delivery Notes. No measures were put in place to settle the liabilities.

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

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, I have determined that there are no other key audit matters to communicate in my report.

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Non-Compliance with Kenya Quality Model for Health Policy Guidelines

As previously reported, review of the Hospital's records and verification of services offered, equipment used and medical specialists in the Hospital as at the time of the 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 sixty-six (66) or approximately 65% of the required 101 staff as shown in Table 1 below:

Table 1: Deficiencies in Staff Requirements

Personnel	Level 4 Standard	Actual Numbers	Deficit	Percentage %
Medical Officers	16	2	14	87.5
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	33	42	56
Total	101	35	66	65

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

Table 2: Deficiencies in Equipment

Equipment/Machine	Level 4 Standard	In-Post	Deficit
Beds	150	64	86
Incubators (New Born)	5	3	2
Cots	5	3	2
Resuscitaire (2 in Labor,1 in Theatre)	3	2	1
Functional ICU beds	6	0	6
HDU beds	6	0	6
Renal Unit with Dialysis Machine	5	0	5
Functional Operating Theatres Maternity and General Surgeries	2	1	1
Total	32	10	22

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

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

2. Irregular Engagement of Casual and Contractual Workers

The statement of financial performance reflects employee costs (casuals and contractual staff) totaling Kshs.13,589,068 as disclosed in Note 16 to the financial statements. Review of staff records revealed that Management engaged casual workers for a period more than three months contrary to the Employment Act, 2007. Further, Management did not provide approval of the County Public Service Board to engage the casuals and contracted employees.

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

3. Failure to Conduct Safety and Health Audit

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

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Unapproved Strategic and Operational Plans

The Hospital did not have in place Strategic and Operational Plans. Lack of the Plans expose the Hospital to significant risks, including misallocation of resources, inability to track performance, non-compliance with public sector governance standards, operational inefficiencies and reputational harm. Strategic and Operational Plans are critical to ensure aligned, accountable and effective service delivery and supports the budget making process of the Hospital.

In the circumstances, the effectiveness of the operations of the Hospital could not be confirmed.

2. Lack of a Disaster Recovery/Business Continuity Plan

The Hospital lacked a Disaster Recovery/ Business Continuity Plan that is supposed to guide the entity into resuming operations quickly and reducing interruptions in the aftermath of a disaster. A Disaster Recovery Plan allows for sufficient information technology (IT) recovery and prevention of data loss.

In the circumstances, the recoverability of the operations of the Hospital in case of disaster could not be confirm.

3. Lack of an Internal Audit Function

As previously reported, audit review of documents revealed that the Hospital has not established an internal audit function. This is contrary to Section 73(1)(a) of the Public Finance Management Act, 2012 which provides that every National Government entity shall ensure that it complies with the Act and has appropriate arrangements in place for conducting internal audit according to the guidelines of the Accounting Standards Board.

In the circumstances, the effectiveness of internal controls and overall governance could not be confirmed.

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

Responsibilities of 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

20 November, 2025

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

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

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	3,545,000	5,005,000
In- kind contributions from the County Government	7	86,978,726	85,985,478
Grants from donors and development partners	8	-	-
Transfers from other Government entities	9	-	-
Public contributions and donations	10	-	-
		90,523,726	90,990,478
Revenue from exchange transactions			
Rendering of services- Medical Service Income	11	14,249,464	10,744,051
Revenue from rent of facilities	12	-	-
Finance /Interest Income	13	-	-
Miscellaneous Income	14	39,931,098	23,976,626
		54,180,562	34,720,677
Total revenue		144,704,288	125,711,154
Expenses			
Medical/Clinical costs	15	7,634,664	14,829,948
Employee costs	16	13,589,068	9,550,201
Board of Management Expenses	17	372,500	291,000
Depreciation and amortization expense	18	405,130	187,247
Repairs and maintenance	19	1,473,342	3,192,876
Grants and subsidies	20	-	-
General expenses	21	11,161,420	16,319,313
Finance costs	22	-	-
In- kind contributions from the County Government	7	86,978,726	85,985,478
Total expenses		121,614,850	130,356,063

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

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Other gains/(losses)			
Gain/Loss on disposal of non-Current assets	23	-	-
Unrealized gain on fair value of investments	24	-	-
Medical services contracts Gains/Losses	25	(1,338,877)	2,964,370
Impairment loss	26	-	-
Gain on foreign exchange transactions		-	-
Total other gains/(losses)		(1,338,877)	2,964,370
Net Surplus / (Deficit) for the year		21,750,561	(1,680,539)

(The notes set out on pages 10 to 54 form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were approved by the Board on 12th NOV 2025 and signed on its behalf by:



.....
Name: Joshua N. Kimuyu
Chairman
Board of Management



.....
Name: Everlyne Mulei
Head of Finance
ICPAK No:28785



.....
Name: Dr. Masaku S. Muoki
Medical Superintendent



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


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


Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	27	5,828,511	4,150,525
Prepayments	28	-	-
Receivables from exchange transactions	29	18,202,799	6,704,626
Receivables from non-exchange transactions	30	-	-
Inventories	31	1,540,000	2,321,376
Total Current Assets		25,571,310	13,176,527
Non-current assets			
Property, plant, and equipment	32	2,237,260	1,145,243
Intangible assets	33	-	-
Investment property	34	-	-
Biological Assets	35	-	-
Total Non-current Assets		2,237,260	1,145,243
Total assets (A)		27,808,570	14,321,770
Liabilities			
Current liabilities			
Trade and other payables	36	7,466,793	11,745,804
Refundable deposits from Patients/Prepayments	37	-	-
Provisions	38	-	-
Finance lease obligation	39	-	-
Current portion of deferred income	40	-	-
Current portion of borrowings	41	-	-
Total Current Liabilities		7,466,793	11,745,804
Non-current liabilities			
Provisions	38	-	-
Non-Current Finance lease obligation	39	-	-
Non-Current portion of deferred income	40	-	-
Non - Current portion of borrowings	41	-	-


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

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Service concession Arrangements	42	-	-
Total non-current liabilities		-	-
Total Liabilities (B)		7,466,793	11,745,804
Net assets (A-B)		20,341,777	2,575,966
Represented by:			
Revaluation reserve		-	-
Accumulated surplus/Deficit		20,341,777	(1,408,784)
Capital Fund		-	3,984,750
Net Assets		20,341,777	2,575,966

The Hospital's financial statements were approved by the Board on 12th Nov 2025 and signed on its behalf by:


 Name: Joshua N. Kimuyu
 Chairman
 Board of Management


 Name: Everlyne Mulei
 Head of Finance
 ICPAK No:28785


 Name: Dr. Masaku S. Muoki
 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	-	271,755	47,149	318,904
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	(1,680,539)	-	(1,680,539)
Capital/Development grants	-	-	3,984,750	3,984,750
As at June 30, 2024	-	(1,408,784)	3,984,750	2,575,966
At July 1, 2024	-	(1,408,784)	3,984,750	2,575,966.00
Restatement of prior year expenditure overstatement	-	-	(3,984,750)	(3,984,750.00)
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	21,750,561	-	21,750,560.65
Capital/Development grants	-	-	-	-
At June 30, 2025	-	20,341,777	-	20,341,777

(Note:

The capital fund of kshs 3,984,750 previously reported in the financial statements for the year ended 30 June 2024 was identified as arising from overstated expenses in prior periods. This balance has been reclassified to accumulated surplus as at July 1, 2024. The adjustments has been reflected as a prior period correction in the statement of changes in net assets and has no impact on the current year's net surplus/deficit.

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

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government		3,545,000	5,005,000
Grants from donors and development partners		-	-
Transfers from other Government entities		-	-
Public contributions and donations		-	-
Rendering of services- Medical Service Income		14,217,674	10,744,051
Revenue from rent of facilities		-	-
Finance / interest income		-	-
Miscellaneous receipts(<i>specify</i>)		23,740,638	14,307,630
Total Receipts		41,503,312	30,056,681
Payments			
Medical/Clinical costs		11,406,467	8,711,200
Employee costs		13,441,068	9,150,201
Board of Management Expenses		372,500	291,000
Repairs and maintenance		2,199,026	2,017,692
Grants and subsidies		-	-
General expenses		12,146,364	12,678,491
Finance costs		-	-
Refunds paid out		-	-
Total Payments		39,565,425	32,848,584
Net cash flows from operating activities	43	1,937,887	(2,791,904)
Cash flows from investing activities			
Purchase of property, plant, equipment		(259,900)	(578,000)
Purchase of intangible assets		-	-
Proceeds from the sale of PPE		-	-
Acquisition of investments		-	-
Net cash flows used in investing activities		(259,900)	(578,000)
Cash flows from financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Capital grants received		-	-

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

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		1,677,987	(3,369,904)
Cash and cash equivalents as at 1 July 2024	27	4,150,525	7,520,429
Cash and cash equivalents as at 30 June 2025	27	5,828,512	4,150,525

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

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget carryovers from the previous year	-	-	-	-	-	-
Receipts						
Transfers from the County Government	5,000,000	-	5,000,000	3,545,000	1,455,000	70.9%
Grants from donors and development partners	-	-	-	-	-	-
Transfers from other Government entities	-	-	-	-	-	-
Public contributions and donations	-	-	-	-	-	-
Rendering of services- Medical Service Income	16,000,000	-	16,000,000	14,249,464	1,750,536	89.1%
Revenue from rent of facilities	-	-	-	-	-	-
Finance / interest income	-	-	-	-	-	-
Miscellaneous receipts (<i>specify</i>)	25,904,370	-	25,904,370	39,931,098	(14,026,728)	154.1%
Total receipts	46,904,370	-	46,904,370	57,725,562	(10,821,192)	123.1%
Payments						
Medical/Clinical costs	14,193,660	-	14,193,660	7,634,664	6,558,996	53.8%
Employee costs	14,069,300	-	14,069,300	13,589,068	480,232	96.6%
Remuneration of directors	372,500	-	372,500	372,500	-	100.0%
Repairs and maintenance	3,178,400	-	3,178,400	1,473,342	1,705,058	46.4%
Grants and subsidies	-	-	-	-	-	-
General expenses	15,090,510	-	15,090,510	11,161,420	3,929,090	74.0%
Finance costs	-	-	-	-	-	-
Refunds	-	-	-	-	-	-
Total Operational Expenditure paid	46,904,370	-	46,904,370	34,230,994	12,673,376	73.0%
Capital Expenditure paid	-	-	-	259,900		
Surplus	-	-	-	23,234,668		

Budget explanation on the variances, budget and expenditure

Revenue Performance:

- Transfers from the County Government were lower than expected, with only Kshs 3,545,000 received against a budget of Kshs 5,000,000, representing 70.9% of the budget and a shortfall of Kshs 1,455,000.
- Rendering of medical services realized an income of Kshs 14,249,464 against a budget of Kshs 16,000,000 representing 89.1% of the budget and a shortfall of Kshs 1,750,536.
- NHIF, SHA/SHIF receipts exceeded the budget by Kshs 14,026,728, achieving 154.1% of the budget, offsetting the shortfall in County transfers and rendering of medical services.
- Overall, total revenue collection was above the original targets realizing 123.1% of the budget.

Expenditure Performance:

- Repairs and maintenance were underspent by Kshs 1,705,058 (only 46.4% utilized). The underspending occurred because there was a breakdown on some of the machines and therefore fewer maintenance costs.
- General expenses were underspent by Kshs 3,929,090 (only 74% utilized.) The underspending occurred due to high number of receivables thus expenditure incurred in debt.
- Medical expenses were underspend Kshs 6,558,996 (only 53.8% utilized) due to lack of financing.
- Overall, total expenditure was at 73% of the budget which was as a result of the entity operating in debt.

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	1,937,886.60
1	Reason for differences- Closing Cash and Cash Equivalent as per the statement of Cash flows	4,150,524.90
2	Reason for differences-capital expenditure(assets)	259,900
	Closing Cash and Cash Equivalent as per the statement of Cash flows	5,828,511.50

19. Notes to the Financial Statements

1. General Information

Tawa Sub County Hospital entity is established by and derives its authority and accountability from PFM Act. The entity is wholly owned by Makueni County Government and is domiciled in Makueni County in Kenya. The entity's principal activity is provision of integrated and efficacious promotive, preventive, curative and rehabilitative health care services to all Kenyans.

2. Statement of Compliance and Basis of Preparation

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

3. Adoption of New and Revised Standards

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

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

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

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

Standard	Effective date and impact:
	<p>satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
<p>IPSAS 46 Measurement</p>	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
<p>IPSAS 47- Revenue</p>	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
<p>IPSAS 48- Transfer Expenses</p>	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and</p>

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

iii) Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year 2024/2025

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 *11th July 2024*. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

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

c. Taxes

Sales tax/ Value Added Tax

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

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

Notes to the Financial Statements (Continued)

d. Investment property

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

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

Notes to the Financial Statements (Continued)

f. Leases

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

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

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

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

g. Intangible assets

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

Notes to the Financial Statements (Continued)

h. Biological Assets

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

i. Research and development costs

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

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

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

j. Financial instruments

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

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

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. 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	3,545,000	5,000,000
Level 4/5 grants	-	-
Unconditional development grants	-	-
Other grants	-	5,000
	3,545,000	5,005,000
Conditional grants	-	-
User fee forgone	-	-
Transforming health services for Universal care project (THUCP)	-	-
DANIDA	-	-
Wards Development grant	-	-
Paediatric block grant	-	-
Administration block grant	-	-
Laboratory grant	-	-
Total government grants and subsidies	3,545,000	5,005,000

6 b Transfers from The County Government

Name of the Entity sending the grant	Amount recognized to Statement of financial performance* KShs	Amount deferred of under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	Comparative Period
			KShs	KShs	KShs
Makueni County Government	3,545,000	-	-	3,545,000	5,005,000
Total	3,545,000	-	-	3,545,000	5,005,000

Notes to Financial Statements Continued

7. In Kind Contributions from The County Government

Description	2024/2025	2023/2024
	KShs	KShs
Salaries and wages	75,456,609	75,920,064
Medical supplies-Drawings Rights (KEMSA)	-	-
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	10,260,620	9,404,662
Utility bills	1,261,497	660,752
Total grants in kind	86,978,726	85,985,478

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	-	-
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 National Hospital	-	-
Transfer from Institute	-	-
Total Transfers	-	-

10. Public Contributions and Donations

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

10 (a) Reconciliations of amortised grants

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

Notes to Financial Statements Continued

11. Rendering of Services-Medical Service Income

Description	2024/2025	2024/2025	2023/2024
	Cash payments	Actual payments	
	Kshs	Kshs	Kshs
Pharmaceuticals	2,612,444	2,612,714	2,345,541
Non-Pharmaceuticals	-	-	-
Laboratory	3,102,020	3,121,670	2,141,790
Radiology	1,117,710	1,124,750	577,650
Orthopedic and Trauma Technology	351,380	355,330	347,130
Theatre	67,000	67,000	73,500
Accident and Emergency Service	481,300	469,300	493,500
Anesthesia Service	-	-	-
Ear Nose and Throat service	-	-	-
Nutrition service	216,650	217,250	34,940
Cancer centre service	-	-	-
Dental services	722,750	722,750	558,700
Reproductive health	-	-	-
Paediatrics services	-	-	-
Farewell home services	-	-	-
Ambulance services	-	-	-
Physiotherapy	143,250	143,250	64,500
Occupational	26,150	26,150	15,060
Psychology	12,000	12,400	24,000
Outpatient	943,420	946,620	616,170
Inpatient	1,493,780	1,493,930	1,249,460
Plaster	-	-	-
Medical report	1,026,600	1,026,600	155,800
Records	1,342,820	1,349,050	1,983,560
Clinics	558,400	560,700	62,750
Other medical services income	-	-	-
Total revenue from the rendering of services	14,217,674	14,249,464	10,744,051

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 Cash payments	2024/2025 Actual payments	2023/2024
	KShs	KShs	KShs
Insurance recoveries	23,368,113	23,368,583	13,647,080
Income from sale of tender	-	-	-
Makueni uhc reg recoveries	67,000	67,000	216,000
Services concession income	-	-	-
Sale of goods (water, publications, containers etc)	305,525	307,525	444,550
Revenue under waivers & exemptions	-	-	2,964,370
Nhif/SHA receivables	-	16,187,990	6,704,626
Write backs (Deposits, payments in advance etc)	-	-	-
Bad debts recovered	-	-	-
<i>Others</i>	-	-	-
Total Miscellaneous income	23,740,638	39,931,098	23,976,626

Notes to the Financial Statements (Continued)

15. Medical/ Clinical Costs

Description	2024/2025	2024/2025	2023/2024
	Cash payments	Actual payments	
	Kshs	Kshs	Kshs
Dental costs/ materials	892,750	568,800	-
Laboratory chemicals and reagents	1,353,940	625,800	1,680,590
Public health activities	-	-	-
Food and Ration	3,679,288	3,000,728	5,400,615
Uniform, clothing, and linen	388,000	-	533,200
Dressing and Non-Pharmaceuticals	1,909,105	1,090,345	2,662,702
Pharmaceutical supplies	1,238,256	677,870	1,708,486
Health information stationery	-	-	-
Reproductive health materials	-	-	-
Sanitary and cleansing Materials	903,300	340,800	1,457,740
Purchase of Medical gases	581,528	1,082,221	787,965
X-Ray/Radiology supplies	460,300	248,100	598,650
Other medical related clinical costs	-	-	-
Total medical/ clinical costs	11,406,467	7,634,664	14,829,948

16. Employee Costs

Description	2024/2025	2024/2025	2023/2024
	Cash payments	Actual payments	
	Kshs	Kshs	Kshs
Salaries, wages, and allowances	10,841,482	10,841,482	7,256,930
Contributions to pension schemes	1,326,660	1,326,660	798,960
Service gratuity	-	-	-
Performance and other bonuses	-	-	-
Staff medical expenses and Insurance cover	-	-	-
Group personal accident insurance and WIBA	-	-	-
Social contribution	-	-	-
Other employee costs-Locum	1,272,926	1,420,926	1,494,311
Employee costs	13,441,068	13,589,068	9,550,201

Notes to the Financial Statements (Continued)

17. Board of Management Expenses

Description	2024/2025 Cash payments	2024/2025 Actual payments	2023/2024
	Kshs	Kshs	Kshs
Chairman's Honoraria	-	-	-
Sitting allowance	372,500	372,500	112,000
Mileage	-	-	-
Insurance expenses	-	-	-
Induction and training	-	-	-
Travel and accommodation allowance	-	-	179,000
Airtime allowances	-	-	-
Total	372,500	372,500	291,000

18. Depreciation and Amortization Expense

Description	2024/2025	2023/2024
	Kshs	Kshs
Property, plant and equipment	405,130	187,247
Intangible assets	-	-
Investment property carried at cost	-	-
Total depreciation and amortization	405,130	187,247

19. Repairs And Maintenance

Description	2024/2025 Cash payments	2024/2025 Actual payments	2023/2024
	Kshs	Kshs	Kshs
Property- Buildings	211,612	127,952	503,490
Medical equipment	691,260	187,000	734,260
Plant	457,504	149,640	635,664
Office equipment	-	-	-
Furniture and fittings	130,000	130,000	50,000
Computers and accessories	226,000	173,000	492,112
Motor vehicle expenses	482,650	705,750	777,350
Maintenance of civil works	-	-	-
Total repairs and maintenance	2,199,026	1,473,342	3,192,876

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	-	-
Total grants and subsidies	-	-

21. General Expenses

Description	2024/2025 Cash payments	2024/2025 Actual payments	2023/2024
	Kshs	Kshs	Kshs
Advertising and publicity expenses	-	-	50,000
Catering expenses	443,200	443,200	110,000
Waste management expenses	-	-	-
Insecticides and rodenticides	-	-	-
Audit fees	-	-	-
Bank charges	16,852	16,852	32,264
Conferences and delegations	107,000	142,100	80,000
Consultancy fees	-	-	-
Contracted services	720,000	882,000	264,000
Electricity expenses	-	-	432,697
Fuel and Lubricants-transport	1,419,683	1,438,408	2,556,171
Fuel and Lubricants-production	1,735,709	1,666,979	3,520,786
Insurance	-	-	-
Research and development expenses	-	-	-
Travel and accommodation allowance	2,196,965	2,305,476	2,441,815
Legal expenses	-	-	-
Licenses and permits	-	-	-
Courier and postal services	18,900	18,900	9,450
Printing and stationery	185,000	185,000	150,000
Hire charges	-	-	-

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Description	2024/2025	2024/2025	2023/2024
	Cash payments Kshs	Actual payments Kshs	Kshs
Rent expenses	-	-	-
Water and sewerage costs	249,500	249,500	574,000
Skills development levies	-	-	-
Telephone and mobile phone services	375,000	375,000	360,000
Internet expenses	-	-	54,000
Staff training and development	-	-	-
Subscriptions to professional bodies	-	-	-
Subscriptions to newspapers periodical, magazines, and gazette notices	-	-	-
Library books/Materials	-	-	-
Parking charges	-	-	-
Purchase of electrical items	479,150	370,500	582,850
Other fuels	996,350	596,000	1,074,300
Purchase of households	10,300	10,300	50,000
Purchase of computer supplies & accessories	692,000	257,500	1,761,500
General office supplies	1,841,210	1,544,160	1,433,080
Other operating expenses	659,545	659,545	782,400
Total General Expenses	12,146,364	11,161,420	16,319,313

22. Finance Costs

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

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

Description	2024/2025	2023/2024
	KShs	KShs
Property, plant, and equipment	-	-
Intangible assets	-	-
Other assets not capitalised	-	-
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	2023/2024
	KShs	KShs
Comprehensive care contracts with NHIF/SHA	-	-
Non- Comprehensive contracts care with NHIF/SHA	428,918	768,095
Uhc/Over 65 years	344,575	-
Linda Mama Program	-	-
Waivers and Exemptions	(2,112,370)	2,196,275
Total Gain/Loss	(1,338,877)	2,964,370

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	5,828,511	4,150,525
On - call deposits	-	-
Fixed deposits accounts	-	-
Cash in hand	-	-
Others- Mobile money	-	-
Total cash and cash equivalents	5,828,511	4,150,525

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	1144739985	5,812,473	4,139,261
Kenya Commercial bank	1158226276	16,039	11,264
Sub- total		5,828,511	4,150,525
b) On - call deposits			
Kenya Commercial bank		-	-
Equity Bank – etc		-	-
Sub- total		-	-
c) Fixed deposits account			
Bank Name		-	-
Sub- total		-	-
d) Others			
cash in hand		-	-
Mobile money- Mpesa, Airtel money		-	-
Sub- total		-	-
Grand total		5,828,511	4,150,525

28. Prepayments

Description	2024/2025	2023/2024
	K shs	K shs
Insurance	-	-
Rent	-	-
Water	-	-
Internet	-	-
Others	-	-
Total	-	-

29. Receivables From Exchange Transactions

Description	2024/2025	2023/2024
	KShs	KShs
Medical services receivables	17,501,280	6,704,626
Rent receivables	-	-
Other exchange debtors	701,519	-
Less: impairment allowance	-	-
Total receivables	18,202,799	6,704,626

Analysis of Receivables From Exchange Transactions

Description	2024/2025		2023/2024	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	16,187,990.05	88.9%	6,704,626	100%
Between 1- 2 years	2,014,808.95	11.1%	-	0%
Between 2-3 years	-	%	-	0%
Over 3 years	-	%	-	0%
Total (a+b)	18,202,799.00	100%	6,704,626	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	Comparative FY	% of the total
Less than 1 year	-	%	-	%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (a+b)	-	%	-	%

31. Inventories

Description	2024/2025	2023/2024
	KShs	KShs
Pharmaceutical supplies	627,000	987,200
Maintenance supplies	-	13,000
Food supplies	31,000	32,700
Linen and clothing supplies	-	-
Cleaning materials supplies	28,000	68,400
General supplies	65,000	48,000
Dressing and Non-Pharmaceuticals	789,000	1,172,076
Less: provision for impairment of stocks	-	-
Total	1,540,000	2,321,376

Detailed disclosure on inventories

	2024/2025	2023/2024
Opening balance	2,321,376	-
Additional Inventory in the year	9,178,824	-
Inventory expensed in the year	9,960,200	-
Write-downs in the year	-	-
Others	-	-
Closing balance	1,540,000	2,321,376

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Notes to the Financial Statements (Continued)

32. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (specify)	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh	Ksh
Cost									
At 1 July 2023	-	-	-	142,000	99,290	1,091,200	-	-	1,332,490
Additions	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-	-	-	-
At 30th Jun 2024	-	-	-	142,000	99,290	1,091,200	-	-	1,332,490
			-						
At 1 July 2024	-	-	-	142,000	99,290	1,091,200	-	-	1,332,490
Additions	-	-	-	-	259,900	1,050,000	-	-	1,309,900
Disposals	-	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-	-	-	-
At 30th Jun 2025	-	-	-	142,000	359,190	2,141,200	-	-	2,642,390
Depreciation and impairment									
At 1 July 2023	-	-	-	-	-	-	-	-	-
Depreciation for the year	-	-	-	17,750	33,097	136,400	-	-	187,247

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Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (specify)	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh	Ksh
Disposals	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-
At 30 June 2024	-	-	-	17,750	33,097	136,400	-	-	187,247
At July 2024	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	17,750	119,730	267,650	-	-	405,130
Disposals	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-	-	-	-	-
At 30th June 2025	-	-	-	17,750	119,730	267,650	-	-	405,130
Net book values									
At 30 th Jun 2024	-	-	-	124,250	66,193	954,800	-	-	1,145,243
At 30 th Jun 2025	-	-	-	124,250	239,460	1,873,550	-	-	2,237,260

Note:

Some assets such as buildings and land (non-current assets) are yet to be valued and once the valuation exercise is completed the asset register will be fully updated and assets depreciated accordingly.

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	-	-
Impairment	-	-
At end of the year	-	-

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Notes to the Financial Statements (Continued)

35. Biological Assets

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

36. Trade and other Payables

Description	2024/2025		2023/2024	
	KShs		KShs	
Trade payables	7,466,793		11,745,804	
Employee dues	-		-	
Third-party payments (<i>e.g. unremitted payroll deductions</i>)	-		-	
Audit fee	-		-	
Doctors' fee	-		-	
Total trade and other payables	7,466,793		11,745,804	
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the total
Under one year	6,908,750	92.5%	9,235,425	79%
1-2 years	558,043	7.5%	2,510,379	21%
2-3 years	-	%	-	0%
Over 3 years	-	%	-	0%
Total	7,466,793	100%	11,745,804	100%

37. Refundable Deposits from Customers/Patients

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

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

38. Provisions

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

39. Finance Lease Obligation

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

40. Deferred Income

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

Notes to the Financial Statements (Continued)

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

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

41. Borrowings

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

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

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

Notes to the Financial Statements (Continued)

42. Service Concession Arrangements

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

43. Cash Generated from Operations

Description	2024/2025	2023/2024
	KShs	KShs
Surplus for the year before tax	21,750,561	(1,680,539)
Adjusted for:		
Depreciation	405,130	187,247
Non-cash grants received	-	-
Grants in kind expensed	-	9,404,662
Impairment	-	-
Gains and losses on disposal of assets	-	-
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
Working Capital adjustments		
Increase in inventory	781,376	(1,478,334)
Increase in receivables	(11,498,173)	(4,152,356)
Increase in deferred income	-	-
Increase in payables	(4,279,011)	511,224
Increase in payments received in advance	-	-
Less cashflow from investing activities	(5,221,996)	-
Net cash flow from operating activities	1,937,887	2,791,904

Notes to the Financial Statements (Continued)

44. Financial Risk Management

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

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

(i) Credit risk

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024				
Receivables from exchange transactions	6,704,626	6,704,626	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	4,150,525	4,150,525	-	-
Total	10,855,151	10,855,151	-	-
At 30 June 2025				
Receivables from exchange transactions	18,202,799	18,202,799	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	5,828,512	5,828,512	-	-
Total	24,031,311	24,031,311	-	-

Notes to the Financial Statements (Continued)

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the hospital has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The board of management sets the hospital's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(ii) Liquidity risk management

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024				
Trade payables	2,331,887	1,506,020	7,907,897	11,745,804
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	2,331,887	1,506,020	7,907,897	11,745,804
At 30 June 2025				
Trade payables	2,088,898	2,881,200	2,496,695	7,466,793
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	2,088,898	2,881,200	2,496,695	7,466,793

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			
Euro	10%	-	-
USD	10%	-	-
2025			
Euro	10%	-	-
USD	10%	-	-

b) Interest rate risk

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

Management of interest rate risk

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

Notes to the Financial Statements (Continued)

Sensitivity analysis

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

iv) Capital Risk Management

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

Description	2024/2025	2023/2024
	Kshs	Kshs
Revaluation reserve	-	-
Retained earnings	20,341,777	-
Capital reserve	-	-
Total funds	20,341,777	-
Total borrowings	-	-
Less: cash and bank balances	5,828,512	-
Net debt/ (<i>excess cash and cash equivalents</i>)	(5,828,512)	-
Gearing	-28.65%	-

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

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

Description	2024/2025	2023/2024
	Kshs	Kshs
Transactions with related parties		
a) Services offered to related parties		
Services to	-	-
Sales of services to	-	-
Total	-	-
b) Grants from the Government		
Grants from County Government	3,545,000	5,005,000
Grants from the National Government Entities	-	-
Donations in kind	-	-
Total	3,545,000	5,005,000
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		

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Description	2024/2025	2023/2024
	Kshs	Kshs
Directors' emoluments	-	-
Compensation to the medical Sup	-	-
Compensation to key management	-	-
Total	-	-

46. Segment Information

47. Contingent Liabilities

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

48. Capital Commitments

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

49. Events after the Reporting Period

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

50. Ultimate and Holding Entity

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

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)
	Incomplete Fixed Assets Register and Lack of Ownership Documents	Process of engaging certified valuers is ongoing	Not resolved	30/06/2026
	Non-Disclosure of Intangible Assets	Costs will be disclosed upon completion of valuation	Not resolved	30/06/2026
	Non-Compliance with the Public Sector Accounting Standards Board Reporting Requirements	The corresponding notes have since been amended to reflect the corresponding figures in the financial statements	Resolved	
	Failure to Transfer Revenue to County Revenue Fund Account	The financial operations of the hospital are governed by the Facility Improvement Fund (FIF) Act, 2023, and the Makueni County Health Services Act, 2017.	Resolved	

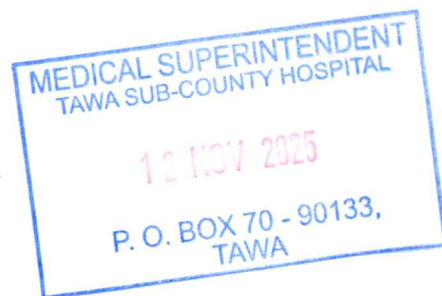
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Deficiencies in Implementation of Universal Health Coverage	Engagements to ensure proper staffing for a level 4 hospital ongoing The Hospital has contracted 36 health care workers to fill in the employee gaps. See attached copy of hospital contracted staff	Unresolved	30/06/2026
	Irregular Composition of the Hospital Board	New board members were appointed and officially gazetted under Gazette Notice No. 11778 dated 2nd August 2024	Resolved	
	Lack of Risk Management Policy and Disaster Recovery Plan	The Hospital relies on the County Executive's Risk Management Policy and disaster recovery policy. Risk management committee and risk champion appointed in the hospital	Unresolved	30/06/2026
	Failure to Automate Accounting Records	The County Government of Makueni has initiated the procurement and implementation of a County Health Management Information System (CHMIS).	Not resolved	30/06/2026
	Lack of Standard Operating Procedures and Policies	The Hospital has initiated the process of developing and formalizing SOPs and policy frameworks for the all hospital units	Not resolved	31/03/2026
	Lack of an Internal Audit Review	The hospital relies on services of County Executive's Internal Audit unit	Unresolved	30/06/2026

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		based at the County Treasury for audit and assurance services		
	Weak Internal Controls in Stores Management	Segregation of duties and appointment of an officer to oversee stores operations done	Resolved	
	Expiry of Medical Supplies	The hospital has a commodities monitoring system dubbed maisha meds that tracks and manages the stock levels, orders and deliveries	Resolved	
	Stock out of Essential Medical Supplies	The hospital has a commodities monitoring system dubbed maisha meds that tracks and manages the stock levels, orders and deliveries	Resolved	


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Dr. Masaku S. Muoki
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							

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Appendix III: Inter-Entity Confirmation Letter

Name of Transferring entity: Department of Health-Makueni County Government

Name of Beneficiary entity: Tawa Sub County Hospital

Confirmation of amounts received by [Tawa Sub County Hospital] as at 30 th June 2025					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
UHC/HOSP/C1/H Vol 214	28/01/2025	3,000,000		3,000,000	
R11/HOSP/C1/H Vol.336	28/05/2025	545,000		545,000	
Total		3,545,000		3,545,000	

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

Head of Accounts Department - Disbursing Entity:
 Name Lunia Kabwiri Sign [Signature] Date 12/11/2025

Head of Accounts Department - Beneficiary Entity:
 Name Everet Mulei Sign [Signature] Date 12/11/25

MEDICAL SUPERINTENDENT
 TAWA SUB-COUNTY HOSPITAL
 12 NOV 2025
 P. O. BOX 70 - 90133,
 TAWA

*Tawa Sub County Level 4 Hospital (Makueni County Government)
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Appendix IV Reporting of Climate Relevant Expenditures

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

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Appendix V: Disaster Expenditure Reporting Template

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