

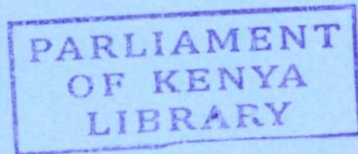
REPUBLIC OF KENYA



Enhancing Accountability

REPORT

27



OF

THE AUDITOR-GENERAL

ON

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MAKINDU LEVEL 4 HOSPITAL

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

COUNTY GOVERNMENT OF MAKUENI

12



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MAKINDU 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)

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

TABLE OF CONTENTS

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

1. Acronyms & Glossary of Terms

CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
Fiduciary Management	Key management personnel who have financial responsibility in the
SHA	Social Health Authority
MPDSR	Maternal and Perinatal Deaths Surveillance and Response
ANC	Antenatal Clinic
PNC	Postnatal Clinic

2. Key Entity Information and Management

(a) Background information

Makindu Sub-County Hospital is a level 4 hospital established under gazette notice number 4 of January 1989. The facility is registered under Medical Practitioners and Dentists Act (Cap 253) and her registration number is GK-008140. She is domiciled in Makueni County under the health Department. The hospital is governed by a Health management committee comprised of 4 community representatives, the Sub County Medical Officer of Health and the medical superintendent as secretary. The board has two main subcommittees namely: Primary healthcare and quality subcommittee, and Finance and general-purpose subcommittee.

Daily operations are carried out through hospital management team comprised of 40-unit heads. On financial matters, the hospital executive expenditure committee (top organ of HMT) comprising the Medical superintendent, hospital health administrative officer, procurement officer, accountant, nursing manager and hospital pharmacist prioritize activities and prepare budgets for approval by the hospital board.

(b) Principal Activities

The principal activity/mission/ mandate of the hospital is to provide curative, rehabilitative and promotive health services.

Vision

A unique and exemplary hospital in public healthcare service provision

Mission

To bring hope and satisfaction to our clients by providing compassionate and empathic health services that are safe, timely and responsive to their needs.

Core objectives

Health Pillar	Strategic Objectives
<i>Service Delivery</i>	<ol style="list-style-type: none"> 1. Strengthen service integration 2. Improve quality of services & amenities 3. Reduce waiting time and duration of inpatient stay 4. Strengthen waste management and IPC
<i>Health Workforce (Staffing)</i>	<ol style="list-style-type: none"> 1. Reduce staffing gap 2. Increase individual productivity 3. Adopt positive attitude and good interpersonal relations 4. Strengthen team work, individual and collective responsibility
<i>Medical Products and Technologies</i>	<ol style="list-style-type: none"> 1. Bridge supply gaps 2. Reduce wastage, pilferage and theft 3. Strengthen rational drug use 4. Introduce new commodities and services e.g., eye drugs, culture & sensitivity testing
<i>Health Information</i>	<ol style="list-style-type: none"> 1. Improve records management 2. Strengthen accurate documentation and reporting 3. Adopt factual (use of data) decision making
<i>Financing</i>	<ol style="list-style-type: none"> 1. Harmonize and review service costing 2. Increase revenue generation 3. Reduce inappropriate waivers and exemptions
<i>Stewardship</i>	<ol style="list-style-type: none"> 1. Develop capacity on managerial skills e.g., mentorship 2. Strengthen departmental supervision activities 3. Evaluate and streamline critical system processes 4. Strengthen collaboration with partners and other sectors

(c) Key Management

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

- County department of health
- Hospital Management Committee (HMC)
- Accounting Officer/ Medical Superintendent
- Hospital Executive Expenditure Committee (EEC)
- Hospital Management team (HMT)

(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. Emmanuel Loiposha
2.	Health Administrative Officer	Mr. Lawrence Mulungye
3.	Nursing Manager	Mrs. Milkah Maingi
4.	Head of finance	Mrs. Christine Mutuku
5.	Head of supply chain	Mrs. Mercy Mbelenzi

(e) Fiduciary Oversight Arrangements

Clinical Research and Standards Committee.

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

The Committee is responsible for:

- Review the weekly ward round reports
- Review and reprioritize the utilization of Hospital clinical resources
- Review 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 team (HMT)

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.

Executive Expenditure committee

This committee consists of the executive managers who meet on monthly basis to check the expenditure of the hospital. This committee comprises of 6 members who are the Medical superintendent, hospital health administrator, procurement officer, accountant, nursing manager and hospital pharmacist.

Key Entity Information and Management (continued)

a) Entity Headquarters

P.O. Box 89-90300
MAKUENI

b) Entity Contacts

Telephone: (+254) 0743648940
E-mail: makinduhosi2009@gmail.com / makindu.hospital@makueni.go.ke
Website: www.makueni.go.ke

c) Entity Bankers

Kenya commercial bank, Makindu

d) Independent Auditors

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






e) Principal Legal Adviser

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


f) County Attorney

P.O. Box. 78-90300
Makueni, Kenya





3. The Board of Management

Ref		Directors	Details
1.		<p>Devitoer Mandela Kithanze</p> <ul style="list-style-type: none"> ➤ Bachelor in Technology Land Survey ➤ Geo Kim land services and Properties ➤ Age- 36 years 	Chairman of HMC
2.		<p>Dr. Emmanuel Loiposha</p> <ul style="list-style-type: none"> ➤ Doctor of Medicine ➤ Masters in Medicine ➤ Age- 50 years ➤ Work experience – 15 years 	Secretary of HMC
3.		<p>Bishop Benard Mutuku</p> <ul style="list-style-type: none"> ➤ Honorary Doctor of Divinity ➤ Diploma in Education ➤ Age-60 years ➤ Work experience-26 years 	Member of HMC
4.		<p>John Kyalo Mutisya</p> <ul style="list-style-type: none"> ➤ Diploma in Business Management ➤ Age- 49 years ➤ Work experience 24 years 	Member of HMC
5.		<p>Ms Riziki Kikanga</p> <ul style="list-style-type: none"> ➤ Diploma in social work &community Development ➤ Certificate in counselling ➤ Age -38 years 	Member of HMC



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

		<ul style="list-style-type: none"> ➤ Work experience-16 years 	
6.		<p>Sub-County Medical Officer of Health -Dr. Kibwana P.M.</p> <ul style="list-style-type: none"> ➤ Bachelor of Medicine and Surgery (UON) ➤ Improving quality of health care (Harvard Uni.) ➤ Leadership and Governance (Washington University) ➤ CPA Section 3 ➤ Age-44 years ➤ Work experience-16 years 	Ex-official

4. Key Management Team

No	Name and Designation	Details	Responsibility
1.	<p>Dr. Emmanuel Loiposha</p> 	<ul style="list-style-type: none"> ▪ Medical Superintendent ▪ Doctor of Medicine ▪ Masters in Medicine 	Chairman to the Management team
2.	<p>Mr. Lawrence Mulungye</p> 	<ul style="list-style-type: none"> ▪ Hospital Health Administrative Officer ▪ Head of administration ▪ Higher diploma in administration 	Secretary.
3.	<p>Mrs. Milkah Maingi</p> 	<ul style="list-style-type: none"> ▪ Nursing Officer In-charge ▪ Head of nursing services ▪ Diploma in nursing ▪ Senior Management course 	Member
4.	<p>Mrs. Christine Mutuku</p> 	<ul style="list-style-type: none"> ▪ Head of finance ▪ Bachelor degree in Commerce - Finance ▪ CPAK. ▪ I have wealth of experience in Accounting Field having worked for over 13 years in Public sector. 	Member

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

No	Name and Designation	Details	Responsibility
5.	<p>Mrs. Mercy Mbelenzi</p> 	<ul style="list-style-type: none"> ▪ Head of Procurement ▪ Degree in Purchasing and Supplies Management 	Member
6.	<p>Dr. Brian Mutua</p> 	<ul style="list-style-type: none"> ▪ Head of Pharmacy department ▪ Bachelor of pharmacy 	Member

5. Chairman's Statement

The current Hospital Management Committee (HMC) was gazetted on 13th September, 2024 with six (6) members, inclusive of the Medical Superintendent as the Secretary. It has also co-opted the hospital management members, namely the Health Administrator and the Nursing Manager.

The HMC has two sub-committees, namely: Finance and General Purpose, and Quality of Curative Sub-committees, who meet and report to the full HM during the quarterly meetings.

The core functions of the HMC are:

- i. To supervise and control the administration of funds allocated to the facility.
- ii. To prepare work plans based on estimated expenditures.
- iii. To ensure basic books of accounts and records of income, expenditure and liabilities are properly kept.
- iv. To prepare and submit verified periodic financial and performance reports as prescribed.
- v. To maintain a record of all deliberations.

Its core roles include

i) The assets, affairs and business of the hospital shall be managed under the direction of the HMC, subject to the limitations set forth in Legal Notice 155. In order to fulfil its responsibility, the HMC executes these core roles, namely:

- a) Planning that is consistent with Government policies and regulations.
- b) Decision-making with regard to review and approvals of plans, budgets and expenditures.
- c) Providing oversight on all hospital operations.

The core responsibilities of the HMC are the following:

- i. Overseeing hospital performance improvement and quality of services offered, and ensuring that areas needing improvement are appropriately addressed.
- ii. Participating in planning for the hospital in line with the Department of Health.
- iii. Mobilizing resources for hospital development and operations.
- iv. Overseeing the financial operations of the hospital by ensuring a sound financial management system encompassing financial plans, performance evaluation and regular reporting.
- v. Ensuring development of hospital human resources by recruiting, supporting, protecting and enhancing hospital HR, and fostering a conducive working environment.
- vi. Ensuring community rights are fulfilled and their needs are adequately met by evaluating hospital services.
- vii. Maintaining a positive public image by ensuring the Patients' Rights Charter is developed and displayed in strategic locations.
- viii. Ensuring compliance with environmental regulations and standards, particularly on disposal of medical wastes, and promoting environmental conservation within the hospital and its environs.
- ix. Enhancing external relationships and partnerships by ensuring proper linkages with stakeholders and strategic partners.
- x. Mitigating potential conflicts of interest by ensuring staff and HMC members act ethically and comply with the Public Officers' Ethics Act 2003 and Code of Conduct.
- xi. Risk management through systems that identify and mitigate risks.
- xii. Regulating compliance by ensuring the hospital adheres to all laws and regulations.

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

During the financial year 2024/2025, the HMC recorded the following key achievements:

- i. Ensuring equitable distribution of funds across expenditure items such as salaries, medical expenses, general expenses, repairs and maintenance, and setting aside development funds.
- ii. Allocation of funds for renovation of the old administration block and opening of the Eye Unit.
- iii. Launching of the Eye Unit and conducting an eye camp in which over 300 cataract surgeries were successfully done.
- iv. Allocation of funds for operationalization of ICU services.
- v. Mobilization of resources through partners, leading to repair of the hospital incinerator.
- vi. Allocation of funds for maintenance of motor vehicles, buildings, plant and machinery. Renovations included nutrition and social worker offices, construction of a breastfeeding hut, rehabilitation of the mortuary and incinerator, renovation of patient toilets, and installation of oxygen piping to the ICU and theatre.
- vii. Ensuring supplementary supply of emergency pharmaceuticals and non-pharmaceuticals, particularly theatre and maternity drugs, and ensuring funds for laboratory supplies.
- viii. Purchase of vital medical equipment such as SP02 leads, hydro collator machine, pulse oximeter, MVA sets, drip stands, delivery sets, dressing packs, fragment sets, patient monitors, condensing units, oxygen flow meters, among others.

Challenges experienced by the HMC:

- a) Dilapidated infrastructure with inadequate space for services such as physiotherapy, occupational therapy and CCC.
- b) Inadequate infrastructure in the laboratory and surgical wards, leading to patients sharing beds.
- c) Shortage of health workforce, especially nurses and clinical officers.
- d) High facility wage bill burden due to contracted staff.
- e) Low staff morale due to delayed promotions and re-designations.
- f) Inadequate funding leading to pending debts.
- g) Delayed funding from medical schemes.
- h) Shortage of drugs and commodities.
- i) Shortage of modern medical equipment.
- j) Poverty among community members leading to high waiver cases.
- k) Shortage of ICT equipment and digital skills.

Recommendations to improve hospital performance:

- i. Construction of new and spacious structures for critical departments.
- ii. Recruitment of additional workforce, especially nurses.
- iii. Fast-tracking staff promotions and re-designations.
- iv. Increasing R11 funding and timely disbursement from stakeholders.
- v. Scaling up supply of drugs and commodities.
- vi. Acquisition of modern medical equipment.
- vii. County Government to compensate facilities for waived fees to minimize losses.
- viii. Provision of ICT equipment and staff training.

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

I extend my sincere gratitude to the hospital fraternity and the entire Health Management Committee for their unwavering support. Through deliberate and concerted efforts, we continue to make this hospital the facility of choice for the community.



.....
Devitoer Mandela
Chairman to the Board

6. Report of The Medical Superintendent

Makindu Sub-County Hospital was established in 1924 as a Dispensary of East Africa Railways. It was later handed over to the Ministry of Health and developed to a Sub-District Hospital in 1989 under the then Machakos district. The hospital is situated along Nairobi-Mombasa highway, about 172 kilometers South East of Nairobi City. The hospital is currently the second largest public healthcare facility after Makueni County Referral Hospital in Makueni County. It is both a referral and teaching hospital serving Kibwezi West constituency. The facility is the main teaching hospital for Kenya Medical Training College, Makindu Campus, which trains various health worker cadres including clinical officers, nurses and medical trauma technologists. It is also an attachment centre for various other professions from various institutions. It is an internship Centre for graduate medical doctors and clinical officers.

Apart from Kibwezi West, the hospital also serves patients from Kibwezi East, Makueni and Kilome Sub-counties of Makueni County. It also serves clients from neighboring Counties of Kajiado, Taita Taveta, Machakos and Southern parts of Kitui County. The hospital handles most of the Road Traffic Accident cases occurring on the highway between Salama and Mtitio-Andei towns, along Nairobi-Mombasa highway. The hospital has specialist consultants in General surgery, orthopedic surgery, obstetrics and gynaecology, paediatrics, family medicine, emergency medicine and internal medicine. It has a bed capacity of 192, with additional 11 incubators and 12 cots in her newborn unit. The current average bed occupancy is 52% while about 110,000 clients seek out-patient services annually with an OPD utilization rate of 130%.

The hospital has excelled in some areas of service delivery. One being in orthopaedic surgery in which tertiary services like replacement arthroplasty (e.g., total hip or knee replacement) have been carried out successfully placing her high in specialist care. These surgeries bring patients from the farthest corners of Eastern region of the Country and from the neighbouring Republic of Tanzania. Makindu hospital boasts to have the first laboratory to acquire ISO 15189-2012 certification in lower Eastern region. The accreditation was done in September 2019 and has been maintained in successive years after successful annual assessments by Kenya National Accreditation Service (KENAS). The reliable, accurate and timely laboratory results offered by our laboratory have made healthcare services more attractive and satisfactory to both our internal and external clients.


During financial year 2024/2025, the hospital generated ksh121,955,281 in revenue (Ksh 50,834,429 cash, Ksh 67,312,102 from SHA & NHIF 112,560 from TRIDENT insurance scheme

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

and Ksh 258,000 from Makueni care). The main revenue streams are Cash payments/FIF, health insurance (NHIF/SHA), Madison, MINET/CICand Makueni care programme; all contributing on average 42%, 56%, 2%, and respectively. The annual expenditure averages Ksh 122,313,320. Generally, revenue has declined in the current financial year since the inception of SHA. Makindu Sub-County Hospital has not been authorized to offer Primary Health Care services (OPD services) under the SHA framework. This has resulted in the loss of capitation funds which the hospital previously received-approximately Kshs. 21 million per year.

The main challenge with financing is erratic and unpredictable financial flow from SHA and Makueni care. The hospital incurs substantial waivers and exemptions annually due to services offered to indigents, unknown victims and prolonged preservation of unknown bodies in the mortuary. In the financial year 2024/2025 the hospital incurred losses in revenue through exemptions and waivers totalling to Ksh 15,413,611. The operational environment and economic situation have posed challenges making the hospital unable to provide services within available financial resources. Inability of the health department to supply adequate medical drugs and non-pharmaceuticals and the increment of commodity prices has made the situation worse. The hospital therefore has been operating on debt and paying whenever finances are available.

By the close of the financial year, the hospital owed suppliers Ksh125, 923,035; allowances to staff (who cover duties while supposed to be off duty, as a result of staffing shortage) totalling to Ksh 7,499,353. This translates to a total pending bill of Ksh 133,422,388.08. The hospital prepares quarterly budgets to appropriate revenue raised in previous quarter.


.....
Emanuel Loiposha M.D, M.MED
Medical Superintendent
Secretary to the Board

MEDICAL SUPERINTENDENT
MAKINDU SUB-COUNTY HOSPITAL
26 NOV 2025
P. O. Box 81-90138,
MAKINDU

7. Statement of Performance Against Predetermined Objectives

Makindu Sub County hospital has 4 strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 24- FY 25. These strategic pillars/ themes/ issues are as follows:

Pillar /theme/issue 1: Eliminate Communicable Conditions

Pillar/theme/issue 2: Halt, and reverse the rising burden of non-Communicable conditions.

Pillar/theme/issue 3: Minimize exposure to health risk factors

Pillar/theme/issue 4: Provide essential health services

Makindu Sub County hospital develops its annual work plans based on the above 4 pillars/Themes/Issues. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The facility achieved its performance targets set for the FY 2024/2025 period for its 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 Makindu Sub County Hospital to identify and link 125 HIV positive to care and treatment.	97% achievement
	2.Reducing transmission of TB	2.Early identification of 297 new TB patients (100%)	2.Early identification of 297 new TB patients (100%)	100% achievement
Halt and reverse the rising burden of non-communicable conditions	1.Prevention of Alcohol and Drug Abuse	1. Reach out to 4000 people through counselling services (75%) 2.Mainstream counselling intervention in all departments (75%)		100% achievement

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

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	1.The hospital commits to reduce the average length of hospital stay from 7 days to 5 days through: 2.The hospital commits to develop service charters for all departments 100%	1.Preparing hygiene protocols for all wards (50%) Holding monthly mortality audits (50%)	100% achievement
	4.Reducing facility based maternal mortality rate	The hospital commits to maintain facility maternal mortality rate from 5 to 0 persons through strengthening MPDSR.	Audit of all maternal mortalities and near misses Conduct monthly mentorship sessions	100% achievement
				100% achievement

8. Corporate Governance Statement

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

o The committee currently comprises five members, namely:

- Chairperson
- Two representatives from the community
- Sub-County Medical Officer of Health
- Medical Superintendent

• Attendance Requirement

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 board/Health Management Committee is an overseer of all the activities undertaken at the facility. It's actively involved in decisions of governance and management at the facility. The committee bridges the community and the hospital needs.

The committee meets quarterly to review hospital performance and approve proposed budgets

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.

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

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

v. Succession plan

The term for board members is a 3-year period that is renewable once.

There after the executive member for health appoints a new committee

vi. Policy to manage conflict of interest.

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

vii. 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.
- Sitting allowance:
 - Chairperson: KES 4,500 per sitting.
 - Members: KES 2,500 per sitting.

This framework ensures consistency with government guidelines on board compensation.

viii. Ethics and Conduct

The board operations and the activities they govern operate within ethical requirements as enshrined in the constitution

ix. Governance audit

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

x. Communication policy

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

xi. Terms of Reference of Committees

Terms of reference for the committees are as follows;

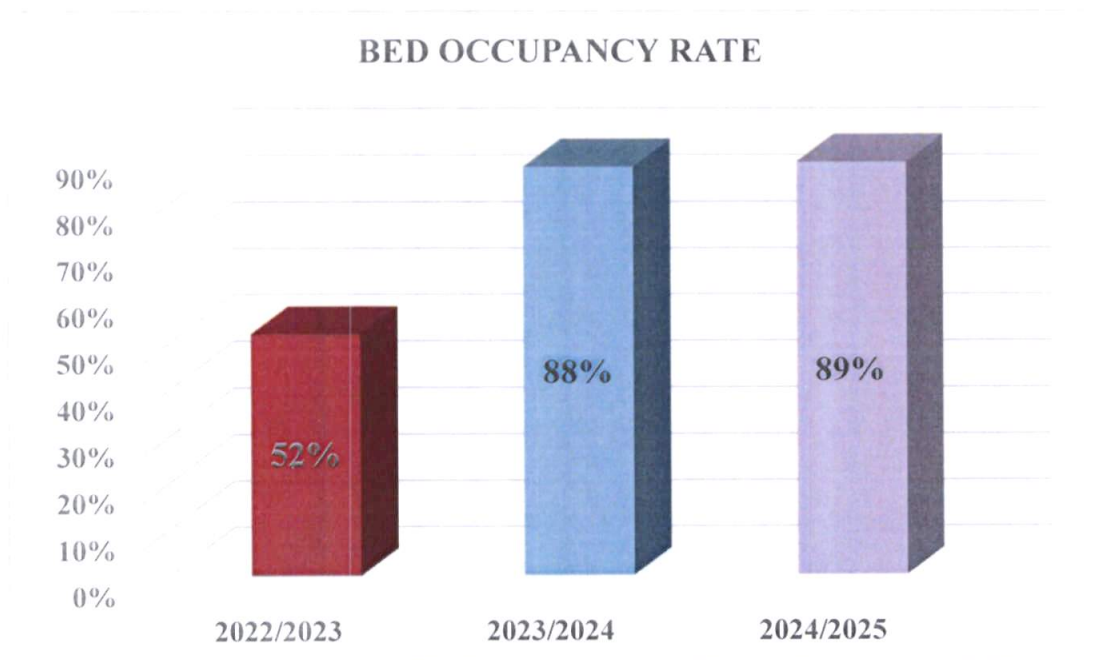
Health Management Committee members are appointed for a three-year renewable term in line with county health governance structures.

9. Management Discussion and Analysis

Clinical/operational performance

- **Bed capacity of the hospital.**

The facility has a total bed capacity is 197 beds, 11 cots and 9 incubators. The hospital bed occupancy rate in the financial 2024/2025 is 89% but in surgical wards stood at an average 120%. Due to limited spaces clients have occasionally been forced to share beds.



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

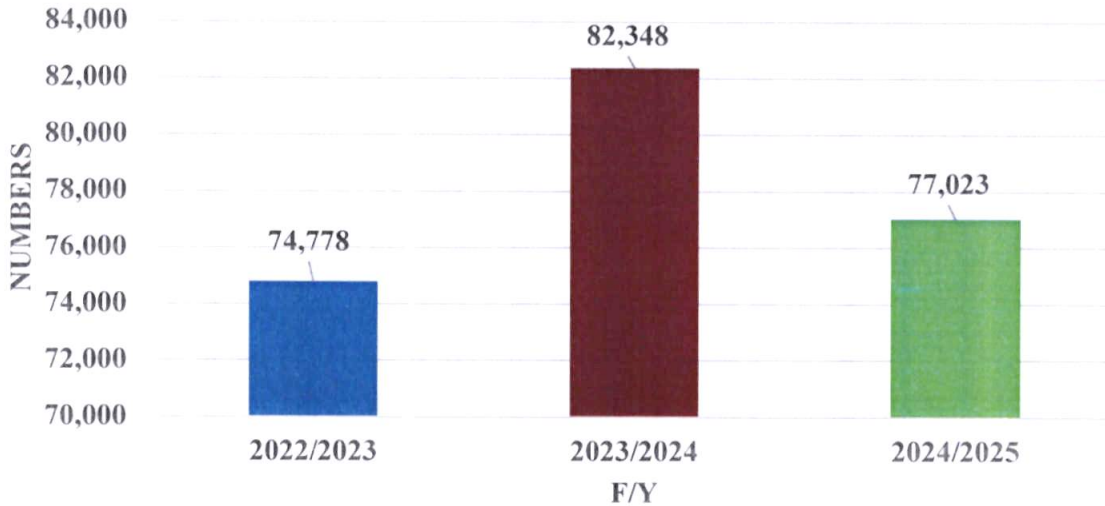
The total outpatient attendance averaged at 375 clients per day translating to 136,776 clients for the year 2024/25

This is a very high turnout for the existing infrastructure and staff

- **Outpatient attendance**

In the period ending 30th June, 2023, the outpatient recorded 133,680 patients. The number increased to 141,382 patients in the period ending 30th June, 2024. In the period ending 30th June, 2025, the outpatient attendance decreased to 136,776 patients. The decreasing trend could be attributed to transition from NHIF to SHA whereby the hospital does not have outpatients' services under SHA. Patients opted to other facilities which offer outpatient services.

GENERAL OPD ATTENDANCE(FILTER)



- **Accident and Emergency attendance**

Accidents and emergencies are catered for within hospital’s Trauma Centre (casualty)

Majority of the accidents attended to were due to road traffic accidents.

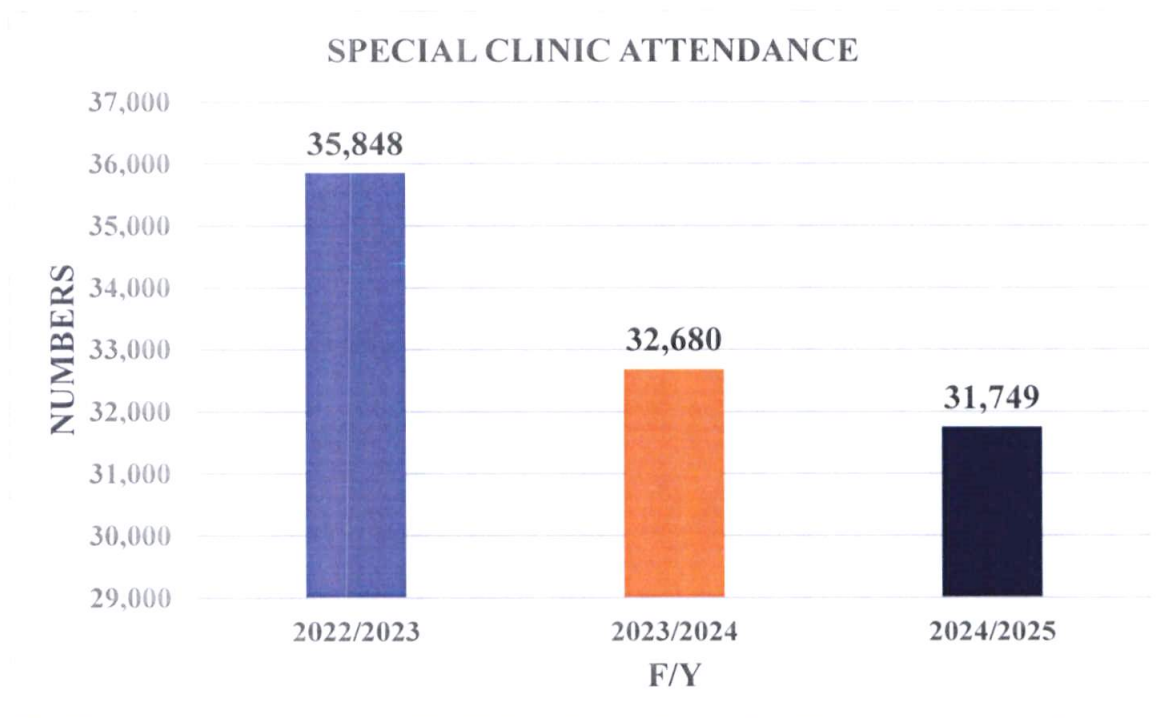
- **Specialized clinic attendance**

The facility runs specialized outpatient clinics as follows:

DAYS	CLINIC
Monday	Orthopedic
Tuesday	Surgical and Gynecological
Wednesday	Medical
Thursday	Pediatric

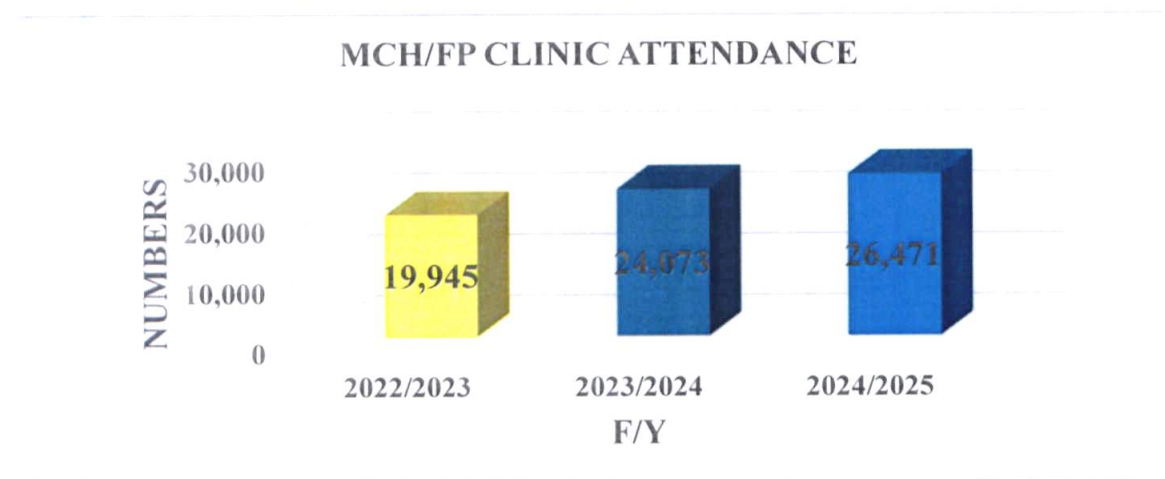
Special Clinics

The special clinics recorded 35,848 patients in the period ending 30th June 2023. In the period ending 30th June 2024, the number decreased to 32,680. The number decreased to 31,749 in the financial year 2024- 2025. The decreasing trend could be attributed to transition from NHIF to SHA whereby the hospital does not have outpatients’ services under SHA. Patients opted to other facilities which offer outpatient services.



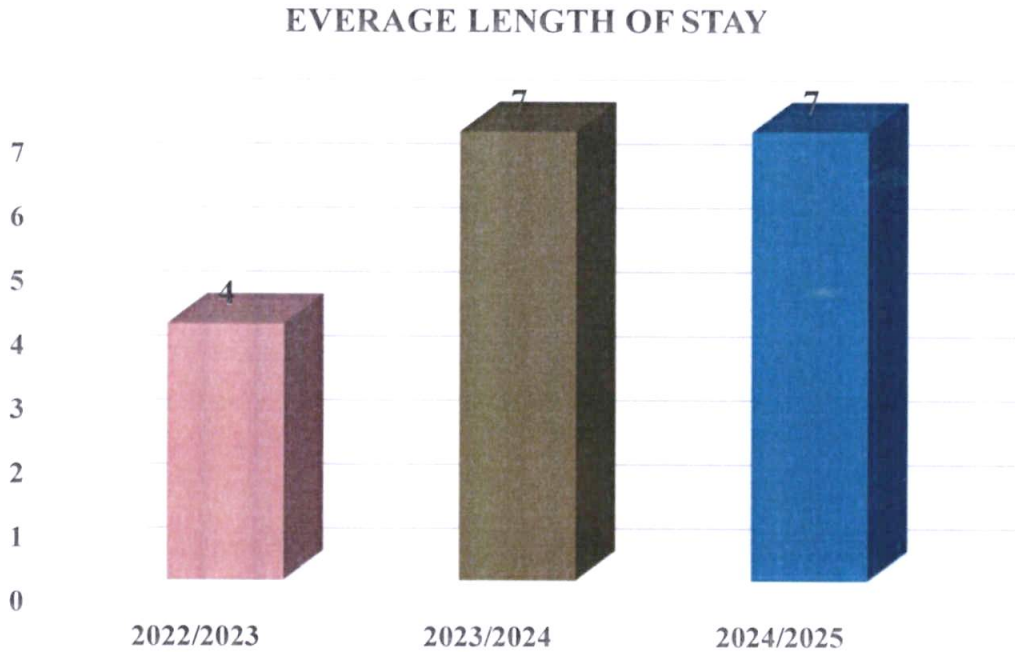
MCH/FP Clinics Attendance

In the period ending 30th June, 2023, MCH recorded 19,945 clients. The number increased to 24,073 clients in the period ending 30th June, 2024. In the period ending 30th June, 2025, MCH attendance increased to 26,471 clients. Despite the increasing trend, the ANC/PNC declined due to termination of Linda Mama program during the transition from NHIF to SHA. The Child Welfare Clinic and Family Planning attendance increased drastically due to provision of staff designated specifically for these clients in the MCH clinic thus accessing services faster.



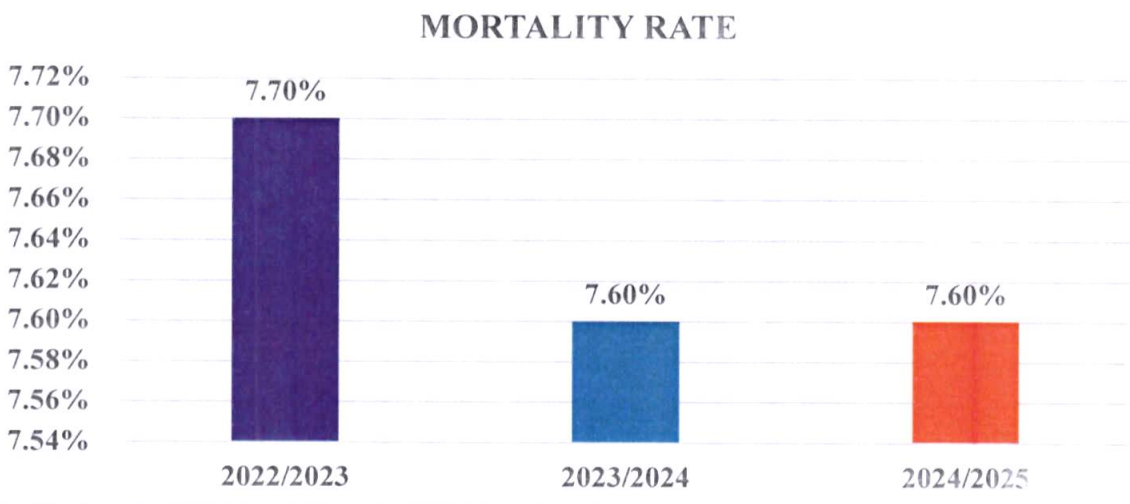
- **Average length of stay for in patient.**

Average length of stay for the facility for financial year 2024/2025 stood at 7 days with plans to reduce to 5 days.



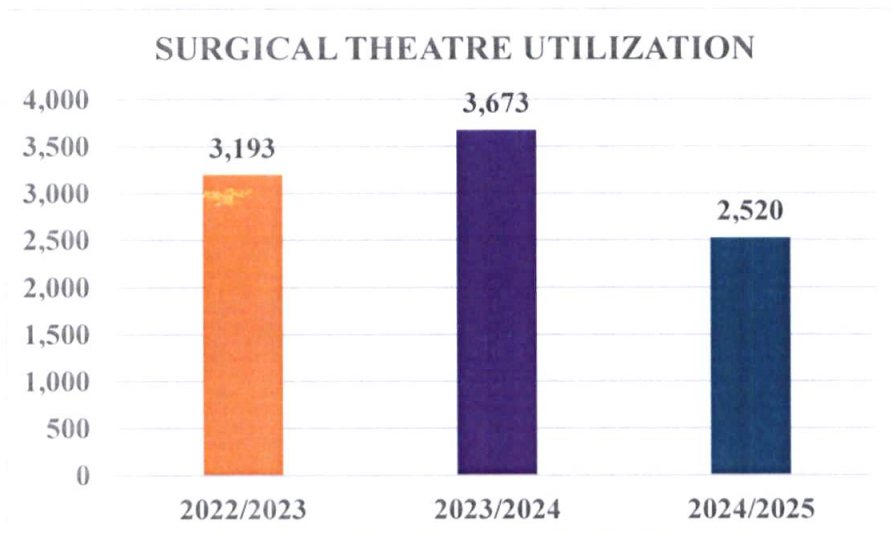
- **Mortality rate**

The facility mortality rate for the financial year 2022/2023 was 7.7%, for financial year 2023/2024 there was a slight drop 7.6% and for financial year 2024/2025 stood at 7.6%. Mortality is high in the medical wards.



Surgical theatre utilization (number of operations over a period of time)

The facility operates between 210-306 clients surgical/obstetric operations every month.



Sponsorships and partnerships

The facility has collaborated with partners like CIHEB and AHF who have greatly assisted to reduce the burden of HIV/AIDS by providing essential commodities, health education, psychosocial support and deployment of staff.

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

Financial performance

Health care Financing remain a key pillar to support health care provision in health facilities whether public or private. Makindu Sub County Hospital has different sources of revenue, this includes own source revenue generated from rendering of medical services and Transfers from county government. In the current FY 2024/25 the hospital received revenue mainly from Revenue from services rendered by the facility and SHA.

In general, the performance of the hospital has reduced in the FY2024-2025 compared to FY 2023-2024.

The reduction has been caused by few challenges namely;

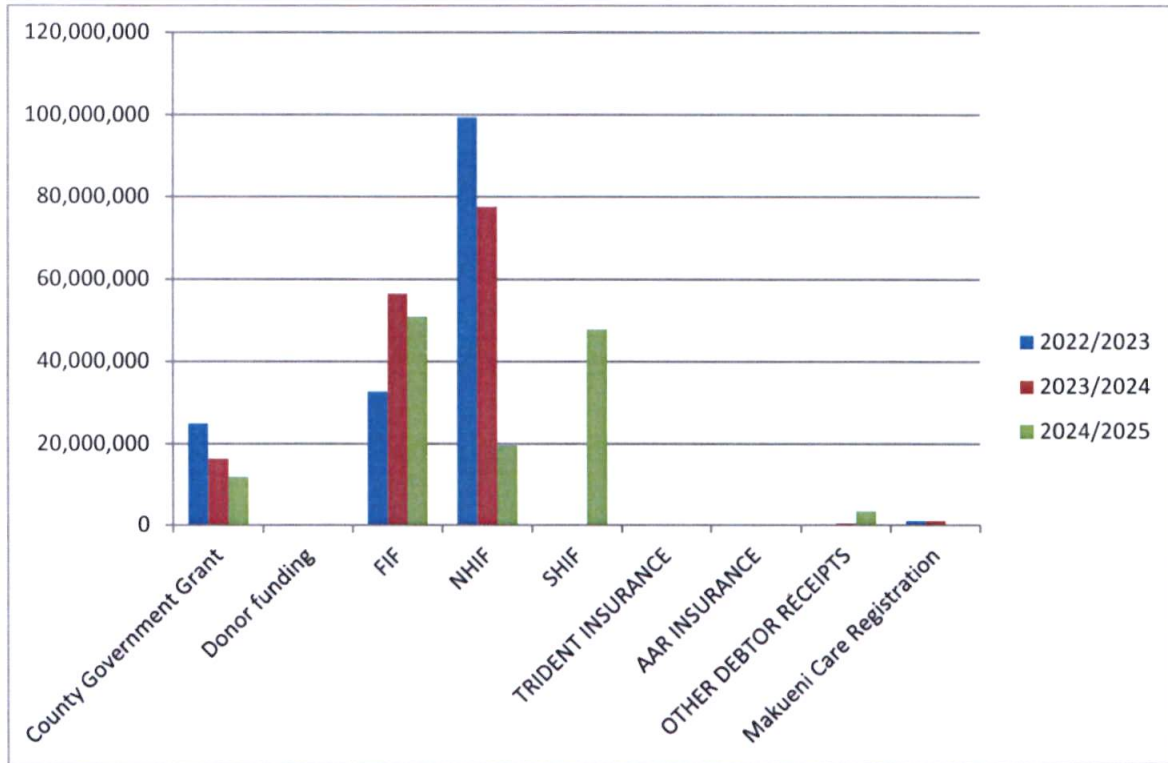
- Poor health seeking behavior due to financial constraints.
- Poor nutrition with some of the patients presenting with severe anemia in pregnancy thus the risk for complications.
- Understaffing affecting some departments thus affecting service delivery.
- Lack of adequate space especially for surgical wards
- Lack of adequate equipment in rehabilitation units leading to loss of revenue.
- Lack of adequate equipment in the dental unit leading most critical serves not being done hence revenue loss.
- 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.
- Lack of revenue due to lack of Outpatient services under SHA.
- Inadequate pharmaceuticals and non-pharmaceuticals received from the county government.
- Delayed reimbursements from SHA

Revenue Sources

Revenue Stream	2022/2023	2023/2024	2024/2025
County Government Grant	25,000,000	16,500,000	12,000,000
Donor funding	5,000		
FIF	32,705,465	56,602,247	50,834,429
NHIF	99,305,927	77,616,563	19,592,543
SHIF	0	-	47,719,559
TRIDENT INSURANCE	0	-	112,560
AAR INSURANCE	0	36,940	-
OTHER DEBTOR RECEIPTS		470,911	3,438,190
Makueni Care Registration	1,011,000	1,067,000	258,000
Grand Total	158,027,392	152,293,661	133,955,281

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

The graph below shows revenue trend over the last three financial years:



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

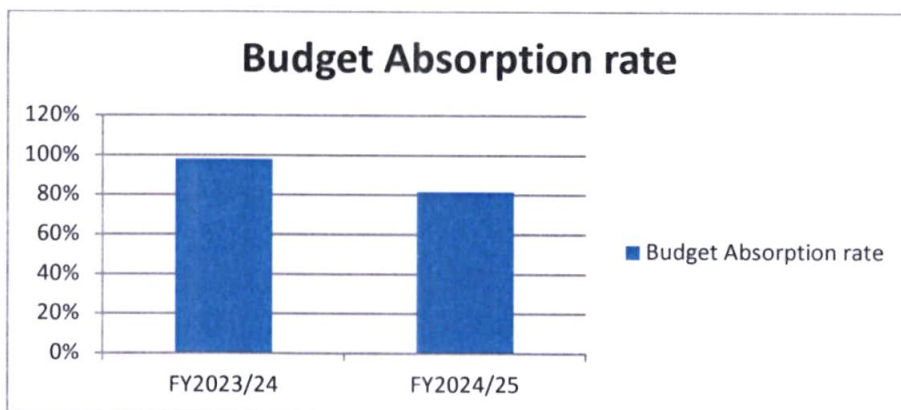
Budget Utilisation

The facility's budget performance was assessed using two perspectives:

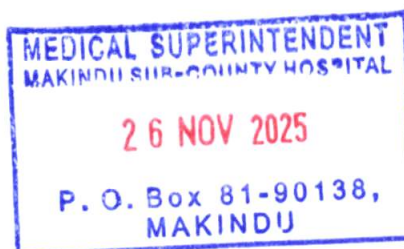
- **Cashflow Statement basis:** Budget utilization stood at **69.8%**, reflecting the proportion of actual expenditure against the approved budget projection.
- **Statement of Financial Performance basis:** Budget utilization was higher, at **81.6%**, when comparing the budget against the reported financial performance.

This indicates a moderate level of budget absorption, with slightly better utilization when analyzed from a performance perspective as shown in the graph below

Year	Budget	Expenditure	Budget Absorption rate
FY2023/24	229,762,892	225,369,693	98%
FY2024/25	239,928,169	195,848,544	81.6%



.....
Emanuel Loiposha M.D, M.MED
Medical Superintendent
Secretary to the Board



10. Environmental And Sustainability Reporting

Makindu 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

The hospital plans to put in place and strengthen activities geared towards ensuring sustainability and resilience of hospital operations. Key among envisaged activities are measures to increase revenue generation. The hospital targets to partner with private insurance companies in service provision as the main avenue of realizing more revenue. Additionally, expanding the spectrum of service availability especially tertiary laboratory tests and surgical interventions, fields where the hospital has not exploited full potential, will greatly increase revenue generation.

Secondly the hospital plans to put in place measures to minimize wastage and pilferage of resources. This targets health products and technologies, for example, to adopt different measures to administer insulin while minimizing the number of needles spend. Strategic purchasing will guarantee quality products which minimize wastage e.g. avoidance of single use syringes. The management has also identified avenues for minimizing financial expenditure through eliminating unnecessary processes.

ii) Environmental performance

The hospital has a challenge of sewerage and relies more on a few septic tanks. The land earmarked as cemetery has been grabbed and encroached by private developers. The long-term plan is to put up a lagoon to sort sewerage matters and follow up with County department of lands to reclaim cemetery land. The hospital has plans to strengthen infection prevention and control (IPC) activities. To that end, the managers ensure efficient and effective hospital waste segregation and disposal. The facility has the advantage of having an incinerator in place for waste disposal. We have planted trees in the compound and identified two areas for recreational park/garden development.

iii) Employee welfare

The hospital staff establishment is mainly under the County Public Service. However, to bridge staffing gap, the facility has engaged both professional and support staff on casual basis. The executive expenditure committee has laid down guidelines on recruitment, terms of service and welfare matters concerning staff. Contractual engagement is usually renewed six monthly. All members of staff irrespective of employer are treated equally and accorded similar opportunities. The hospital runs a weekly continuous medical education (CME) program to improve workers knowledge and skills. The program is accredited by Kenya Medical Practitioners and Dentists Council (KMPDC). The facility has complied with Occupational Safety and Health Act 2007 and has deployed an environmental health officer to spearhead environmental health activities.

iv) Market place practices-

Organizations depend on their suppliers in order to satisfy the needs and expectations of their customers, on whom they depend. The hospital acknowledges the need for mutually beneficial supplier relationships.

a) Responsible competition practice.

The hospital being an independent procuring entity prequalifies suppliers under different needs. The framework agreements cover 2 to 3-year periods. This ensures fair competition, guarantees business and minimizes corruption. The hospital is guided by the County treasury to ensure compliance with regulations and political involvement.

b) Responsible Supply chain and supplier relations

The procurement department is responsible for procurement and asset disposal processes. The head of the unit reports to the accounting officer through the administrator. Hospital supplier relations are discussed during EEC meetings and additionally suppliers can raise concerns either verbally or in writing whenever there is an issue. Payments to suppliers are done equitably without favour or undue influence.

c) Responsible marketing and advertisement

The hospital requires organizations marketing their products and services to seek approval from hospital top administration before engaging staff. Most of the times, organizations are requested to participate in CME for impartiality and inclusive participation. The hospital guided by health policy restricts and prohibits marketing of services or products that have been blacklisted e.g. infant formula and breast milk substitutes

d) Product stewardship

Acquisition of health products is guided by national policy especially Kenya Essential Medicine List updated regularly. Purchase done from reputable main distributors to assure consumer safety and rights.

v) Corporate Social Responsibility / Community Engagements

Makindu Sub-County hospital is not involved in corporate social responsibility and does not have a policy guiding on the same. However, in her current strategic plan, the hospital plans to hold health promotion camps for the benefit of the community.

11. Report of The Board of Management

The Board members submit their report together with the Audited Financial Statements for the year ended June 30, 2025, which show the state of the hospital's affairs.

Principal activities

The principal activities of the hospital are to provide health services to the public

Results

The results of the entity for the year ended June 30 2024 are set out on page 1 to 9

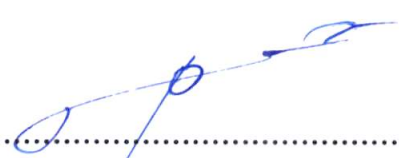
Board of Management

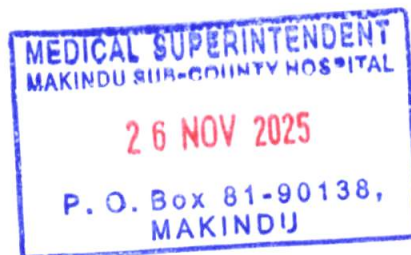
The members of the Board who served during the year are shown on page vii-viii

Auditors

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

By Order of the Board


.....
Dr. Emanuel Loiposha
Medical Superintendent.
Secretary to the Board



12. Statement of Board of Management’s Responsibilities

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

The Board of Management is responsible for the preparation and presentation of the hospital’s financial statements, which give a true and fair view of the state of affairs of the hospital for and as at the end of the financial year ended on June 30, 2024. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the hospital ; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Board of Management accepts responsibility for the hospital’s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and The Board members are of the opinion that the hospital’s financial statements give a true and fair view of the state of hospital’s transactions during the financial year ended June 30, 2024, and of the entity’s financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the hospital, which have been relied upon in the preparation of the hospital’s financial statements as well as the adequacy of the systems of internal financial control.

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

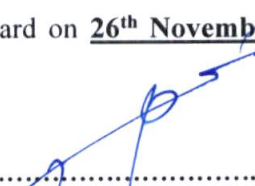
Approval of the financial statements

The Hospital’s financial statements were approved by the Board on 26th November, 2025 and signed on its behalf by:



.....
Devitoer Mandela Kithanze

**Chairperson
Board of Directors**



.....
Dr. Emmanuel Loiposha

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

Enhancing Accountability

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Makindu Level 4 Hospital - County Government of Makueni set out on pages 1 to 61, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison

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

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

Basis for Qualified Opinion

Unconfirmed Property, Plant and Equipment

The statement of financial position reflects a balance of Kshs.41,076,485 in respect to property, plant and equipment as disclosed in Note 32 to the financial statements. However, land where the Hospital is built was not disclosed in the financial statements. In addition, ownership documents for the land were not provided for audit review and had not been included in the assets register.

In the circumstances, the accuracy and completeness of property, plant and equipment balance of Kshs.41,076,485 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Makindu Level 4 Hospital 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

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.243,889,199 and Kshs.147,212,463 respectively resulting to under-funding of Kshs.96,676,736 or approximately 40% of the budget. Similarly, Management expended Kshs.167,382,948 against actual receipts of Kshs.147,212,463 resulting to over-utilization of Kshs.20,170,485 or approximately 14% of actual receipts. No explanation was provided by Management on the source of the extra funding.

The under-collection of revenue negatively affected service delivery to the public and the over-absorption may imply that the Hospital's budgeting process was poor.

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 effects of the matter described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Audit Matters

In the prior years' audit report, several issues were raised under the Report on Financial Statements, Lawfulness and Effectiveness in Use of Public Resources, and Effectiveness of Internal Controls, Risk Management and Governance, respectively. Review of the status during audit of Makindu Level 4 Hospital - County Government of Makueni in 2024/2025 revealed that the following matters remained unresolved.

	Financial Year	Audit Issue
1	2023.2024	Failure to Dispose Unserviceable Assets
2	2023/2024	Long-Outstanding Trade and Other Payables
3	2023/2024	Unapproved Waivers of Patient's Bills

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

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

Review of the Hospital's records and interviews on verification of services offered, equipment used and medical specialists in the Hospital as at the time of audit in November, 2025 revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to staff deficits by fourteen (14) or approximately 42% of the authorized establishment excluding nurses and general Surgeons.

Staff Requirements	Level 4 Standard	Number in Hospital	Variance	Variance Percentage %
Medical officers	16	8	8	50
Anesthesiologists	2	0	2	100
Gynecologists	2	1	1	50
Pediatrics	2	1	1	50
Radiologists	2	0	2	100
Total	24	10	14	42

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

Service	Level Hospital Standard	Actuals in the Hospital	Variance	Variance Percentage %
Functional ICU beds	6	1	5	83
High Dependency Unit (HDU) Beds	6	1	5	83
Renal Unit with at least 5 dialysis machines	5	0	5	100

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

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

2. Lack of Motor Vehicles Ownership Documents

Review of documents revealed that the Hospital has three (3) motor vehicles, out of which two (2) of them were from the County Government of Makueni. However, the logbooks had not been transferred to the Hospital. In addition, the logbook of the third vehicle was not provided for audit review.

In the circumstances, ownership of the vehicles by the Hospital could not be confirmed.

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. Unsatisfactory Inventory Management

The statement of financial position reflects inventories balance of Kshs.12,141,916 as disclosed in Note 31 to the financial statements. However, review of the stock cards revealed that the Hospital experienced stock out of medical supplies ranging from 13 to 307 days.

In the circumstances, internal controls regarding inventory management could not be confirmed.

2. Lack of Audit Committee and Internal Audit Unit

During the year under review, the Hospital did not establish an Audit Committee of the Board and an internal audit unit. Although Management explained that the Hospital was

audited by the Internal Audit Unit from the County Executive of Makueni, audit reports were not provided for audit review. This is contrary to Regulation 167(1) of the Public Finance Management (County Governments) Regulations, 2015.

In the circumstances, the Hospital did not benefit from the assurance and advisory services from the internal audit function as well as oversight from the Audit Committee.

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 the Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit


My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

05 December, 2025

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

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

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	12,184,220	16,500,000
In- kind contributions from the County Government	7	347,599,108	349,146,468
Grants from donors and development partners	8	-	-
Transfers from other Government entities	9	-	-
Public contributions and donations	10	-	-
		359,783,328	365,646,468
Revenue from exchange transactions			
Rendering of services- Medical Service Income	11	181,849,292	56,602,247
Revenue from rent of facilities	12	-	-
Finance /Interest Income	13	-	-
Miscellaneous Income	14	324,000	143,233,063
Revenue from exchange transactions		182,173,292	199,835,310
Total revenue		541,956,620	565,481,778
Expenses			
Medical/Clinical costs	15	89,581,128	91,550,617
Employee costs	16	49,754,576	48,585,431
Board of Management Expenses	17	816,000	1,549,000
Depreciation and amortization expense	18	7,357,655	8,534,012
Repairs and maintenance	19	6,895,404	12,271,214
Grants and subsidies	20	-	-
General expenses	21	38,614,633	71,413,430
In- kind contributions from the County Government	7	347,599,108	349,146,468
Finance costs	22	-	-
Total expenses		540,618,504	583,050,172
Other gains/(losses)			

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

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Gain/Loss on disposal of non-Current assets	23	-	-
Unrealized gain on fair value of investments	24	-	-
Medical services contracts Gains/Losses	25	(13,035,421)	(12,812,861)
Impairment loss	26	-	-
Gain on foreign exchange transactions		-	-
Total other gains/(losses)		(13,035,421)	12,812,861
Net Surplus / (Deficit) for the year		(11,697,305)	(30,381,255)

(The notes set out on pages 10 to 56 form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were approved by the Board on **26th November, 2025** and signed on its behalf by:



.....
Devitoer Mandela
Kithanze
 Chairman
 Board of Directors



.....
Christine Mutuku
 Head of Finance
 ICPAK No: 15728



.....
Dr. Emmanuel Loiposha
 Med Sup



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

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


Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	27	2,888,748	23,859,334
Prepayments	28	-	-
Receivables from exchange transactions	29	97,273,264	58,349,804
Receivables from non-exchange transactions	30	-	-
Inventories	31	12,141,916	3,293,627
Total Current Assets		112,303,928	85,502,765
Non-current assets			
Property, plant, and equipment	32	41,076,485	47,037,040
Intangible assets	33	-	-
Investment property	34	-	-
Biological Assets	35	324,000	-
Total Non-current Assets		41,400,485	47,037,040
Total assets (A)		153,704,413	132,539,804
Liabilities			
Current liabilities			
Trade and other payables	36	133,422,388	100,560,475
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		133,422,388	100,560,475
Non-current liabilities			
Provisions	38	-	-
Non-Current Finance lease obligation	39	-	-
Non-Current portion of deferred income	40	-	-
Non - Current portion of borrowings	41	-	-

Makindu Sub County Level 4 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)		133,422,388	100,560,475
Net assets (A-B)		20,282,024	31,979,330
Represented by:			
Revaluation reserve		-	-
Accumulated surplus/Deficit		20,282,024	31,979,330
Capital Fund			
Net Assets		20,282,024	31,979,330

(The notes on pages 10 to 56 form an integral part of the Annual Financial Statements.)

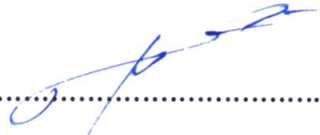
The Hospital's financial statements were approved by the Board on **26th November, 2025** and signed on its behalf by:



Devitoer Mandela
Kithanze
Chairman
Board of Directors



Christine Mutuku
Head of Finance
ICPAK No: 15728



Dr. Emmanuel Loiposha
Med Sup



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

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

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As At July 1, 2023	-	62,360,585	-	62,360,585
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	(30,381,255)		(30,381,255)
Capital/Development grants	-	-	-	-
At 30th June 2024	-	31,979,329	-	31,979,329
				-
At July 1, 2024	-	31,979,329	-	31,979,329
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	(11,697,305)		(11,697,305)
Capital/Development grants	-	-		-
At 30th June 2025	-	20,282,024	-	20,282,024

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

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

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government		12,000,000	16,500,000
Grants from donors and development partners		-	-
Transfers from other Government entities		-	-
Public contributions and donations		-	-
Rendering of services- Medical Service Income		122,003,071	56,602,248
Revenue from rent of facilities		-	-
Finance / interest income		-	-
Miscellaneous receipts		13,209,391	81,374,170
Total Receipts		147,212,462	154,476,417
Payments			
Medical/Clinical costs		61,338,599	46,328,642
Employee costs		51,414,922	41,827,711
Board of Management Expenses		816,000	1,549,000
Repairs and maintenance		6,625,133	10,205,973
Grants and subsidies		-	-
General expenses		47,188,293	61,360,233
Finance costs		-	-
Refunds paid out		-	-
Total Payments		167,382,948	161,271,560
Net cash flows from operating activities	43	(20,170,485)	(6,795,143)
Cash flows from investing activities			
Purchase of property, plant, equipment		(800,100)	(2,508,612)
Purchase of intangible assets		-	-
Proceeds from the sale of PPE		-	-
Acquisition of investments		-	-
Net cash flows used in investing activities		(800,100)	(2,508,612)
Cash flows from financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Capital grants received		-	-

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

Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		(20,970,585)	(9,303,755)
Cash and cash equivalents as at 1 July	27	23,859,333	33,163,088
Cash and cash equivalents as at 30 June	27	2,888,748	23,859,334

Makindu 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 June 2025

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	a	b	c=(a+b)	d	e=(c-d)	f=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget carryovers from the previous year	-	-	-	-	-	%
Receipts						
Transfers from the County Government	73,156,382	-	73,156,382	12,000,000	61,156,382	16.4%
Grants from donors and development partners	-	-	-	-	-	0.0%
Transfers from other Government entities	-	-	-	-	-	0.0%
Public contributions and donations	-	-	-	-	-	0.0%
Rendering of services- Medical Service Income	170,732,818	-	170,732,818	122,003,071	48,729,747	71.5%
Revenue from rent of facilities	-	-	-	-	-	0.0%
Finance / interest income	-	-	-	-	-	0.0%
Miscellaneous receipts	-	-	-	13,209,392	(13,209,392)	-
Total receipts	243,889,199	-	243,889,199	147,212,463	96,676,737	60.4%
Payments						
Medical/Clinical costs	83,181,019	-	83,181,019	61,338,599	21,842,420	73.7%
Employee costs	50,992,521	-	50,992,521	51,414,923	(422,402)	100.8%
Remuneration of directors	1,550,000	-	1,550,000	816,000	734,000	52.6%
Repairs and maintenance	14,283,890	-	14,283,890	6,625,133	7,658,757	46.4%
Grants and subsidies	-	-	-	-	-	0.0%
General expenses	89,920,740	-	89,920,740	47,188,293	42,732,447	52.5%
Finance costs	-	-	-	-	-	0.0%
Refunds	-	-	-	-	-	0.0%
Total Operational Expenditure paid	239,928,169	-	239,928,169	167,382,948	72,545,221	69.8%
Capital Expenditure paid	3,961,030	-	3,961,030	800,100	3,160,930	20.2%
Surplus		-		(20,970,585)		

Explanation about differences between original budget and actual expenditure

The variance between the original budget and actual expenditure is attributed mainly to a shortfall in projected revenues. The hospital had projected transfers from County government of KES 73,156,382 but only KES 12,000,000 was realized.

This shortfall directly impacted the hospital's ability to meet its projected expenditure of KES 243,889,199 resulting in a funding gap of KES 61,156,382

Consequently, the overall budget utilization stood at 69.8%.

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	(20,970,585)
1	Reason for differences- Opening Cash and Cash Equivalent as per the statement of Cash flows	23,859,333
	Closing Cash and Cash Equivalent as per the statement of Cash flows	2,888,748

19. Notes to the Financial Statements

1. General Information

Makindu Sub-County Hospital entity was established by and derives its authority and accountability from PFM Act . The entity is wholly owned by the Makueni County Government of Kenya and is domiciled in Makueni County in Kenya. The entity's principal activity is provision of health care services.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant, and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the entity's accounting policies. The 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 cash flows of an Entity.</p> <p>The new standard requires entities to recognize, 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, 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</p>

Standard	Effective date and impact:
	<p>excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognized 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</p>

Standard	Effective date and impact:
	statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS 49- Retirement Benefit Plans	<i>Applicable 1st January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<i>Applicable 1st January 2027</i> The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires: <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 identification 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 2024/2025 was approved by Board on 15th 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.

Depreciation of Assets Schedule

ASSET TYPE	DEPRECIATION RATE
Buildings and Civil works	25%
Furniture, fittings, and office equipment	12.5%
ICT Equipment	33.33%
Plant and medical equipment	12.5%

Notes to the Financial Statements (Continued)

f. Leases

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

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

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

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

g. Intangible assets

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

Notes to the Financial Statements (Continued)

h. Biological Assets

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

i. Research and development costs

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

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

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

j. Financial instruments

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

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

k. Inventories

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

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

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

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

l. Provisions

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

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

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

Notes to the Financial Statements (Continued)

m. Social Benefits

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

n. Contingent liabilities

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

o. Contingent assets

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

p. Nature and purpose of reserves

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

q. Changes in accounting policies and estimates

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

Notes to the Financial Statements (Continued)

r. Employee benefits

Retirement benefit plans

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

s. Foreign currency transactions

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

t. Borrowing costs

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

u. Related parties

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

v. Service concession arrangements

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

w. Cash and cash equivalents

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

x. Comparative figures

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

y. Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

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

Notes to Financial Statements Continued

6. Transfers from the County Government

Description	2024/2025	2023/2024
	KShs	KShs
Unconditional grants		
Operational grant- UHC	12,184,220	16,500,000
Level 4/5 grants	-	-
Unconditional development grants	-	-
Other grants	-	-
	-	-
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	12,184,220	16,500,000

6 b Transfers from The County Government

Name of the Entity sending the grant	Amount recognized to Statement of financial performance* KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	2023/2024
			KShs	KShs	KShs
Makueni County Government	12,184,220	-	-	12,184,220	16,500,000
Total	12,184,220	-	-	12,184,220	16,500,000

Notes to Financial Statements Continued

7. In Kind Contributions from The County Government

Description	2024/2025	2023/2024
	KShs	KShs
Salaries and wages	320,303,284	304,363,444
Medical supplies-Drawings Rights (KEMSA)	21,394,414	-
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	-	39,863,025
Utility bills	5,901,410	4,920,000
Total grants in kind	347,599,108	349,146,469

8. Grants From Donors and Development Partners

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

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

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

Notes to Financial Statements Continued

9. Transfers From Other Government Entities

Description	2024/2025	2023/2024
	KShs	KShs
Transfer from National Government (Ministry of Health)	-	-
Transfer from 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	2023/2024 Amended
	Kshs	KS hs
Pharmaceuticals	5,766,731	2,904,860
Non-Pharmaceuticals	-	-
Laboratory	8,544,600	6,953,695
Radiology	10,488,530	8,855,155
Orthopedic and Trauma Technology	89,500	972,250
Theatre	3,174,620	1,222,350
Anesthesia Service	-	-
Ear Nose and Throat service & other clinics	71,600	75,300
Nutrition service	105,250	78,000
ICU	1,177,490	1,383,920
Dental services	323,500	320,350
Reproductive health	14,100	3,950
Palliative	30,940	17,580
Farewell home services	2,869,150	2,240,320
Other medical services income- NHIF receipted	-	8,227,136
Medical Reports	-	-
Health Records-Cards & files	2,428,310	2,446,130
Plaster	949,500	-
Inpatient	10,528,625	16,987,086
Physiotherapy	315,350	163,300
Occupational therapy	66,400	7,900
Counseling Services	5,000	-
Out – patient	1,745,913	879,884
Transport – Ambulance services	874,500	792,150
Medical Exam	488,700	355,000
Eye department	272,800	234,100
Mental Health	171,980	108,720
Insurance recoveries-UHC	-	1,066,000
Makueni uhc reg recoveries	258,000	-
NHIF receipts	20,442,606	-
SHA receipts	81,688,077	-
MINET/ CIC Insurance receipts	1,808,000	-
Madison Insurance receipts	16,850	-
UHC/ Free Elderly receipts	15,463,400	-
NHIF capitation receipts	7,899,740	-

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

Farm income	48,230	1,200
Income from internship (Administration)	239,110	105,980
Other debtors	3,482,190	199,931
Total revenue from the rendering of services	181,849,292	56,602,247

Notes to the Financial Statements (Continued)

12. Revenue From Rent of Facilities

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

13. Finance /Interest Income

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

14. Miscellaneous Income

Description	2024/2025	2023/2024
	KShs	KShs
Insurance recoveries (NHIF)	-	69,389,427
Waivers and exemptions	-	12,812,861
Medical services receivables - NHIF	-	36,334,112
Medical services receivables (unfunded UHC claims)	-	12,711,921
Gain from exchange in fair value (hospital farm produce)	324,000	-
Other income	-	470,911
Inter-entity transfers - To County departments	-	11,476,891
AAR Insurance recoveries	-	36,940
Total Miscellaneous income	324,000	143,233,063

Notes to the Financial Statements (Continued)

15. Medical/ Clinical Costs

Description	2024/2025	2023/2024
	Kshs	Kshs
Dental costs/ materials	200,000	68,750.00
Laboratory chemicals and reagents	7,268,664	5,798,812
Public health activities	-	-
Food and Ration	25,973,590	25,433,959
Uniform, clothing, and linen	1,052,000	999,052.00
Dressing and Non-Pharmaceuticals	28,606,466	27,700,695
Pharmaceutical supplies	6,023,864	11,246,375
Health information stationery	-	-
Reproductive health materials	-	-
Sanitary and cleansing Materials	3,033,920	2,119,871
Purchase of Medical gases	9,290,642	6,193,699
X-Ray/Radiology supplies	2,807,150	5,385,852
Contracted technical services	3,789,002	-
Other medical related clinical costs (<i>Orthopaedic implants</i>)	1,535,830	6,603,550
Total medical/ clinical costs	89,581,128	91,550,617

16. Employee Costs

Description	2024/2025	2023/2024
	Kshs	Kshs
Salaries, wages, and allowances	43,295,503	37,654,456
Contributions to pension schemes (NSSF)	5,330,228	-
Service gratuity	-	-
Performance and other bonuses	-	-
Staff medical expenses and Insurance cover	-	-
Group personal accident insurance and WIBA	-	-
Social contribution	-	-
Other employee costs -Locum	1,128,845	10,930,974
Employee costs	49,754,576	48,585,430

Notes to the Financial Statements (Continued)

17. Board of Management Expenses

Description	2024/2025	2023/2024
	Kshs	Kshs
Chairman's Honoraria	-	-
Sitting allowance	816,000	1,549,000
Mileage	-	-
Insurance expenses	-	-
Induction and training	-	-
Travel and accommodation allowance	-	-
Airtime allowances	-	-
Total	816,000	1,549,000

18. Depreciation and Amortization Expense

Description	2024/2025	2023/2024
	Kshs	Kshs
Property, plant and equipment	7,357,655	8,534,012
Intangible assets	-	-
Investment property carried at cost	-	-
Total depreciation and amortization	7,357,655	8,534,012

19. Repairs and Maintenance

Description	2024/2025	2023/2024
	Kshs	Kshs
Property- Buildings	2,587,645	5,105,330
Medical equipment	1,589,953	796,298
Office equipment	-	-
Furniture and fittings	-	-
Computers and accessories	550,000	1,015,690
Motor vehicle expenses	1,020,426	1,174,078
Maintenance of plant	1,147,380	4,179,818
Total repairs and maintenance	6,895,404	12,271,214

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/ subsidized medical camp	-	-
Disability programs	-	-
Free cancer screening	-	-
Social benefit expenses	-	-
Other grants and subsidies	-	-
Total grants and subsidies	-	-

21. General Expenses

Description	2024/2025	2023/2024 Ammended
	Kshs	KShs
Advertising and publicity expenses	100,000	-
Catering expenses	998,814	1,696,949
Waste management expenses	-	-
Insecticides and rodenticides	103,300	376,375
Audit fees	-	-
Bank charges	50,513	47,671
Conferences and delegations	981,520	-
Consultancy fees	-	-
Contracted cleaning services	7,498,632	-
Contracted guards	1,945,173	-
Contracted services	-	9,369,508
Contracted Technical Services	-	2,692,392
Electricity expenses	2,000,000	4,964,246
Sanitary expenses	-	1,511,390
Research and development expenses	-	-
Travel and accommodation allowance	2,193,420	2,079,850
Legal expenses	-	-
Computer supplies	1,845,400	4,695,866
Licenses and permits	-	-
Courier and postal services	20,000	-
Printing and stationery	3,018,484	4,610,720
Purchase of computers	1,087,769	-

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

Rent expenses	-	-
Water and sewerage costs	803,630	1,688,515
Skills development levies	-	
Telephone and mobile phone services	1,099,450	1,099,600
Internet expenses	1,050,911	1,198,168
Staff training and development	-	-
Subscriptions to professional bodies	608,570	724,935
Subscriptions to newspapers periodical, magazines, and gazette notices	-	-
Agricultural Materials	153,000	175,701
Household Appliances	172,900	902,126
Parking charges	-	-
Purchase of electrical items	222,050	-
Fuel for production	4,262,416	3,657,931
Refined fuel for transport	4,250,000	4,365,209
Other Fuels	1,622,310	842,825
Other operating expenses-transfer to County Departments	-	20,780,662
General Office Supplies	2,396,371	3,552,771
Hire of Transport	130,000	380,000.00
Total General Expenses	38,614,633	71,413,430

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	-	-
Linda Mama Program	-	-
Waivers and Exemptions	(13,035,421)	(12,812,861)
Total Gain/Loss	(13,035,421)	(12,812,861)

26. Impairment Loss

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

27. Cash And Cash Equivalentents

Description	2024/2025	2023/2024
	KShs	KShs
Current accounts	2,888,748	23,859,334
On - call deposits	-	-
Fixed deposits accounts	-	-
Cash in hand	-	-
Others(<i>speci</i>)- Mobile money	-	-
Total cash and cash equivalentents	2,888,748	23,859,334

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	1145499120	2,729,813	23,800,725
Kenya Commercial bank	1147259151	61,546	58,609
Sub- total		2,791,358	23,859,334
b) On - call deposits			
Kenya Commercial bank		-	-
Equity Bank –		-	-
Sub- total		-	-
c) Fixed deposits account			
Bank Name		-	-
Sub- total		-	-
d) Others			
cash in hand		-	-
Mobile money- Mpesa,		97,390	-
Sub- total		97,390	-
Grand total		2,888,748	23,859,334

28. Prepayments

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

29. Receivables From Exchange Transactions

Description	2024/2025	2023/2024
	KShs	KShs
Medical services receivables	71,152,693	36,334,112
Transfer from County Government	184,220	-
Other exchange debtors (Minet, CIC, Madison insurances)	1,824,850	-
Medical services receivables -unfunded UHC Claims	16,175,321	12,711,921
Other exchange debtors-receivables from county departments	7,936,180	9,303,771
Less: impairment allowance	-	-
Total receivables	97,273,264	58,349,804

Analysis of Receivables From Exchange Transactions

Description	2024/2025		2023/2024	
	Kshs		Kshs	
	Current	% of the total	Comparative	% of the total
Less than 1 year	70,883,594	73%	58,349,804	100%
Between 1- 2 years	26,389,670	27%	-	0%
Between 2-3 years	-	%	-	0%
Over 3 years	-	%	-	0%
Total (a+b)	97,273,264	100%	58,349,804	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	
	2024/2025	% of the total	2023/2024	% of the total
Less than 1 year	-	-	-	-
Between 1- 2 years	-	-	-	-
Between 2-3 years	-	-	-	-
Over 3 years	-	-	-	-
Total (a+b)	-	-	-	-

31. Inventories

Description	2024/2025	2023/2024
	KShs	KShs
Pharmaceutical supplies	4,340,411	1,402,281
Maintenance supplies	-	-
Food supplies	52,024	10,099
Linen and clothing supplies	-	-
Cleaning materials supplies	-	483,290
General supplies	120,000	89,400
Non- pharmaceuticals	7,359,845	1,308,557
Laboratory supplies	269,636	-
Less: provision for impairment of stocks	-	-
Total	12,141,916	3,293,627

Detailed disclosure on inventories

	2024/2025	2023/2024
Opening balance	3,293,627	-
Additional Inventory in the year	105,270,884	-
Inventory expensed in the year	96,422,595	-
Write-downs in the year	-	-
Others	-	-
Closing balance	12,141,916	3,293,627

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

Notes to the Financial Statements (Continued)

32. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (specif)	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh	Ksh
Cost									
At 1 July 2023	-	13,736,989	-	5,435,680	7,233,181	65,272,040	-	-	91,677,890
Additions	-	-	-	1,319,752	270,000	1,992,440	-	-	3,582,192
Disposals	-	-	-	-	-	-	-	-	
Transfers/adjustments	-	-	-	-	-	-	-	-	
Revaluation Adjustments									
At 30th Jun 2024	-	13,736,989	-	6,755,432	7,503,181	67,264,480	-	-	95,260,082
			-				-	-	
At 1 July 2024	-	13,736,989	-	6,755,432	7,503,181	67,264,480	-	-	95,260,082
Additions	-	-	-	240,000	697,000	460,100	-	-	1,397,100
Disposals	-	-	-	-	-	-	-	-	

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

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (speci)	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh	Ksh
Transfer/adjustments		-	-	-	-	-	-	-	
Revaluation Adjustments									
At 30th Jun 2025	-	13,736,989	-	6,995,432	8,200,181	67,724,580	-	-	96,657,182
			-				-	-	-
Depreciation and impairment			-				-	-	-
At 1 July 2023	-	4,160,171	-	1,830,070	5,628,642	28,070,145	-	-	39,689,029
Depreciation for the year	-	2,394,204	-	615,670	624,846	4,899,291	-	-	8,534,012
Disposals	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	
At 30 June 2024	-	6,554,376	-	2,445,740	6,253,488	32,969,437	-	-	48,223,042
At July 2024	-	6,554,376	-	2,445,740	6,253,488	32,969,437	-	-	48,223,042
Depreciation	-	1,795,653	-	568,711	648,897	4,344,392	-	-	7,357,655

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

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (specif)	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh	Ksh
Disposals	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-	-	-	-	-
At 30th June 2025	-	8,350,029	-	3,014,451	6,902,386	37,313,829	-	-	55,580,697
	-		-				-	-	-
Net book values	-		-				-	-	-
At 30 th June 2024	-	7,182,612	-	4,309,691	1,249,692	34,295,042	-	-	47,037,039
At 30 th June 2025	-	5,386,959	-	3,980,980	1,297,794	30,410,750	-	-	41,076,485

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

Notes to the Financial Statements (Continued)

33. Intangible Assets-Software

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

34. Investment Property

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

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

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 :Vegetables	324,000	-
Total	324,000	-

36. Trade and other Payables

Description	2024/2025	2023/2024		
	KShs	KShs		
Trade payables	125,923,035	90,387,730		
Employee dues	7,499,353	9,158,500		
Third-party payments (<i>e.g. unremitted payroll deductions</i>)	-	-		
Electricity	-	1,014,244		
Doctors' fee	-	-		
Total trade and other payables	133,422,388	100,560,475		
Ageing analysis:	2024/2025	% of the Total	2023/2024	% of the total
Under one year	60,952,325	46%	72,948,993	73%
1-2 years	65,765,513	49%	27,611,482	27%
2-3 years	6,704,550	5%	-	0%
Over 3 years	-	-	-	0%
Total	133,422,388	100%	100,560,475	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	-	-

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

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	-	-

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

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	(11,697,305)	(30,381,255)
Adjusted for:		
Depreciation	7,357,655	8,534,012
Gain from exchange in fair value (hospital farm produce)	(324,000)	
Investing cost	(597,000)	
Non-cash grants received	-	-
Impairment	-	(1,069,784)
Gains and losses on disposal of assets	-	-
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
Working Capital adjustments		
Increase in inventory	(8,848,289)	4,367,719
Increase in receivables	(38,923,460)	(36,959,830)
Increase in deferred income	-	-
Increase in payables	32,861,913	48,713,995
Increase in payments received in advance	-	-
Net cash flow from operating activities	(20,170,486)	(6,795,143)

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	58,349,804	58,349,804	-	-
Receivables from exchange transactions	-	-	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	23,859,333	23,859,333	-	-
Total	82,209,137	82,209,137	-	-
At 30 June 2025				
Receivables from exchange transactions	97,089,044	97,089,044	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	2,888,748	2,888,748	-	-
Total	99,977,792	99,977,792	-	-

Notes to the Financial Statements (Continued)

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

(ii) Liquidity risk management

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024				
Trade payables	7,580,534	11,088,001	81,891,939	100,560,475
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	7,580,534	11,088,001	81,891,939	100,560,475
At 30 June 2025				
Trade payables	9,128,754	5,691,411	118,602,223	133,422,388
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	9,128,754	5,691,411	118,602,223	133,422,388

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.

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

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	19,567,514	-
Capital reserve		-
Total funds	19,567,514	-
Total borrowings	-	-
Less: cash and bank balances	2,888,748	-
Net debt/ <i>(excess cash and cash equivalents)</i>	(2,888,748)	-
Gearing	-14%	-

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 Makindu 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	-	-
Grants from the National Government Entities	-	-
Donations in kind	-	-
Total	-	-
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for employees	-	-
Payments for goods and services for	-	-
Total	-	-
d) Key management compensation		

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

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

Makindu level 4 hospital 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)
1.	Unsupported In-Kind Contribution from County Government	A comprehensive breakdown of payroll summaries was provided. In addition, the supporting documentation, including sample of delivery notes and Invoices for the medical supplies were provided.	Resolved	
2	Non-Disclosure and Doubtful Ownership of Property, Plant and Equipment	Upon completion of the requisite transfer processes and issuance from Intergovernmental Relations Technical Committee (IGRTC), the formal ownership documentation of assets allocated to the Hospital will be formally recognized in the Hospital's	Not Resolved	30/06/2026

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

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)
		Financial Statements in accordance with the applicable Accounting Standards		
	Budgetary Control and Performance	The Hospital continues to implement a range of strategic interventions aimed at bridging the revenue gap and improving Own Source Revenue (OSR)	Resolved	
	Deficiencies in Implementation of Universal Health Coverage	The growing enrollment under the Social Health Insurance Fund (SHIF) presents a promising opportunity to bridge these gaps.	Resolved	
	Failure to Dispose Unserviceable Assets	The Accounting Officer constituted a Disposal Committee to identify unserviceable, obsolescent, obsolete or surplus assets as per Public Procurement and Asset Disposal Act, 2015 Section 163(1). Subsequently,	Not Resolved	30/06/2026

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

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)
		part of the identified assets in the disposal report have been taken to County Technical Training Institutes (CTTIs) for appropriate reuse		
	Long Outstanding trade and other Payables	The hospital anticipates a significant reduction in the outstanding payables upon recovery of outstanding receivables from the defunct National Hospital Insurance Fund (NHIF) and the Social Health Authority (SHA). Once these receivables are collected, the facility will be able to settle its financial obligations (payables).	Not Resolved	30/06/2026
	Unapproved Waivers of Patients' Bills.	The hospital grants patient waivers only in cases where it is established that the patient lacks the financial capacity to settle their medical bills through a Social Worker who recommends to the waiver Committee.	Resolved	

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

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)
	Lack of an Updated Assets Register	Upon completion of the requisite transfer processes and issuance from Intergovernmental Relations Technical Committee (IGRTC), the formal ownership documentation of assets allocated to the Hospital will be formally recognized in the Hospital's Financial Statements in accordance with the applicable Accounting Standards.	Not Resolved	30/06/2026
	Lack of Risk Management Policy	The Hospital relies on the County Executive's Risk Management Policy and has appointed a risk management committee and risk champion to provide oversight on risk governance issues	Not Resolved	30/06/2026

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

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)
	Lack of Internal Audit and Audit Committee	The hospital relies on services of County Executive’s Internal Audit unit based at the County Treasury for audit and assurance services. Additionally, each hospital has an Audit sub-committee of the Board in place.	Not Resolved	30/06/2026
	Lack of Disaster Recovery Plan	The Hospital has been relying on the disaster recovery policy of the County executive	Not Resolved	30/06/2026
	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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Emanuel Loiposha M.D, M.MED
Accounting Officer

MEDICAL SUPERINTENDENT
MAKINDU SUB-COUNTY HOSPITAL
26 NOV 2025
P. O. Box 81-90138,
MAKINDU

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							

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


Appendix III: Inter-Entity Confirmation Letter


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

Name of Beneficiary entity: Makindu Sub County Hospital

Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30 th June 2025					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
UHC/SUB/HOS/Vol.192	20/12/2024	12,000,000		12,000,000	
R11/HOSP/C1/H Vol.321	5/5/2025	116,200		116,200	
R11/HOSP/C1/H Vol.422	10/6/2025	68,020		68,020	
Total		12,184,220		12,184,220	

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

Head of Accounts Department - Disbursing Entity:
 Name Eunice Kabwen Sign  Date 26/11/2025

Head of Accounts Department - Beneficiary Entity:
 Name CHRISTINE MUTUKU Sign  Date 26/11/2025

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

Appendix IV Reporting of Climate Relevant Expenditures

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

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

Appendix V: Disaster Expenditure Reporting Template

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