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REPORT

OF

THE AUDITOR-GENERAL

ON

MUKUYUNI LEVEL 4 HOSPITAL

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FOR THE YEAR ENDED  
30 JUNE, 2025

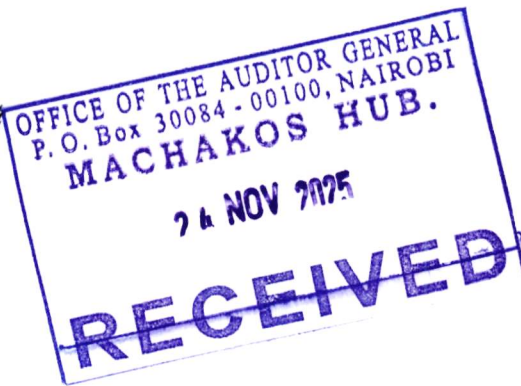
COUNTY GOVERNMENT OF MAKUENI

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REPUBLIC OF KENYA

GOVERNMENT OF MAKUENI COUNTY



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**MUKUYUNI LEVEL 4 HOSPITAL  
(Makueni County Government)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2025**

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

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**1. Acronyms & Glossary of Terms**

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

**2. Key Entity Information and Management**

**(a) Background information**

Mukuyuni Sub County Hospital is a level 4 Government facility located in Mukuyuni Sub location, Ukia location, Kaiti division, Kaiti Sub County in Makueni county at Latitude: - 1.7479933 & Longitude: 37.4594095. The hospital started as a dispensary, then as a health centre and later upgraded to a sub district hospital on 18<sup>th</sup> November 2011 via gazette notice no Vol.CXIII-No.112. The hospital lies on a Land size of approximately 1.5 Acres and has a Catchment population of 9622 serving primarily Kaiti Sub County residents. The hospital is domiciled in Makueni County under the Health Department and is governed by a hospital Management Board.

**(b) Principal Activities**

Mukuyuni Sub County Hospital adopted the department's vision, acceleration of attainment of efficient, effective, equitable, accessible and acceptable quality healthcare. The principal activities and mandate of the hospital is to promote and participate in the provision of integrated and efficacious promotive, preventive, curative and rehabilitative health care services to all Citizens.

**(c) Key Management**

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

- County department of health
- Board of Management
- Accounting Officer/ Medical Superintendent
- Health Management Team

**(d) Fiduciary Management**

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

No.	Designation	Name
1.	Medical Superintendent	Mr.Solomon Mutiso
2.	Hospital Administrator	Castor John
3.	Nursing Officer In charge	Mr. Joseph Musango Kitung' ai
4.	Head of finance	CPA Isaac Liku
5.	Head of supply chain	Gladys Mwangi

**(e) Fiduciary Oversight Arrangements**

- **Makueni County Assembly;** The County Assembly enacted the various legislation and performed the oversight required. They also reviewed the external audit reports and financial statements of the County Government as required by the law.
- **Controller of Budget (COB);** COB Provided the required guidelines in budget execution, through the county government and processed requisition for funds transferred to the hospital by Makueni County Government department of health services and provided oversight in budget implementation.
- **National Treasury (NT);** The NT Processed exchequer funds received from Makueni County Government, provided guidelines in preparation of hospital annual reports and financial statements.
- **The Kenya Medical Practitioners and Dentists Council (KMPDC);** is the regulatory body in Kenya responsible for overseeing the training, registration, licensing, and conduct of medical and dental practitioners, as well as the accreditation of health institutions. Its main role is to ensure the provision of quality and ethical healthcare by maintaining high professional standards and public safety.
- **Commission on Revenue Allocation (CRA);** CRA provided support in revenue allocation indirectly via Makueni County Government and also undertook the County Credit Rating;
- **Makueni County Audit Committee;** The Committee supported the hospital by reviewing internal audit reports shared by our mother department of health services and ensured corrective actions were taken to safeguard the internal controls of the County's financial operations. It also spearheaded preparation of the county risk management framework which was disseminated to the hospital.
- **Public Sector Accounting Standards Board;** the board developed the financial reporting templates and provided guidance on the accounting standards to be adopted by level 4 and 5 county hospital.
- **County health management team;** plays a crucial role in overseeing and coordinating healthcare services within the county. Their responsibilities include policy implementation, health planning, emergency response, financial management, and monitoring and evaluation of health programs. They also play a key role in strengthening administration, coordination, and stakeholder management
- **County Health Authority to Incur Expenditure Committee (CHAIEC).** The committee has been reviewing hospital budget, implementation, hospital operations and pending bills report to ensure that funds received are accounted for, suppliers are paid in good time and the hospital continues to offer high quality health care services.

- **Hospital management committee/board;** the hospital board plays a crucial role, primarily focusing on strategic oversight, ensuring quality patient care, and overseeing the hospital's financial health and operational efficiency. They set the hospital's strategic direction, establish policies, and evaluate overall performance. Boards are also responsible for maintaining high ethical standards and legal compliance.
- **Hospital management team;** this is responsible for the overall operational and strategic direction of the hospital, ensuring efficient and effective healthcare delivery. This includes strategic planning, financial management, human resources, quality assurance, and regulatory compliance.
- **Executive Expenditure committee;** this committee consists of the executive managers who meet on a quarterly basis to check the expenditure of the hospital. The committee also reviews revenue collection, banking and strengthens ways to generate more revenue from the departments. It also sets annual departmental revenue targets and consolidates quarterly departmental budgets for presentation to the Hospital Management Committee. This committee comprises of 6 members as outlined below;
  - Medical superintendent
  - Health administrative officer
  - Nursing officer
  - Accountant
  - Pharmacist
- **Drugs and Therapeutic Committee** - whose primary function is to oversee medication safety and management and pharmacy regulation

**(f) Entity Headquarters**

Mukuyuni Sub County Hospital  
P.O. Box 47 - OKIA  
Makueni County, KENYA

**(g) Entity Contacts**

Telephone: (+254) 741914676  
E-mail: [mukuyuni.hospital@makueni.go.ke](mailto:mukuyuni.hospital@makueni.go.ke)

**(h) Entity Bankers**

The Kenya Commercial Bank  
Wote Branch

**(i) Independent Auditors**

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

**(j) Principal Legal Adviser**

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



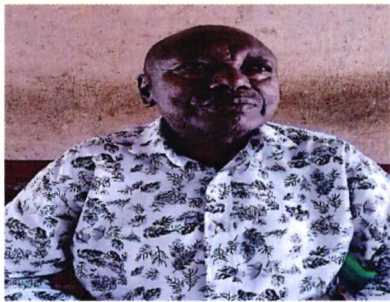
**(k) County Attorney**

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

**3. The Board of Management**


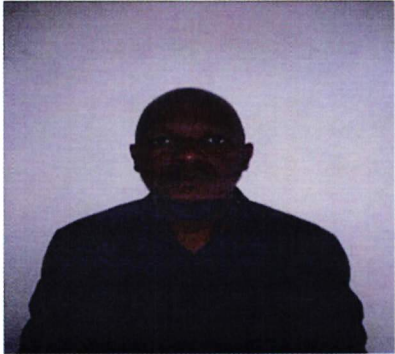

Ref	Directors	Details
1.	<p><b>Samuel Mambo</b></p> 	<p>He is the Chairman, Mukuyuni Sub County Hospital board.</p> <p>He has a bachelor degree in Business Administration from St. Paul university. He is a businessman operating in Mukuyuni and is involved in numerous community projects.</p>
2.	<p>DR. Philip Maiko</p> 	<p>He is a Member of the board.</p> <p>He is the SCMOH Kaiti and Med Sup. Kilungu Sub County Hospital</p> <p>Key qualifications: Bachelor of Pharmacy</p> <p>Work Experience: 9 Years in health care management.</p> <p>Worked as the Hospital Pharmacist Makindu Sub County Hospital from 2014-2022. Kibwezi west sub county pharmacist 2019-2022. Currently he is the sub county MOH kaiti Sub County and the medical Superintendent Kilungu Sub county hospital.</p>
3.	<p>Pst. Laban Mbondo</p> 	<p>He is a Member of the board.</p> <p>He is a Member of Mukuyuni Sub County Hospital</p> <p>He has a diploma in Theology from ukamba bible college. He is a long services member of the AIC church in Mukuyuni and has been involved in numerous community projects.</p>

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4.	<p>Mr. Solomon Mutiso Josaih</p> 	<p>He is the Medical Superintendent and Secretary to the Hospital Management Board. He holds a Bachelor’s Degree in Medical Laboratory Sciences, a graduate of Kenya Methodist University. He has done several Management Courses including Senior Management Course and Senior Leadership Development Course, He has a wealth of experience having served in various capacities including Head of County Laboratory Services in Makueni County.</p>
5.	<p>Caleb Mbithi</p> 	<p>He is a Member of the board. ✓          He holds an MBA in Operations Management from the University of Nairobi, a Bachelor's degree in Procurement and Contract Management from JKUAT, and a CIPS Professional Diploma from CIPS UK.          He is a seasoned supply chain professional with over 10 years of experience in humanitarian supply chain management.</p>
6.	<p>Philip Kioko Kiilu</p> 	<p>He is a member of the board, a retired civil servant, he has worked in various hospitals as a Lab technologists including the Lab manager Makueni County Referral Hospital.          He has a diploma in Medical Lab Sciences and higher diploma in medical microbiology.</p>

**4. Key Management Team**

<b>Ref</b>	<b>Management</b>	<b>Details</b>
1.	<p><b>Mr. Solomon Mutiso Josiah)</b></p> 	<p>He is the Medical Superintendent and Secretary to the Hospital Management Board. He holds a Bachelor’s Degree in Medical Laboratory Sciences, a graduate of Kenya Methodist University. He has done several Management Courses including Senior Management Course and Senior Leadership Development Course, He has a wealth of experience having served in various capacities including Head of County Laboratory Services in Makueni County.</p>
2.	<p><b>Mrs. Caster Ndungwa John</b></p> 	<p>She is the Hospital Administrative Officer. She has a diploma in business management and administration, she has vast experience in hospital administration, having managed several level two and three facilities in Makueni County Government.</p>

<p>3.</p>	<p><b>Mr. Joseph Kitung'ai</b></p> 	<p>He is the Hospital Nursing Officer in charge. He holds a Diploma in nursing, a Diploma in Health Systems Management and has over 11 years working experience in the nursing field.</p> <p>He has served as the facility in charge Nthang'u Dispensary under whose steward the facility underwent a lot of improvements including being ranked the best in Kaiti Sub County in terms of Linda Mama reimbursements</p>
<p>4.</p>	<p><b>CPA Isaac Liku</b></p> 	<p>He is the Hospital accountant. He holds a bachelor's degree in Commerce- (Finance) from The catholic university of Eastern Africa. He is a Certified Public Accountant Finalist CPA(K). He has 13 years' experience in Accounting and Financial management in both Private and public sector.</p>
<p>5.</p>	<p><b>Mrs. Gladys N. Mwonga</b></p> 	<p>She is the Hospital Supply Chain Officer. She holds a Bachelor's degree in supply chain management from Jomo Kenyatta of agriculture and technology. She has over 10 years' experience, having worked in various hospitals including Makueni county referral hospital, sultan Hamud SCH, Kilungu SCH among others.</p>

## **5. Chairman's Statement**

I have served as the board chair of Mukuyuni Sub County Hospital since 14<sup>th</sup> November, 2024 when I took over from the former Chairman. The board and the Hospital Management Team play a vital leadership and governance role, we are accountable for the delivery of safe and quality health care services to the patients, at the same time we are challenged by the economic realities and growing health care needs of our community.

The board acts as a bridge between the community and the hospital whereby community interests are taken care of, we articulate health issues to the community in a way they can understand.

The board holds three committee meetings every quarter, being the Primary Healthcare / Quality improvement Committee, the Finance and General Purpose committee and the full board meeting. During this period, I have taken lead in community mobilization, sensitization and registration of the community in to the new universal health coverage scheme (SHA) in conjunction with the hospital management, I have taken lead in County development and budget preparation forums to advocate allocation of funds for infrastructure development.

The facility workload has increased overtime, this has necessitated employment of one nurse, and due to staff shortage other technical staff are engaged on locum basis to carter for the rising workload.

The facility is faced by several challenges, this include shortage of staff, stock out of health commodities and inadequate infrastructure. Currently the facility lack, inpatient wards, X-ray unit, theatre unit, dental unit and other specialised clinics.


The hospital has plans to construct a storey building which will house several departments, including wards, X-ray, theatre, dental, rehabilitation unit among other specialised clinics, Board is also keen in equipping the hospital with specialized equipment in various departments so as to offer the highest standards of health care.

I am indebted to the Board of Management for providing supportive and complementary role while making vital decisions towards progression of the hospital. I am satisfied with their wealth of knowledge and experience in different fields and operational settings. I assure the community that Mukuyuni Sub county hospital shall remain committed and will strive to deliver exceptional services consistent to needs of the patients without compromising the principles of governance, ethics and sustainability. Going forward, Mukuyuni Sub county hospital is committed to working closely in collaboration with stakeholders, to ensure that the patients we serve continue to receive

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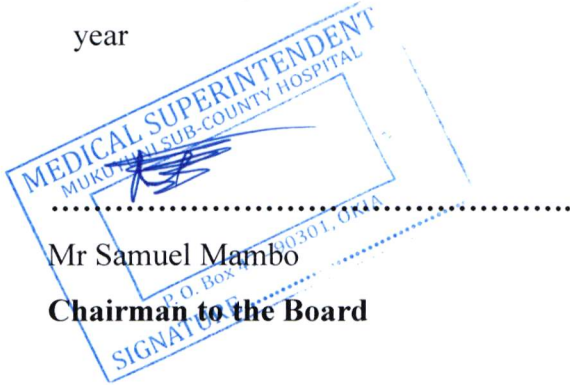
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high quality of care. We will continue to invest in our facilities in order to meet the growing needs of the people we serve. I would like to take this opportunity to thank the County Government of Makueni, Department of health and the facility staff for their support and commitment during the year



.....

Mr Samuel Mambo  
**Chairman to the Board**



## **6. Report of The Medical Superintendent**

It takes team work, dedication and focus to achieve organizational goals. The achievements realised within the last financial year are as a result of extraordinary collaboration between the facility staff and other stakeholders. During the past year, we collectively embarked on a journey to align our activities to the Makueni County, Health department's strategic plan and ensure delivery of the highest quality of health care services.

The facility achieved a general outpatient workload of 13,694 individuals and 266 live births, deliveries, this was as a result of improved maternity care, holding birth preparedness classes which were aimed at sensitizing mothers on advantages of hospital deliveries and focused antenatal clinic. Eight Nursing staff have undergone mentorship on safe motherhood and Kangaroo Mother Care, the hospital has special clinics both weekly and monthly follow ups, Medical out-patient, nutrition and TB clinics are held weekly, psychological counselling, physiotherapy and occupational therapy clinics are held on daily basis. These clinics have enhanced service delivery and improved health outcomes.

Amid the great achievements, we face challenges which include; financial constraints, inadequate infrastructure, inadequate medical equipment, inadequate staffing and stock out of commodities. The facility lacks administration block, general inpatient wards, dental unit, theatre, X-ray department and rehabilitation department due to inadequate infrastructure.

Underfunding and delayed disbursement of funds has affected the day to day operations of the hospital. The major expenditures in facility include but not limited to buying pharmaceuticals, Non pharmaceuticals, medical equipment, maintenance of plant, purchase of medical equipment, casual and contracted professional wages, water and sewerage, bedding and linen, laboratory reagents, food and ration, sanitary and cleansing, fuel for transport and production, publishing printing & general office supplies among others.

Despite the achievements the hospital is faced with several challenges which include; inadequate infrastructure, stock out of supplies, water shortage, inadequate funding, staff shortage among others. Staff shortage in various departments like nursing, medical, pharmacy and dental, increased the hospital expenditure on contracted professional services and locums. Some departments are manned by one staff leading to overworking and decreased quality of care. Due to increase in deliveries and new-borns and post-delivery mothers, there is need for a maternity unit to handle

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both pre and post-natal care, currently the hospital does not have decent paediatric, female and male wards as per level 4 standards of care.

There is need for construction of theatre to minimize referral of mothers, in patient department for admission of critically ill patients, there is need for additional general staff, specialized staff in tandem with the level 4 WHO standards of care and staffing Norms. Limited staff face burnout, demotivation and therefore decreased output. Staff motivation activities like team building, locums, benchmarking, awarding best performing staff and end year parties will come in handy.

The hospital has plans to construct a storey building to house administration, in-patient wards, x-ray department, dental unit, out-patient department and rehabilitation services unit. This project will be done in phases and it will be funded by the Government of Makueni County, once implemented, the project will come with the necessary personnel and equipment, this project will amplify the effectiveness of other parts of the health system, the wards will provide continuous availability of services for patients with acute and complex conditions who are critically ill. Once completed, the hospital will serve as a referral hospital to the surrounding health centres and dispensaries without admission wards. The project will help improve maternal care indicators, reduce the cost of seeking specialized treatment and transport during referral, improve revenue collection for the hospital and create employment and business opportunities for the communities within the area.

I am wish to thank the Board of Management for guidance, mobilization, oversight role and availability, the County Government of Makueni, department of health services for overarching support and the facility staff for their commitment in ensuring realization of quality health care throughout the year.

  
P.O. Box 47 - 90301, KEITA  
**Mr. Solomon Mutiso**  
**Secretary to the Board**

**7. Statement of Performance Against Predetermined Objectives**

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

Pillar 1: Reduce Communicable conditions

Pillar 2: Stop and reverse the rising burden of non-communicable conditions

Pillar 3: Minimize exposure to health risk factors

Pillar 4: Provide essential health services

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

<b>Strategic Pillar/Theme/Issues</b>	<b>Objective</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
Reduce communicable conditions	1. Reducing transmission of HIV.	1.The hospital commits to reduce new HIV/AIDS infections	1. Scaling up HIV testing and counselling services	<b>90% Achievement</b>
	2.Reducing transmission of TB	2. Early identification of 55 new TB patients (30%)	2. Early identification of 55 new TB patients (30%)	<b>98% Achievement</b>
	3. Reduce risk of mother to child transmission (PMTCT)	Proportion HIV+ pregnant mothers receiving preventive ARV’s	1. Counselling and testing of all ANC and PMC mothers 2. 2. Initiation of HIV mothers to care and treatment	<b>98% Achievement</b>
Stop and reverse the rising burden of non-communicable conditions	1.Prevention of Alcohol and Drug Abuse	1. Reach out to 3,000 people through	Community mobilization and sensitization	<b>99% Achievement</b>

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

## **8. Corporate Governance Statement**

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

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

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

In discharging its mandate, the Board is guided by the Board Charter, Code of Conduct and Ethics, and Board Manual to effectively fulfil its corporate governance responsibility towards stakeholders.

In addition, it has adopted Guidelines on Corporate Governance developed by the Mwongozo Code of Governance for State Corporations. The Board Charter defines the roles, responsibilities, scope and functions of the Directors in the governance of the hospital and provides for free exercise of independent judgment.

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

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

The board members Include;

1.	Mr. Samuel Mambo	Chairperson
2.	Mr. Solomon Mutiso Josiah	Secretary
3.	Mr. Caleb Mbithi	Member
4.	Pst. Laban Mbondo	Member

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5	Mr.Philip Kioko Kiilu	Member
6	Sub County MOH	EX Official

The committee is charged with a mandate of

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

The committee has two sub committees appointed among the members

**Finance and General Purpose committee**

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

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

**Members of the committee**

1.	Pst. Laban Mbondo	Chairperson
2.	Mr. Solomon Mutiso Josiah	Secretary
3.	Mr. Caleb Mbithi	Member
4.	Mr. Isaac liku	Member

**Primary and Quality care**

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

**Members of the committee**

1.	Mr.Philip Kioko Kiilu	Chairperson
2.	Mr. joseph kutungai	Secretary
3.	Mr. benson kikuvi	Member
4.	Castor john	Member
5.	Faith kilonzo	Member

6.	Caroline Munyao	Member
7.	Mr. Solomon Mutiso	Member

The Health Facility Management Committee, submits for approval to the chief officer the annual facility work plan and budget, monitors the utilization of facility improvement financing and take corrective action in relation to implementation challenges identified that hinder efficient absorption of funds, ensures all financial procedures and reporting requirements are met by the facility in-charges and conform to the Public Finance Management Regulations, ensures strict adherence to procurement rules as prescribed in the Public Procurement and Asset Disposal Act (No. 33 of 2015), ensures public awareness on administration of the facility improvement financing through public participation during annual planning and budgeting, receive the audit report and initiate response to management queries, implement the recommendations of the Auditor-General made pursuant to section 31(3)(a) of the Public Audit Act (No. 34 of 2015) and acts as liaison between the health facility and the community to strengthen delivery of quality health services.

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

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

The hospital management committee during the FY2023-2024 held four (4) board meetings and four (4) subcommittee meetings for both primary health and quality and finance and general-purpose committees. Majority of the members attend and actively participate in the deliberations of the meetings.

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

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

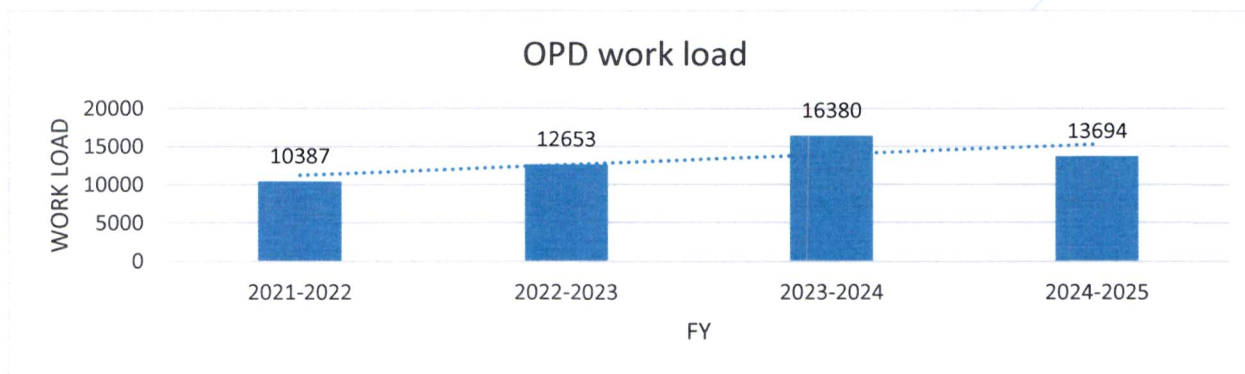
**9. Management Discussion and Analysis**

**Clinical/operational performance**

Mukuyuni sub county hospital has 25 beds, the facility has a maternity ward but lacks other inpatient wards, however, the facility has plans for establishment of inpatient facilities. The beds are distributed as shown below;

Ward	Medical	Paediatrics	Maternity Beds	Nursery/New born	Total
No. beds	0	0	20	5	25

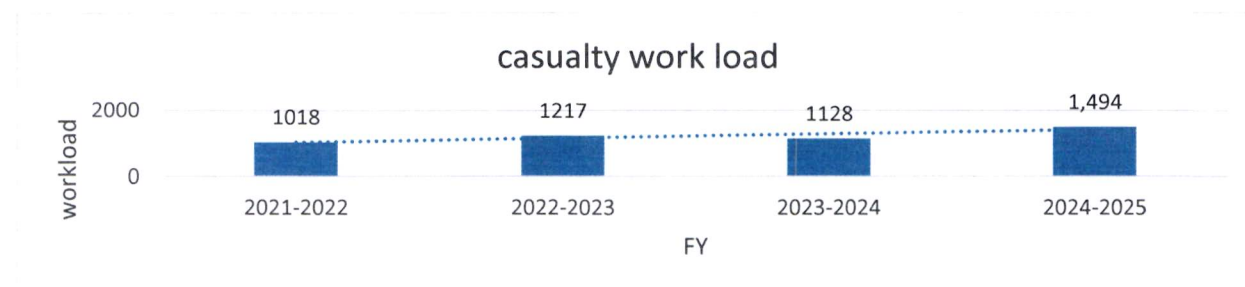
**OPD workload (F/Y'S 2021-2022, 2022-2023, 2023-2024, 2024-2025)**



The work load for FY 2024-2025 slightly dropped, this was due to introduction of SHA, level 4 hospitals were not offering primary health care services, however level 4 hospitals signed a contract with SHA to offer primary health care services and a rise of patients has since been noted.

**Casualty workload (F/Y'S 2021-2022, 2022-2023, 2023-2024, 2024-2025)**

A total of 1494 patients attended the casualty department for accident, emergency and injury related issues as compared to the previous years

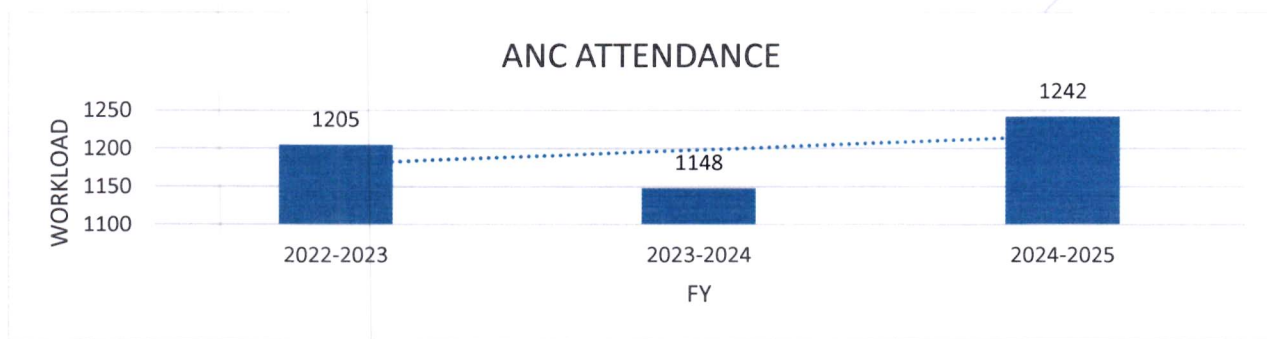


**MOPC, specialised clinic, workload (F/Y'S 2021-2022, 2022-2023, 2023-2024, 2024-2025)**

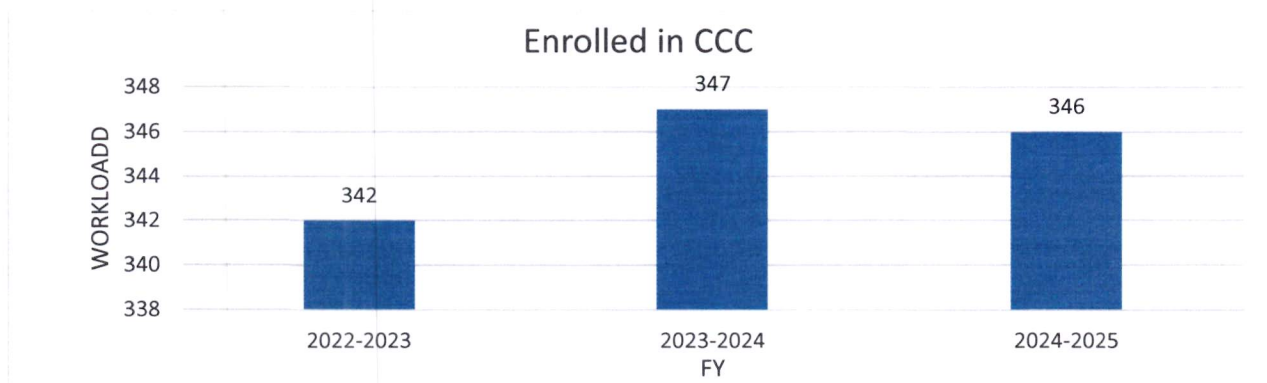
A total of 6,377 patients attended medical out-patient clinic for chronic illnesses treatment and monitoring, this include diabetes and hypertension.



**Ante natal care clinic workload (F/Y'S 2022-2023, 2023-2024, 2024-2025)**



**Comprehensive care clinic workload (F/Y'S 2022-2023, 2023-2024, 2024-2025)**



The hospital's average length of stay for maternity was 3 days while the bed occupancy rate was 9% with 0% mortality rate. The hospital lacks a theatre and needy cases are referred to Makueni County referral hospital

***Mukuyuni level 4 Hospital (Makueni County Government)***  
***Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025***

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The operations of the facility are majorly funded by the County government and hospital FIF, the facility is also supported by CIHEB organization with 3 technical staff, mentorship and training on HIV, TB care and treatment.

***Financial performance that includes:***

**The main revenue streams available to the hospital include;**

- County government recurrent allocation
- In Kind Contributions
- Facility improvement fund (FIF)
- NHIF/SHA reimbursement

The table below shows the performance of the various sources of revenue and utilization for the last three years

<b>REVENUE STREAMS</b>	<b>FY 2022/2023</b>	<b>FY 2023/2024</b>	<b>FY 2024/2025</b>
<b>County Transfers</b>	2,537,000	3,300,000	2,000,000
<b>In Kind Contributions</b>	4,474,543	5,485,083	26,523,453
<b>FIF</b>	1,365,000	7,626,312	3,195,095
<b>NHIF/SHA</b>	4,231,970	5,874,783	3,121,326
<b>GRAND TOTAL</b>	<b>12,608,513</b>	<b>22,286,178</b>	<b>34,878,874</b>

The hospital revenues have been on an upward trajectory since the upgrade to a level 4 hospital. We have witnessed an increase in both FIF collection and insurance claims reimbursements. There is however a big room for improvement with the right effort and commitment towards revenue generation.

## **10. Environmental and Sustainability Reporting**

Mukuyuni sub county hospital exists to save and transform lives, this is what guides us to deliver our mandate, putting the client/Citizen first, delivering health services, and improving operational excellence. While delivering our mandate we focus the hospital's impact on the environment, including energy consumption, water usage, waste management, emissions, we also examine the hospital's impact on its community, including patient safety, employee well-being, and community engagement and addresses the hospital's leadership, ethics, and transparency in decision-making processes. Below is an outline of the organisation's policies and activities that promote sustainability.

### ***i) Sustainability strategy and profile***

Global political and macroeconomic trends significantly impact sustainability priorities, creating both challenges and opportunities. Key factors include transition to a low-carbon economy, the need for renewed commitments to gender equality and social protection, and the interconnectedness of environmental, social, and economic systems. Additionally, geopolitical instability, economic shocks, and the pursuit of sustainable development goals all play a role in shaping sustainability efforts. In order to deliver on its priorities, Mukuyuni sub-county hospital takes a sustainable, long-term approach to business, putting patients at the heart of its operations and delivering consistently high-quality healthcare services. The Hospital upholds the highest standards of clinical governance and ethical behaviour across its platforms, invests significant time and resources in recruiting and retaining skilled staff, makes considerable investment into its facilities and equipment and respects the communities and environment in the areas in which it operates. The facility has 47 staff, hospital, partner and county employed, the two-thirds gender rule was achieved during the reporting period, as enshrined in Article 27(8) of the Constitution. The facility has a service charter which is strategically displayed and conflict resolution mechanism in place. Procurement of hospital supplies is through prequalified suppliers like KEMSA and MEDS, competitive bidding and supplier frameworks, whereby youth, women and PWDs are prioritized.

### ***ii) Environmental performance***

The hospital waste management involves the safe and environmentally sound handling of all waste generated within the facility. This includes segregating waste, collecting it, transporting it, treating it, and ultimately disposing, while prioritizing public health and environmental protection to prevent

disease transmission, protect healthcare workers and the public, and minimize environmental pollution, however, there is need for construction of a new incinerator.

***iii) Employee welfare***

Mukuyuni sub county hospital ensures that all staff are facilitated to attend trainings made to enhance their skills. All employee emoluments are also paid on time. The county trains and supports both short term and long term courses. A performance appraisal system is in place, this helps identify staff achievements and weaknesses for improvement. The hospital management supports holistic approach to employee well-being, including physical, mental, social, and financial aspects. The facility ensures adequate supply of PPEs and sanitation supplies to minimize exposure to hospital acquired infections.

***iv) Market place practices-***

***a) Responsible competition practice.***

Procurement of hospital supplies is through prequalified suppliers like KEMSA and MEDS, competitive bidding and supplier frameworks, whereby youth, women and PWDs are prioritized. All tenders are awarded competitively where every bidder is given a fair chance through a transparent process as prescribed in the procurement and disposal Act.

***b) Responsible Supply chain and supplier relations***

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

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

The main avenues for communication are through stakeholder forums and local advertisements through the hospital notice board which is accessible to the public at all times.

**d) *Product stewardship or awareness creation***

The Hospital's Service Charter has been cascaded to all staff and displayed at strategic locations, is monitored on a regular basis. The Charter stipulates the service delivery timelines, commitments and expectations of the hospitals clients. Hospitals utilize various complaint resolution mechanisms to address patient concerns and improve service quality. These mechanisms involve receiving online and complains from suggestion box, investigating, and responding to complaints, often with the goal of preventing future issues. Hospital data is protected through storage under key and lock, barring access to unauthorized individuals and security passwords, these measures aim to safeguard patient privacy and prevent unauthorized access, use, or disclosure of sensitive health information. Adequate hospital service information has been given to regulating, training and insurance entities, this includes details about the facility's location, ownership, services offered, and staffing, as well as proof of relevant licenses and staff qualifications.

**v) *Corporate Social Responsibility / Community Engagements***

Mukuyuni Sub County has made a concerted effort to operate in ways that enhance society and environment through inclusive healthcare inspired towards fulfilling public healthcare needs. We focus on bringing quality healthcare within the reach of all people regardless of their geographic location or economic status. Our Corporate Social Responsibility initiatives express our commitment and concern to the welfare of our employees and the patients we serve. These initiatives focus on community development and health, human rights, empowering people through education and dissemination of information in schools, Barazas, churches and other community forums. The hospital is linked to one community unit which play a vital role in delivering primary healthcare services at the grassroots level. It act as the first point of contact for communities, linking them to the formal health system. The unit is typically comprised Community Health Promoters who are members of the community, and a community Health assistant, all working within a defined geographical area.

The hospital's management participated in the ward development forum during County budget preparation, the hospital staff in conjunction with Kaiti youth forum had tree planting and cleaning exercise in the facility during the year under review.

## **11. Report of The Board of Management**

The Board members shall submit their report alongside the Audited Financial Statements for the year ended June 30, 2025, reflecting the financial position and overall affairs of the hospital.

### **Principal activities**

The principal activities of the entity are to promote and participate in the provision of integrated and efficacious promotive, preventive, curative and rehabilitative health care services to all citizens.

### **Results**

The results of the entity for the year ended 30<sup>th</sup> June 2025 are set out on pages 1 to 46

### **Board of Management**

The members of the Board who served during the year are shown on page (vii-viii). During the year, no director(s) retired/ resigned, and 6 director (s) was appointed with effect from 13<sup>th</sup> September 2024.

### **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



SIGNATURE.....

**Name M. Solomon Mutiso**

**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 that entity, which give a true and fair view of the state of affairs of the entity at the end of the financial year/period and the operating results of the entity for that year/period. The Board of Management is also required to ensure that the entity keeps proper accounting records which disclose with reasonable accuracy the financial position of the entity. The council members are also responsible for safeguarding the assets of the entity.

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

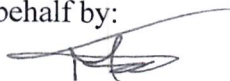
The Board of Management accepts responsibility for the entity’s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner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

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

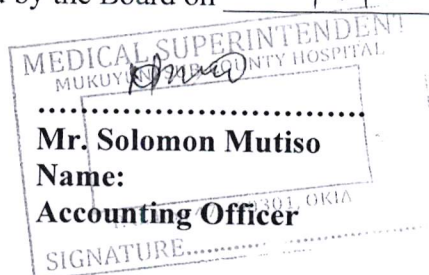
Approval of the financial statements

### Approval of the financial statements

The Hospital’s financial statements were approved by the Board on 21/11/2025 and signed on its behalf by:



.....  
**Mr. Samuel Mambo**  
**Name:**  
**Chairperson**  
**Board of Management**



# REPUBLIC OF KENYA

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NAIROBI

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

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### 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 Mukuyuni 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,

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

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

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

### **Basis for Qualified Opinion**

#### **1. Unconfirmed Value of Assets and Ownership**

The statement of financial position reflects a balance of Kshs.2,186,735 in respect to property, plant and equipment as disclosed in Note 32 to the financial statements. However, review of records revealed the following;

- i. Property, plant and equipment balance of Kshs.2,186,735 excludes the value of a parcel of land measuring approximately one acre on which the Hospital stands. Further, ownership documents for the parcel of land were not provided for audit review.
- ii. Included in the balance is the cost of buildings and civil works balance of Kshs.1,697,031. However, physical inspection revealed that eight (8) blocks of buildings included in the financial statements at a cost of Kshs.349,700 were not included in the assets register.
- iii. The assets register provided for audit review was not updated to include additional assets like a toilet block constructed for the Hospital by the County Government during the year under review which was in use.
- iv. The assets register lacked essential details such as individual assets per category, initial cost or fair value of each asset, additional assets acquired during the year, provision for recording assets disposed during the year, accumulated depreciation, depreciation charged on individual assets during the year and asset location.
- v. Note 32 to the financial statements reflects Kshs.162,550 in respect to depreciation charge for the year. However, there was no disclosure Note in the financial statements for the applicable rates of depreciation per category/class of assets.

In the circumstances, the accuracy, completeness and ownership of property, plant and equipment balance of Kshs.2,186,735 could not be confirmed.

#### **2. Long Outstanding Trade Receivables**

The statement of financial position reflects a balance of Kshs.4,663,593 in respect to receivables from exchange transactions which, as disclosed in Note 29 to the financial

statements include a balance of Kshs.3,222,920 which had remained outstanding for over one (1) year. Although Management explained that the receivables were owing from the defunct National Hospital Insurance Fund and that follow up with Social Health Authority (SHA) to recover the debts is underway, the claims had not been paid.

In the circumstances, the accuracy and recoverability of receivables from exchange transactions amounting to Kshs.3,222,920 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Mukuyuni Level 4 Hospital - County Government of Kitui 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**

#### **1. Long Outstanding Trade and Other Payables**

The statement of financial position and as disclosed in Note 36 to the financial statements reflect trade and other payables balance of Kshs.3,279,808. Included in the balance is Kshs.1,345,375 relating to unpaid invoices dating back to December, 2023. This is contrary to Regulation 41(2) of the Public Finance Management (County Governments) Regulations, 2015 that require debt service payments to be a first charge on the County Revenue Fund to ensure that the entity does not default on debt obligations.

Further, the approved budget provided did not include a budget for payment of trade and other payables during the financial year under review. It was not clear how Management intended to fund the payment of trade and other payables.

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

#### **2. Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.12,241,905 and Kshs.7,352,618 respectively resulting to under-funding of Kshs.4,889,297 or approximately 40% of the budget.

The under-funding affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of these matters.

### **Key Audit Matters**

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

## **Other Matter**

### **Unresolved Prior Year Audit Matters**

In the prior years' audit report, the issue of unfair representation of one ethnic community was raised under the Report on Lawfulness and Effectiveness in Use of Public Resources, the matter remained unresolved.

### **Other Information**

The Management is responsible for the Other Information set out on pages iii to xxvii 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. Irregular Engagement of Casuals**

The statement of financial performance and as disclosed in Note 16 to the financial statements reflect Kshs.25,624,492 for employee costs which include Kshs.2,562,970 paid to casual workers engaged by the Hospital Management during the year under review. However, seventeen (17) casuals were engaged continuously throughout the year contrary to Section B.16 (1) of the County Public Service Human Resource Manual, 2013 which states that casual workers shall be engaged only on urgent short-term tasks with

the approval of the County Public Service Board. Casual workers shall not be engaged for more than three months, as stipulated in the Employment Act, 2007. Although Management attributed the continuous engagement of casuals to shortage of critical staff which affected service delivery within essential departments, this was contrary to law.

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

## 2. Understaffing at the Hospital

Review of the staff establishment and payroll records revealed that the Hospital had sixty-eight (68) employees against a staff establishment of one hundred and eighty-three (183) resulting in a deficit of one hundred and fifteen (115) personnel. Although Management explained that a request had been made to the Chief Officer Health Human Resource Management and Administration requesting for more staffing to bridge the gap, no positive response had been received to ensure the Hospital engages adequate staff, being a major factor in ensuring effective service delivery.

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

## 3. 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 October, 2025 revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to staff deficits by ninety-two (92) or approximately 91% of the authorized establishment. Further, key position of anesthesiologists, general surgeons, gynecologists and radiologists were yet to be filled as shown below;

Staffing Requirement	Minimum Required	Actual/ Comment	Deficit	Variance Percentage (%)
Medical Officers	16	0	16	100
Anesthesiologists	2	0	2	100
General Surgeons	2	0	2	100
Gynecologists	2	0	2	100
Pediatricians	2	0	2	100
Radiologists	2	0	2	100
Registered Community Health Nurses	75	11	66	88
<b>Total</b>	<b>101</b>	<b>11</b>	<b>92</b>	<b>91</b>

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

Equipment/Machines	Minimum Required	Actual/ Comment	Deficit
Bed Capacity	150	20	130
Incubators (New-born)	5	0	5
Cots	5	2	3
Resuscitaire in Labour Ward	2	0	2

<b>Equipment/Machines</b>	<b>Minimum Required</b>	<b>Actual/ Comment</b>	<b>Deficit</b>
Functional ICU Beds	6	0	6
HDU Beds	6	0	6
Renal Unit with Dialysis Machines	5	0	5
Functional Operating Theatres Maternity and General	2	0	2

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

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

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

### Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, 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. Non-Segregation of Duties in Revenue Collection

The statement of financial performance reflects Kshs.3,195,095 in respect to rendering of services - medical services income as disclosed in Note 11 to the financial statements. However, there was no segregation of duties in the revenue collection section. Discussions with Management revealed that the person who does the billings is the same person who receives revenue and issue receipts. This is contrary to Regulation 63(1a) of the Public Finance Management (County Governments) Regulation, 2015.

In the circumstances, existence of internal controls in revenue collection could not be confirmed.

#### 2. Lack of Risk Management Policy and Disaster Recovery Plan

The Hospital Management had not put in place a Risk Management Policy, strategies and risk register to mitigate against risk. It was therefore not clear how risk exposure was

managed. This is contrary to Regulation 158(1)(a) and (b) of the Public Finance Management (County Governments) Regulations, 2015. Further, the Hospital did not have Disaster Recovery and Business Continuity Plans required for identifying, preventing, mitigating against disasters and ensuring that its operations are not interrupted.

In the circumstances, Management's preparedness towards responding to risks could not be confirmed.

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

### **Responsibilities of Management and the Board of Management**

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

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

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

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

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

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

and risk management and ensuring the adequacy and effectiveness of the control environment.

### **Auditor-General's Responsibilities for the Audit**

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

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

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

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

  
FCPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

**Nairobi**

**28 November, 2025**

*Mukuyuni level 4 Hospital (Makueni County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

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

Description	Note	2024/2025FY	2023/2024 FY
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from the County Government	6	2,000,000	3,300,000
In- kind contributions from the County Government	7	27,276,635	5,485,083
Grants from donors and development partners	8	-	-
Transfers from other Government entities	9	-	-
Public contributions and donations	10	-	-
		<b>29,276,635</b>	<b>8,785,083</b>
<b>Revenue from exchange transactions</b>			
Rendering of services- Medical Service Income	11	3,195,095	7,626,312
Revenue from rent of facilities	12	-	-
Finance /Interest Income	13	-	-
Miscellaneous Income	14	3,160,326	5,874,783
		<b>6,355,421</b>	<b>13,501,095</b>
<b>Total revenue</b>		<b>35,632,056</b>	<b>22,286,178</b>
<b>Expenses</b>			
Medical/Clinical costs	15	6,648,285	4,375,860
Employee costs	16	25,624,492	2,835,262
Board of Management Expenses	17	120,000	129,500
Depreciation and amortization expense	18	181,125	226,562
Repairs and maintenance	19	254,499	323,500
Grants and subsidies	20	-	-
General expenses	21	2,104,027	3,449,566
Finance costs	22	-	-
In Kind Contribution Expenses	7	-	5,485,083
		<b>34,932,428</b>	<b>16,825,334</b>
<b>Total expenses</b>			
<b>Other gains/(losses)</b>			

**Mukuyuni level 4 Hospital (Makueni County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

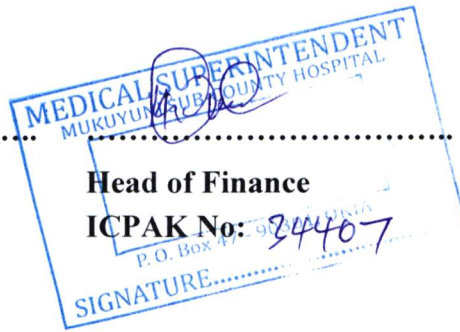
Description	Note	2024/2025FY	2023/2024 FY
		Kshs	Kshs
Gain/Loss on disposal of non-Current assets	23	-	-
Unrealized gain on fair value of investments	24	-	-
Medical services contracts Gains/Losses	25	(51,780)	(5,555,845)
Impairment loss	26	-	-
Gain on foreign exchange transactions		-	-
<b>Total other gains/(losses)</b>		-	-
<b>Net Surplus / (Deficit) for the year</b>		<b>647,847</b>	<b>(95,001)</b>

*(The notes set out on pages 10 to 46 form an integral part of the Annual Financial Statements.)*

The Hospital's financial statements were approved by the Board on 21/11/2025 and signed on its behalf by:



**Chairman**  
**Board of Management**



**Head of Finance**  
**ICPAK No: 34407**  
 P.O. Box 92700 NAKURU  
 SIGNATURE.....



**Medical Superintendent**

**15. Statement of Financial Position As At 30<sup>th</sup> June 2025**

Description	Note	2024/20205FY	2023/2024 FY
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	27	1,433,824	897,790
Prepayments	28	-	-
Receivables from exchange transactions	29	4,663,593	3,712,570
Receivables from non-exchange transactions	30	-	-
Inventories	31	254,023	1,397,776
<b>Total Current Assets</b>		<b>6,351,440</b>	<b>6,008,136</b>
<b>Non-current assets</b>			
Property, plant, and equipment	32	2,186,735	1,596,142
Intangible assets	33	27,864	46,400
Investment property	34	-	-
Biological Assets	35	-	-
<b>Total Non-current Assets</b>		<b>2,214,599</b>	<b>1,642,542</b>
<b>Total assets (A)</b>		<b>8,566,038</b>	<b>7,650,678</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	36	3,279,808	3,012,295
Refundable deposits from Patients/Prepayments	37	-	-
Provisions	38	-	-
Finance lease obligation	39	-	-
Current portion of deferred income	40	-	-
Current portion of borrowings	41	-	-
<b>Total Current Liabilities</b>		<b>3,279,808</b>	<b>3,012,295</b>
<b>Non-current liabilities</b>			
Provisions	38	-	-
Non-Current Finance lease obligation	39	-	-
Non-Current portion of deferred income	40	-	-
Non - Current portion of borrowings	41	-	-

**Mukuyuni level 4 Hospital (Makueni County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

Description	Note	2024/20205FY	2023/2024 FY
		Kshs	Kshs
Service concession Arrangements	42	-	-
<b>Total non-current liabilities</b>		-	-
<b>Total Liabilities (B)</b>		<b>3,279,808</b>	3,012,295
<b>Net assets (A-B)</b>		<b>5,286,230</b>	<b>4,638,383</b>
<b>Represented by:</b>			
Revaluation reserve		-	-
Accumulated surplus/Deficit		552,846	(95,001)
Capital Fund		4,733,384	4,733,384
<b>Net Assets</b>		<b>5,286,230</b>	<b>4,638,383</b>

(The notes on pages 10 to 46 form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were approved by the Board on 21/11/25 and signed on its behalf by:



**Chairman**  
**Board of Management**

  
  
**Head of Finance**  
**ICPAK No: 34407**  



**Medical Superintendent**

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

	<b>Revaluation reserve</b>	<b>Accumulated surplus/Deficit</b>	<b>Capital Fund</b>	<b>Total</b>
<b>As at July 1, 2023 (previous year)</b>	-	-	-	-
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	(95,001)		(95,001)
Capital/Development grants	-	-	4,733,384	4,733,384
<b>As at June 30, 2024 (previous year)</b>	-	<b>(95,001)</b>	<b>4,733,384</b>	<b>4,638,383</b>
<b>At July 1, 2024 (current year)</b>	-	(95,001)	4,733,384	4,638,383
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	647,847	-	647,847
Capital/Development grants	-	-	-	-
<b>At June 30, 2025 (current year)</b>	-	<b>552,846</b>	<b>4,733,384</b>	<b>5,286,230</b>

**Mukuyuni level 4 Hospital (Makueni County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

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

Description	Note	2024/2025 FY	2023/2024 FY
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from the County Government		2,000,000	3,300,000
Grants from donors and development partners		-	-
Transfers from other Government entities		-	-
Public contributions and donations		-	-
Rendering of services- Medical Service Income		3,143,315	2,169,467
Revenue from rent of facilities		-	-
Finance / interest income		-	-
Miscellaneous receipts( <i>specify</i> )		2,209,303	5,775,783
<b>Total Receipts</b>		<b>7,352,618</b>	<b>14,734,853</b>
<b>Payments</b>		-	-
Medical/Clinical costs		1,462,084	4,375,860
Employee costs		2,694,070	2835,262
Board of Management Expenses		120,000	129,500
Repairs and maintenance		225,499	323,500
Grants and subsidies			-
General expenses		2,314,931	3,449,566
Finance costs			-
Refunds paid out		-	-
<b>Total Payments</b>		<b>6,816,584</b>	<b>11,113,689</b>
<b>Net cash flows from operating activities</b>	43	<b>536,034</b>	<b>(568,714)</b>
<b>Cash flows from investing activities</b>		-	-
Purchase of property, plant, equipment		-	-
Purchase of intangible assets		-	-
Proceeds from the sale of PPE		-	-
Acquisition of investments		-	-
<b>Net cash flows used in investing activities</b>		-	-
<b>Cash flows from financing activities</b>		-	-
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Capital grants received		-	-

*Mukuyuni level 4 Hospital (Makueni County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

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<b>Net cash flows used in financing activities</b>			-
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>536,034</b>	<b>(568,714)</b>
Cash and cash equivalents as at 1 July	27	897,790	1,466,504
<b>Cash and cash equivalents as at 30 June</b>	27	<b>1,433,824</b>	<b>897,790</b>

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	-	-	-	-	-	%
<b>Receipts</b>						
Transfers from the County Government	6,220,330	-	6,220,330	2,000,000	4,220,330	32%
Grants from donors and development partners	-	-	-	-	-	%
Transfers from other Government entities	-	-	-	-	-	%
Public contributions and donations	-	-	-	-	-	%
Rendering of services- Medical Service Income	2,466,685	-	2,466,685	3,143,315	(676,630)	127%
Revenue from rent of facilities	-	-	-	-	-	%
Finance / interest income	-	-	-	-	-	%
Miscellaneous receipts ( <i>specify</i> )	3,554,890	-	3,554,890	2,209,303	1,345,587	62%
<b>Total receipts</b>	<b>12,241,905</b>	<b>-</b>	<b>12,241,905</b>	<b>7,352,618</b>	<b>4,889,287</b>	<b>60%</b>
<b>Payments</b>						
Medical/Clinical costs	6,256,150	(1,070,895)	5,185,225	1,462,084	3,723,141	28%
Employee costs	3,202,791	-	3,202,791	2,694,070	508,721	84%
Remuneration of directors	120,000	-	120,000	120,000	-	100%
Repairs and maintenance	490,000	-	490,000	225,499	264,501	75%
Grants and subsidies	-	-	-	-	-	-
General expenses	4,473,859	(1,400,000)	3,073,859	2,314,931	758,928	56%
Finance costs	-	-	-	-	-	-
Refunds	-	-	-	-	-	-
<b>Total Operational Expenditure paid</b>	<b>14,542,800</b>	<b>(2,470,895)</b>	<b>12,071,905</b>	<b>6,816,584</b>	<b>4,987,808</b>	<b>56</b>
<b>Capital Expenditure paid</b>	<b>625,000</b>	<b>(455,000)</b>	<b>170,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Surplus</b>	<b>(2,925,896)</b>	<b>(2,925,895)</b>	<b>-</b>	<b>536,034</b>	<b>-</b>	<b>-</b>

**Budget notes:**

1. The Department of health was not able to transfer to the Health facility the budgeted funds as a result of budget cuts.
2. Increased workload within the financial year resulted in an increase in the FIF collections for the year surpassing the projected annual collection by 29%
3. Delayed disbursement by NHIF and SHA saw the facility fail to meet its target by 39%. Out of the 3,121,326 that was claimed within the year, the facility was only reimbursed 2,170,303. In total 4,663,593 remains outstanding.
4. As a result of the declined revenue, the facility down scaled the budget by 2,470,895. Budget collections hinder the full utilization of the expenditure budget. The facility had planned to spend KES 12,071,905. Only 56% of this budget was actualised with the reminder 44% remaining pending.

**Budget Reconciliation**

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	536,034
1	Opening Cash and Bank Balances	897,790
	Closing Cash and Cash Equivalent as per the statement of Cash flows	<b>1,433,824</b>

## **19. Notes to the Financial Statements**

### **1. General Information**

Mukuyuni Sub County Hospital is established by and derives its authority and accountability from the Health Act, 2017 that governs the overall health system, including the establishment and regulation of public health facilities, the County Governments Act, 2012 and the Medical Practitioners and Dentists Act 2019. The entity is wholly owned by the Makueni County Government and is domiciled in Makueni County in Kenya. The entity's principal activity is to promote and participate in the provision of intergraded and efficacious promotive, preventive, curative and rehabilitative health care services to all citizens.

### **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. There were no areas involving a higher degree of judgment or complexity, or assumptions and estimates significant to the financial statements. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *entity*. The financial statements have been prepared in accordance with the PFM Act, and and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

**3. Adoption of New and Revised Standards**

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

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

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

<b>Standard</b>	<b>Effective date and impact:</b>
IPSAS 43	<p><i>Applicable 1<sup>st</sup> 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 recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
IPSAS 45- Property Plant and Equipment	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the</p>

***Mukuyuni level 4 Hospital (Makueni County Government)***  
***Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025***

Standard	Effective date and impact:
	<p>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><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
<p>IPSAS 47- Revenue</p>	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></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><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard</p>

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

***iii) Early adoption of standards***

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

**4. Summary of Significant Accounting Policies**

**a. Revenue recognition**

**i) Revenue from non-exchange transactions**

**Transfers from other Government entities**

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

**ii) Revenue from exchange transactions**

**Rendering of services**

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

**Sale of goods**

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

**Interest income**

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

**Rental income**

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

*Notes to the Financial Statements (Continued)*

**b. Budget information**

The original budget for FY 2024/2025 was approved by Board on *12<sup>th</sup> 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 5 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.

**Disclosures of unrecognised assets – Land and Buildings**

The hospital utilises land and building in its operations which are currently not recognised in the financial statements due to the absence of formal valuation and /or legal ownership documentation.

- Land:

The hospital is occupied on a one-acre piece of land for its operations. However, the land has not been valued and legal ownership documents are not available for reference.

As such the land is not recognised under property, plant and equipment in the statement

of financial position. The hospital is working with the relevant county authorities to facilitate issue of the facility title deed and valuation of the land.

- Hospital building:

The hospital operates from permanent buildings that are in active use. These buildings have not been valued and no reliable historical costs or fair value data is available. These assets have not been recognised in the statement of financial position. The hospital has initiated efforts to obtain formal valuation in order to comply with applicable asset recognition requirements.

- Hospital Generator:

The facility has a generator that serves as a backup power supply for the facility. Documents ascertaining the historical cost of the plant are not available and the plant has not been valued to assert its fair value. This has not been recognised in the statement of financial position. However, the facility is working towards getting a valuation of the asset.

**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 cash flows 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. No critical estimates and significant judgments have been made by management in determining the expected credit loss (ECL).

## **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. (*Entity to state the reserves maintained and appropriate policies adopted.*)

**q. Changes in accounting policies and estimates**

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

*Notes to the Financial Statements (Continued)*

**r. Employee benefits**

**Retirement benefit plans**

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

**s. Foreign currency transactions**

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

**t. Borrowing costs**

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

**u. Related parties**

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

**v. Service concession arrangements**

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

**w. Cash and cash equivalents**

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

**x. Comparative figures**

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

**y. Subsequent events**

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

## **5. Significant Judgments and Sources of Estimation Uncertainty**

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

### **Estimates and assumptions.**

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

### **Useful lives and residual values**

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

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

### **Provisions**

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

Notes to Financial Statements Continued

6. Transfers from the County Government

Description	2024/2025F	2023/2024
	Y	FY
	KShs	KShs
<b>Unconditional grants</b>		
Operational grant	2,000,000	3,300,000
Level 4/5 grants	-	-
Unconditional development grants	-	-
Other grants ( <i>specify</i> )	-	-
	-	
<b>Conditional grants</b>	-	
User fee forgone	-	-
Transforming health services for Universal care project (THUCP)	-	-
DANIDA	-	-
Wards Development grant	-	-
Paediatric block grant	-	-
Administration block grant	-	-
Laboratory grant	-	-
<b>Total government grants and subsidies</b>	<b>2,000,000</b>	<b>3,300,000</b>

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	Comparative Period
			KShs	KShs	KShs
Makueni County Government	2,000,000	-	-	2,000,000	3,300,00
<b>Total</b>	<b>2,000,000</b>	<b>-</b>	<b>-</b>	<b>2,000,000</b>	<b>3,300,000</b>

**Notes to Financial Statements Continued**

**7. In Kind Contributions from The County Government**

Description	2024/20205FY	2023/2024 FY
	KShs	KShs
Salaries and wages	23,019,571	1,995,480
Medical supplies-Drawings Rights (KEMSA)	3,242,356	3,489,603
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	-	-
Utility bills	261,575	-
Asset Donations ( <i>construction of Facility Toilet</i> )	753,182	
<b>Total grants in kind</b>	<b>27,276,635</b>	<b>5,485,083</b>

**8. Grants from Donors and Development Partners**

Description	2024/20205FY	2023/2024 FY
	KShs	KShs
Cancer Centre grant- DANIDA	-	-
World Bank grants	-	-
Paediatric ward grant- JICA	-	-
Research grants	-	-
Other grants ( <i>specify</i> )	-	-
<b>Total grants from development partners</b>	<b>-</b>	<b>-</b>

**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	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Notes to Financial Statements Continued**

**9. Transfers From Other Government Entities**

Description	2024/20205FY	2023/2024 FY
	KShs	KShs
Transfer from National Government (Ministry of Health)	-	-
Transfer from Makueni Referral Hospital	-	-
Transfer from County Government	-	-
<b>Total Transfers</b>	-	-

**10. Public Contributions and Donations**

Description	2024/20205F	2023/2024
	Y	FY
	KShs	KShs
Public donations	-	-
Donations from local leadership	-	-
Donations from religious institutions	-	-
Donations from other international organisations and individuals	-	-
Other donations( <i>specify</i> )	-	-
Donations in kind-amortised	-	-
<b>Total donations and sponsorships</b>	-	-

**10 (a)Reconciliations of amortised grants**

Description	2024/20205FY	2023/2024 FY
	Kshs	Kshs
<b>Balance unspent at beginning of year</b>	-	-
Current year receipts	-	-
Amortised and transferred to revenue	-	-
<b>Conditions to be met – remain liabilities</b>	-	-

**Notes to Financial Statements Continued**

**11. Rendering of Services-Medical Service Income**

<b>Description</b>	<b>2024/20205FY</b>	<b>2023/2024 FY</b>
	<b>Kshs</b>	<b>Kshs</b>
Pharmaceuticals	1,048,450	2,955,758
Non-Pharmaceuticals	-	-
Laboratory	669,670	1,455,079
Radiology	-	-
Orthopedic and Trauma Technology	-	-
Theatre	-	-
Accident and Emergency Service	-	-
Anesthesia Service	-	-
Physiotherapy	339,175	707,249
Nutrition service	-	-
Outpatient	746,600	1,462,537
Dental services	-	-
Reproductive health	-	-
Paediatrics services	-	-
Farewell home services	391,200	578,800
Ambulance services	-	-
Other medical services income ( <i>specify</i> )	-	466,889
<b>Total revenue from the rendering of services</b>	<b>3,195,095</b>	<b>7,626,312</b>

Notes to the Financial Statements (Continued)

12. Revenue From Rent of Facilities

Description	2024/20205FY	2023/2024 FY
	Kshs	Kshs
Residential property	-	-
Commercial property	-	-
<b>Total Revenue from rent of facilities</b>	-	-

13. Finance /Interest Income

Description	2024/20205FY	2023/2024 FY
	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	-	-
<b>Total finance income</b>	-	-

14. Miscellaneous Income

Description	2024/20205FY	2023/2024 FY
	KShs	KShs
Insurance recoveries	3,121,326	5,775,783
Income from sale of tender	-	-
UHC Registration Cards	39,000	99,000
Sale of goods (water, publications, containers etc)	-	-
Write backs (Deposits, payments in advance etc)	-	-
Bad debts recovered	-	-
<i>Others (Specify)</i>	-	-
<b>Total Miscellaneous income</b>	<b>3,160,326</b>	<b>5,874,783</b>

**Notes to the Financial Statements (Continued)**

**15. Medical/ Clinical Costs**

Description	2024/20205FY	2023/2024 FY
	Kshs	Kshs
Dental costs/ materials	19,000	186,043
Laboratory chemicals and reagents	519,246	324,500
Public health activities	-	-
Food and Ration	1,829,297	1,801,683
Uniform, clothing, and linen	-	-
Dressing and Non-Pharmaceuticals	576,589	1,104,397
Pharmaceutical supplies	3,704,153	107,250
Health information stationery	-	-
Reproductive health materials	-	-
Sanitary and cleansing Materials	-	851,988
Purchase of Medical gases	-	-
X-Ray/Radiology supplies	-	-
Other medical related clinical costs ( <i>specify</i> )	-	-
<b>Total medical/ clinical costs</b>	<b>6,648,285</b>	<b>4,375,860</b>

**16. Employee Costs**

Description	2024/20205FY	2023/2024 FY
	Kshs	Kshs
Salaries, wages, and allowances	25,582,492	2,595,462
Contributions to pension schemes	-	-
Service gratuity	-	-
Performance and other bonuses	-	-
Staff medical expenses and Insurance cover	-	-
Group personal accident insurance and WIBA	-	-
Social contribution	-	-
Other employee costs ( <i>Locums</i> )	42,000	239,800
<b>Employee costs</b>	<b>25,624,492</b>	<b>2,835,262</b>

**Notes to the Financial Statements (Continued)**

**17. Board of Management Expenses**

<b>Description</b>	<b>2024/20205FY</b>	<b>2023/2024 FY</b>
	<b>Kshs</b>	<b>Kshs</b>
Chairman's Honoraria	-	-
Sitting allowance	120,000	129,500
Mileage	-	-
Insurance expenses	-	-
Induction and training	-	-
Travel and accommodation allowance	-	-
Airtime allowances	-	-
<b>Total</b>	<b>120,000</b>	<b>129,500</b>

**18. Depreciation and Amortization Expense**

<b>Description</b>	<b>2024/20205FY</b>	<b>2023/2024 FY</b>
	<b>Kshs</b>	<b>Kshs</b>
Property, plant and equipment	162,550	226,562
Intangible assets	18,575	-
Investment property carried at cost	-	-
<b>Total depreciation and amortization</b>	<b>181,125</b>	<b>226,562</b>

**19. Repairs And Maintenance**

<b>Description</b>	<b>2024/20205FY</b>	<b>2023/2024 FY</b>
	<b>Kshs</b>	<b>Kshs</b>
Property- Buildings	137,339	115,765
Medical equipment	117,160	-
Office equipment	-	-
Furniture and fittings	-	19,778
Computers and accessories	-	60,000
Motor vehicle expenses	-	-
Maintenance of civil works	-	127,957
<b>Total repairs and maintenance</b>	<b>254,499</b>	<b>323,500</b>

**Notes to the Financial Statements (Continued)**

**20. Grants And Subsidies**

Description	2024/20205FY	2023/2024 FY
	Kshs	Kshs
Community development and social work	-	-
Education initiatives and programs	-	-
Free/ subsidised medical camp	-	-
Disability programs	-	-
Free cancer screening	-	-
Social benefit expenses	-	-
Other grants and subsidies( <i>specify</i> )	-	-
<b>Total grants and subsidies</b>	-	-

**21. General Expenses**

Description	2024/20205FY	2023/2024 FY
	Kshs	Kshs
Advertising and publicity expenses	-	-
Catering expenses	10,000	-
Waste management expenses	-	-
Insecticides and rodenticides	-	-
Audit fees	-	-
Bank charges	20,572	26,593
Conferences and delegations	-	-
Consultancy fees	-	-
Contracted services	-	-
Electricity expenses	261,576	35,000
Fuel and Lubricants	248,200	495,631
Other Fuels	331,900	209,748
Research and development expenses	-	-
Travel and accommodation allowance	553,480	1,110,000
General Office Expenses	-	1,249,243
Licenses and permits	-	-
Courier and postal services	-	-
Printing and stationery	414,299	82,350
Hire charges	-	-
Rent expenses	-	-
Water and sewerage costs	45,000	25,000
Skills development levies	-	-

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Description	2024/20205FY	2023/2024 FY
	Kshs	Kshs
Telephone and mobile phone services	171,000	168,000
Internet expenses	48,000	48,000
Staff training and development	-	-
Subscriptions to professional bodies	-	-
Subscriptions to newspapers periodical, magazines, and gazette notices	-	-
Library books/Materials	-	-
Parking charges	-	-
<b>Total General Expenses</b>	<b>2,104,027</b>	<b>3,449,566</b>

**22. Finance Costs**

Description	2024/20205FY	2023/2024 FY
	KShs	KShs
Borrowings (amortized cost) *	-	-
Finance leases (amortized cost)	-	-
Interest on Bank overdrafts/Guarantees	-	-
Interest on loans from commercial banks	-	-
<b>Total finance costs</b>	<b>-</b>	<b>-</b>

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

Description	2024/20205FY	2023/2024 FY
	KShs	KShs
Property, plant, and equipment	-	-
Intangible assets	-	-
Other assets not capitalised ( <i>specify</i> )	-	-
<b>Total gain on sale of assets</b>	<b>-</b>	<b>-</b>

**24. Unrealized Gain On Fair Value Investments**

Description	2024/20205FY	2023/2024 FY
	KShs	KShs
Investments at fair value	-	-
<b>Total gain</b>	<b>-</b>	<b>-</b>

**Notes to the Financial Statements (Continued)**

**25. Medical Services Contracts Gains /Losses**

Description	2024/20205FY	2023/2024 FY
	KShs	KShs
Comprehensive care contracts with NHIF/SHA	-	-
Non- Comprehensive contracts care with NHIF/SHA	-	-
Linda Mama Program	-	-
Waivers and Exemptions	(51,780)	(5,555,845)
<b>Total Gain/Loss</b>	<b>(51,780)</b>	<b>(5,555,845)</b>

**26. Impairment Loss**

Description	2024/20205FY	2023/2024 FY
	KShs	KShs
Property, plant, and equipment	-	-
Intangible assets	-	-
Investments	-	-
<b>Total impairment loss</b>	<b>-</b>	<b>-</b>

**27. Cash And Cash Equivalents**

Description	2024/20205FY	2023/2024 FY
	KShs	KShs
Current accounts	1,433,824	897,790
On - call deposits	-	-
Fixed deposits accounts	-	-
Cash in hand	-	-
Others( <i>specify</i> )- Mobile money	-	-
<b>Total cash and cash equivalents</b>	<b>1,433,824</b>	<b>897,790</b>

**Notes to the Financial Statements (Continued)**

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

Description		2024/20205FY	2023/2024 FY
Financial institution	Account number	KShs	KShs
<b>a) Current account</b>			
Kenya Commercial bank	1157840027	1,410,138	777,481
Kenya Commercial Bank	1110603444	23,686	120,309
<b>Sub- total</b>		<b>1,433,824</b>	<b>897,790</b>
<b>b) On - call deposits</b>			
Kenya Commercial bank		-	-
Equity Bank – etc		-	-
<b>Sub- total</b>		<b>-</b>	<b>-</b>
<b>c) Fixed deposits account</b>			
Bank Name		-	-
<b>Sub- total</b>		<b>-</b>	<b>-</b>
<b>d) Others(specify)</b>			
cash in hand		-	-
Mobile money- Mpesa, Airtel money		-	-
<b>Sub- total</b>		<b>-</b>	<b>-</b>
		-	-
<b>Grand total</b>		<b>1,433,825</b>	<b>897,790</b>

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

**28. Prepayments**

Description	2024/20205FY	2023/2024 FY
	Kshs	Kshs
Insurance	-	-
Rent	-	-
Water	-	-
Internet	-	-
Others specify	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

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**29. Receivables From Exchange Transactions**

Description	2024/20205FY	2023/2024 FY
	KShs	KShs
Medical services receivables	4,663,593	3,712,570
Rent receivables	-	-
Other exchange debtors	-	-
Less: impairment allowance	-	-
<b>Total receivables</b>	<b>4,663,593</b>	<b>3,712,570</b>

**Analysis of Receivables From Exchange Transactions**

Description	2024/20205FY		2023/2024 FY	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	1,440,673	31%	3,712,570	100%
Between 1- 2 years	3,222,920	69%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total (a+b)</b>	<b>4,663,593</b>	<b>100%</b>	<b>3,712,570</b>	<b>100%</b>

**30. Receivables From Non-Exchange Transactions**

Description	Insert Current FY	Insert Comparative FY
	KShs	KShs
Transfers from the County Government	-	-
Undisbursed donor funds	-	-
Other debtors ( <i>non-exchange transactions</i> )	-	-
Less: impairment allowance	-	-
<b>Total</b>	-	-

**Analysis of Receivables From Non-Exchange Transactions**

Description	2024/20205FY		2023/2024 FY	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	-	%	-	%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total (a+b)</b>	-	%	-	%

**31. Inventories**

Description	2024/20205FY	2023/2024 FY
	KShs	KShs
Pharmaceutical supplies	162,973	1,202,506
Maintenance supplies	-	-
Food supplies	-	-
Linen and clothing supplies	-	-
Cleaning materials supplies	-	-
General supplies	91,050	195,270
Less: provision for impairment of stocks	-	-
<b>Total</b>	<b>254,023</b>	<b>1,397,776</b>

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**Detailed disclosure on inventories**

	<b>2024/20205FY</b>	<b>2023/2024 FY</b>
Opening balance	1,397,776	-
Additional Inventory in the year	4,093,219	-
Inventory expensed in the year	5,236,972	-
Write-downs in the year	-	-
Others specify	-	-
Closing balance	<b>254,023</b>	<b>1,397,776</b>

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*Notes to the Financial Statements (Continued)*

**32. Property, Plant and Equipment**

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (specify)	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh	Ksh
<b>Cost</b>									
At 1 July 2023 (previous year)	-	943,849	-	928,930	464,350	-	-	-	2,337,129
Additions	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-	-	-	-
<b>At 30<sup>th</sup> June 2024</b>	-	943,849	-	928,930	464,350	-	-	-	2,337,129
	-	-	-	-	-	-	-	-	-
At 1 July 2024 (current year)	-	943,849	-	928,930	464,350	-	-	-	2,337,129
Additions	-	753,182	-	-	-	-	-	-	753,182
Disposals	-	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-	-
Revaluation Adjustments		-	-	-	-	-	-	-	-
<b>At 30<sup>th</sup> Jun 2025</b>	-	1,697,031	-	928,930	464,350	-	-	-	3,090,311
<b>Depreciation and impairment</b>									
At 1 July 2023 (previous year)	-	144,975	-	142,684	257,766	-	-	-	545,425

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Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (specify)	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh	Ksh
Depreciation for the year	-	63,910	-	62,900	68,793	-	-	-	195,603
Disposals	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-
<b>At 30 June 2024</b>	-	208,885	-	205,583	326,558	-	-	-	741,027
At 1 July 2024 (current year)	-	-	-	-	-	-	-	-	-
Depreciation	-	58,797	-	57,868	45,885	-	-	-	162,550
Disposals	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-	-	-	-	-
<b>At 30<sup>th</sup> June 2025</b>	-	267,682	-	263,452	372,444	-	-	-	903,578
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
<b>Net book values</b>	-	-	-	-	-	-	-	-	-
At 30 <sup>th</sup> Jun 2024 (previous)	-	734,964	-	723,346	137,792	-	-	-	1,596,102
At 30 <sup>th</sup> Jun 2025 (current)	-	1,429,349	-	665,479	91,907	-	-	-	2,186,735

Notes to the Financial Statements (Continued)

**33. Intangible Assets-Software**

Description	2024/20205FY	2023/2024 FY
	KShs	KShs
<b>Cost</b>	-	-
<b>At beginning of the year</b>	<b>46,400</b>	<b>77,400</b>
Additions	-	-
Additions–Internal development	-	-
Disposal	-	-
<b>At end of the year</b>	<b>46,400</b>	<b>77,400</b>
	-	
<b>Amortization and impairment</b>	-	-
<b>At beginning of the year</b>	-	-
Amortization for the period	<b>18,575</b>	30,960
Impairment loss	-	-
<b>At end of the year</b>	-	-
<b>NBV</b>	<b>27,865</b>	<b>46,400</b>

**34. Investment Property**

Description	2024/20205FY	2023/2024 FY
	KShs	KShs
<b>At beginning of the year</b>		
Additions	-	-
Disposals during the year	-	-
Fair value gain	-	-
Depreciation ( <i>where investment property is at cost</i> )	-	-
Impairment	-	-
<b>At end of the year</b>	-	-

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35. Biological Assets

Description	2024/20205FY	2023/2024 FY
	Kshs	Kshs
Trees in a plantation forest	-	-
Animals: Dairy Cattle, Pigs, Sheep	-	-
Others specify	-	-
<b>Total</b>	-	-

36. Trade and other Payables

Description	2024/20205FY		2023/2024 FY	
	KShs		KShs	
Trade payables	3,067,788		2,912,295	
Employee dues	212,020		100,000	
Third-party payments ( <i>e.g. unremitted payroll deductions</i> )	-		-	
Audit fee	-		-	
Doctors' fee	-		-	
<b>Total trade and other payables</b>	<b>3,279,808</b>		<b>3,012,295</b>	
<b>Ageing analysis:</b>	<b>Current FY</b>	<b>% of the Total</b>	<b>Comparative FY</b>	<b>% of the total</b>
Under one year	1,934,433	59%	3,012,295	100%
1-2 years	1,345,375	41%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total</b>	<b>3,279,808</b>	<b>100%</b>	<b>3,012,295</b>	<b>100%</b>

37. Refundable Deposits from Customers/Patients

Description	2024/20205FY	2023/2024 FY
	KShs	KShs
Medical fees paid in advance	-	-
Credit facility deposit	-	-
Rent deposits	-	-
Others ( <i>specify</i> )	-	-
<b>Total deposits</b>	-	-

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

**38. Provisions**

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

**39. Finance Lease Obligation**

Description	2024/20205FY	2023/2024 FY
	Kshs	Kshs
Current Lease obligation	-	-
Long term lease obligation	-	-
<b>Total</b>	-	-

**40. Deferred Income**

Description	2024/20205FY	2023/2024 FY
	KShs	KShs
Current Portion	-	-
Non-Current Portion	-	-
<b>Total</b>	-	-

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

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

**41. Borrowings**

Description	2024/20205FY	2023/2024 FY
	KShs	KShs
<b>Balance at beginning of the period</b>	-	-
External borrowings during the year	-	-
Domestic borrowings during the year	-	-
Repayments of external borrowings during the year	-	-
Repayments of domestic borrowings during the year	-	-
<b>Balance at end of the period</b>	-	-

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

Description	2024/20205FY	2023/2024 FY
	KShs	KShs
Current Obligation	-	-
Non-Current Obligation	-	-
<b>Total</b>	-	-

**Notes to the Financial Statements (Continued)**

**42. Service Concession Arrangements**

Description	2024/20205FY	2023/2024 FY
	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	2024/20205FY	2023/2024 FY
	KShs	KShs
Surplus for the year before tax	647,847	(95,001)
<b>Adjusted for:</b>	-	-
Depreciation	181,125	226,562
Non-cash grants received	(753,182)	-
Impairment	-	-
Gains and losses on disposal of assets	-	-
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
<b>Working Capital adjustments</b>	-	-
Increase in inventory	1,143,753	-
Increase in receivables	(951,023)	(3,712,570)
Increase in deferred income	-	-
Increase in payables	267,513	3,012,295
Increase in payments received in advance	-	-
<b>Net cash flow from operating activities</b>	<b>536,034</b>	<b>(568,714)</b>

**Notes to the Financial Statements (Continued)**

**44. Financial Risk Management**

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

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

**(i) Credit risk**

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024 (previous year)				
Receivables from exchange transactions	3,712,570	3,712,570	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	897,790	897,790	-	-
<b>Total</b>	<b>4,610,360</b>	<b>4,610,360</b>	<b>-</b>	<b>-</b>
At 30 June 2025 (current year)	-	-	-	-
Receivables from exchange transactions	4,087,993	4,087,993	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	1,433,824	1,433,824	-	-
<b>Total</b>	<b>5,521,817</b>	<b>5,521,817</b>	<b>-</b>	<b>-</b>

**Notes to the Financial Statements (Continued)**

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the hospital has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The entity has significant concentration of credit risk on amounts due from The National Hospital Insurance Fund. 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
<b>At 30 June 2024</b>				
Trade payables	2,912,295	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	100,000	-	-	-
<b>Total</b>	<b>3,012,295</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>At 30 June 2025</b>				
Trade payables	1,876,433	1,191,355	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	58,000	154,020	-	-
<b>Total</b>	<b>1,934,433</b>	<b>1,345,375</b>	<b>-</b>	<b>-</b>

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**(iii) Market risk**

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

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

**a) Foreign currency risk**

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

Description	KShs	Other currencies	Total
	Kshs		Kshs
<b>At 30 June 2025</b>			
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
<b>At 30 June 2025</b>			
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
<b>2024 (previous year)</b>			
Euro	10%	-	-
USD	10%	-	-
<b>2025 (current year)</b>			
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.

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**Sensitivity analysis**

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

Using the end of the year figures, the sensitivity analysis indicates no impact on the statement of financial performance.

**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:

<b>Description</b>	<b>2024/20205FY</b>	<b>2023/2024 FY</b>
	<b>Kshs</b>	<b>Kshs</b>
Revaluation reserve	-	-
Retained earnings	(680,935)	-
Capital reserve	4,733,384	-
<b>Total funds</b>	<b>3,957,448</b>	<b>-</b>
Total borrowings	-	-
Less: cash and bank balances	1,433,824	-
Net debt/ <i>(excess cash and cash equivalents)</i>	(1,433,824)	-
<b>Gearing</b>	<b>-276%</b>	<b>-</b>

**Notes to the Financial Statements (Continued)**

**45. Related Party Balances**

**Nature of related party relationships**

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

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

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

Description	2024/20205FY	2023/2024 FY
	Kshs	Kshs
<b>Transactions with related parties</b>		
<b>a) Services offered to related parties</b>		
Services to Makueni County	-	-
Sales of services to Makueni County	-	-
<b>Total</b>	-	-
<b>b) Grants from the Government</b>		
Grants from County Government	-	-
Grants from the National Government Entities	-	-
Donations in kind	-	-
<b>Total</b>	-	-
<b>c) Expenses incurred on behalf of related party</b>		
Payments of salaries and wages for Makueni county employees	-	-
Payments for goods and services for Makueni County	-	-
<b>Total</b>	-	-
<b>d) Key management compensation</b>		

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Description	2024/20205FY	2023/2024 FY
	Kshs	Kshs
Directors' emoluments	-	-
Compensation to the medical Sup	-	-
Compensation to key management	-	-
<b>Total</b>	-	-

**46. Segment Information**

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

**47. Contingent Liabilities**

Contingent liabilities	2024/20205FY	2023/2024 FY
	Kshs	Kshs
Court case against the hospital	-	-
Bank guarantees in favour of subsidiary	-	-
<b>Total</b>	-	-

**48. Capital Commitments**

Capital Commitments	2024/20205FY	2023/2024 FY
	Kshs	Kshs
Authorised For	-	-
Authorised And Contracted For	-	-
<b>Total</b>	-	-

**49. Events after the Reporting Period**

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

**50. Ultimate and Holding Entity**

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

**51. Currency**

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

**20. Appendices**

**Appendix 1: Progress on Follow Up of Auditor Recommendations**

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

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
OAG/MKS/MUKUYUNI/L4H 2023/2024/(15)	Unsupported expenditure on medical and clinical cost	The unsupported expenditure related to the in kind contribution by the County Government to the facility on payments to KEMSA and MEDS for pharmaceuticals and non- pharmaceuticals. The management ensured all the delivery and invoices for in kind contribution are provided during audit and the matter did not incur during the 2023/2024 Financial year Audit.	Resolved	
OAG/MKS/MUKUYUNI/L4H 2023/2024/(15)	Inaccuracy of the financial Statements	The management did a recasting of the current asset as per the bank statement and reconciliation and the correct opening balance were included in the preparation	Resolved	

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<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
		of the financial statements for financial year 2023/2024 which made the issue not to reappear in the Financial year under review.		
OAG/MKS/MUKUYUNI/L4H 2023/2024/(15)	Non-Disclosure of Property Plant and equipment	Makueni County is among the 30 counties participating in phase 1 one the fixed asset valuation exercise been carried out by the state Department for lands and physical planning in collaboration with the State Department for devolution and IGRTC. Once the exercise is completed and valuation of all the assets undertaken, then the management will be able to recognize the assets in their books at the right value.	Not Resolved	December 2025
OAG/MKS/MUKUYUNI/L4H 2023/2024/(15)	Non Compliance with Kenya quality model for health policy guidelines	The hospital had recently been upgrade to Level 4 status. The management and the county department of health are still working towards improving staffing and equipment as	Resolved	Continuous

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<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
		required by the Kenya quality model health checklist		
OAG/MKS/MUKUYUNI/L4H 2023/2024/(15)	Staff Under Establishments	Limited resources have forced the facility to work below capacity. However, the department of health is continuously working to ensure additional resource are availed to be able to improve on staffing and hospital infrastructure.	Not Resolved	3 years
OAG/MKS/MUKUYUNI/L4H 2023/2024/(15)	Irregular Engagement of Casuals	The facility hires staff on short-term contracts to ensure uninterrupted health services. To improve efficiency, specialized staff receive further training, and it is important to retain them to continue delivering quality care. While noting the recommendation on casual staff, management has committed that no casuals will be engaged for more than three months.	Not resolved	December 2025

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<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
		Additionally, a formal request for long-term staff recruitment has been submitted to the Department of health.		
OAG/MKS/MUKUYUNI/L4H 2023/2024/(15)	Unfair Representation of one Ethnic community	Given the location of the hospital, over 90% of the local population comprises of one ethnic community. During recruitment, the management advertises widely but due to the low income of the position, its only able to attract candidates from the nearby areas. The management endeavours to have a well distributed representation of staff.	Resolved	Continuous
OAG/MKS/MUKUYUNI/L4H 2023/2024/(15)	Lack Of Quarterly revenue reports	The management has been preparing quarterly revenue reports to the County Treasury. However, no prescribed template by the Public Sector Accounting Standards Board on reporting of revenue by the Hospitals. During training session held with the Board, the issues was raised	Resolved	

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<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
		and the Board should be sharing a prescribed template on the same. The management has improvised a reporting tool that is usually submitted to the County Revenue on a monthly basis.		
OAG/MKS/MUKUYUNI/L4H 2023/2024/(15)	Failure to establish Audit committee and operations of internal Audit unit	The hospital relies on the Internal Audit Unit of the County Executive, based at the County Treasury, for audit and assurance services. Additionally, an Audit Subcommittee of the Hospital Board was established in February 2025 to strengthen internal oversight and governance	Resolved	
OAG/MKS/MUKUYUNI/L4H 2023/2024/(15)	Lack of risk management policy	The Hospital prepared a risk management policy framework to help identify, assess, manage, and mitigate potential risks across the hospital	Resolved	
OAG/MKS/MUKUYUNI/L4H 2023/2024/(15)	Lack of an Updated fixed asset register	The hospital has updated the fixed asset register as per the required Format.	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		However, after all assets have been fully valued, proper adjustments will be made to the fixed asset register accordingly		

**Guidance Notes:**

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

  
 .....  
**Accounting Officer**  
 P.O. BOX 30301, NAKURU  
 SIGNATURE.....

**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**

*(Summarise the status of project completion at the end of each quarter, i.e. total costs incurred, stage which the project is etc)*

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

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**Appendix III: Inter-Entity Confirmation Letter**

**Name of Transferring entity: Makueni County Government**

**Name of Beneficiary entity: Nukuyuni Sub County Hospital**

Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30 <sup>th</sup> June (Current FY)					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
R11/HOS/C1/H	10.12.2024	2,000,000		2,000,000	
Total					

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

**Head of Accounts Department - Disbursing Entity:**  
 Name ... *Kuna Kabwera* ..... Sign ..... *[Signature]* ..... Date ..... *20/11/2025*

**Head of Accounts Department - Beneficiary Entity:**  
 Name ... *Isaac Likip* ..... Sign ..... *[Signature]* ..... Date ..... *21/11/25*

MEDICAL SUPERINTENDENT  
 MUKUYUNI SUB-COUNTY HOSPITAL  
 P. O. Box 47 - 90301, OKIA  
 SIGNATURE.....

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**Appendix IV Reporting of Climate Relevant Expenditures**

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

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**Appendix V: Disaster Expenditure Reporting Template**

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



1940  
1941  
1942  
1943  
1944  
1945  
1946  
1947  
1948  
1949  
1950