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KIBWEZI SUB-COUNTY
LEVEL 4 HOSPITAL

FOR THE YEAR ENDED
30 JUNE, 2025

COUNTY GOVERNMENT OF MAKUENI

29



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**KIBWEZI SUB-COUNTY LEVEL 4 HOSPITAL
(Makueni County Government)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2025

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

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1. Acronyms & Glossary of Terms

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.
SHA	Social Health Authority

2. Key Entity Information and Management

(a) Background information

Kibwezi Sub-County Hospital is a Level 4 hospital, established under Gazette Notice Number CXXII-24. It is domiciled under the Department of Health, Makueni County and governed by a Hospital Management Committee.

The hospital is located in Thange Ward, Kibwezi East Sub-County, Makueni County. It was originally established in 1977 by the African Medical and Research Foundation (AMREF) as a dispensary under the name Kibwezi Rural Health Scheme. In 2013, the facility was handed over to the County Government of Makueni and subsequently upgraded to a Level 4 hospital.

The facility serves a catchment population of approximately 159,849 people in 4,200 households, with an average monthly outpatient workload of 6,800. Beyond Makueni County, it also receives patients from Kitui and Taita Taveta counties, functioning as a sub-county referral Centre that receives referrals from health Centre's within Kibwezi East Sub-County.

The hospital has a bed capacity of 81 and provides a wide range of services, including:

- **General Services:** Outpatient, inpatient, maternity, child welfare, theatre, and ambulance services.
- **Specialized Clinics:** Medical, surgical, gynecology, pediatric, and comprehensive care clinics.
- **Diagnostic & Support Services:** Laboratory, pharmacy, radiology, nutrition, physiotherapy, occupational therapy, and psycho-social support services.

Through this wide scope of services, Kibwezi Sub-County Hospital plays a critical role in healthcare delivery and referral support within the region.

The hospital provides the following services:

- **General Services**
 - Outpatient and inpatient care
 - Maternity and child welfare services
 - Theatre services
 - Ambulance services
- **Specialized Clinics**
 - Medical outpatient clinic
 - Surgical outpatient clinic
 - Gynecology outpatient clinic
 - Pediatric outpatient clinic
 - Comprehensive care clinic
- **Diagnostic and Support Services**

- Laboratory services
- Pharmacy services
- Radiology services
- Nutrition services
- Physiotherapy services
- Occupational therapy services
- Psycho-social support services

The facility therefore plays a critical role in the **healthcare referral system** by offering both preventive and curative services to the community.

(b) Principal Activities

The principal mandate of the hospital is to offer high quality and affordable health care services to its citizens.

Vision

An efficient and high-quality health care system that is accessible, equitable and affordable for all Kenyans

Mission

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

The core values are patient- centred / customer focused, partnership, professionalism, integrity and transparency, innovation and excellence and impartiality.

Core objectives

1. Eliminate Communicable Diseases
2. Halt, and reverse the rising burden of Non-Communicable conditions.
3. Minimize exposure to health risk factors
4. Provide essential health services
5. Reduction in incidence of injuries
6. Inter-sectoral collaboration

(c) Key Management

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

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

(d) Fiduciary Management

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

No.	Designation	Name
1.	Medical Superintendent	Dr. Blastus Kakundi
2.	Head of finance	Michael Muange
3.	Head of supply chain	Victoria Mutuku
4.	Health Administrative Officer	Kennedy Manthi
5.	Nursing Officer In charge	Patricia Mutinda

(e) Fiduciary Oversight Arrangement

- **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 guide lines in preparation of hospital annual reports and financial statements.
- **Commission on Revenue Allocation (CRA);** CRA provided support in revenue allocation indirectly via Makueni County government and also undertook the County Credit Rating.
- **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 authority to incur expenditure committee.** 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.
- **Development partners;** we worked with our development partners mainly Centre for health, educational and bio safety Kenya who supported HIV programmes and capacity building among the hospital staff.
- **Clinical Research and Standards Committee:** We have a functional clinical committee which meets on monthly basis to ensure adherence to quality care, mortality audits and other relevant clinical objectives. It assists the hospital in ensuring quality standards are adhered to, patient safety is ensured and medical errors are minimized.

The Committee responsibility is to:

- Review the weekly clinical performances.
 - Review and re-prioritize the utilization of Hospital clinical resources
 - Set performance targets for clinical units
 - Review various research findings and related policy documents
 - Review clinical audit reports and follow-up on implementation of recommendations
- **Hospital management team:** Hospital management committee consists of departmental heads. It is chaired by the medical superintendent and the secretary is health administrative officer. The members meet on monthly basis to discuss, evaluate and strategize on the day to day running of the hospital. Members share their departmental reports, data analysis and the trends of services utilization.
 - **Hospital management committee**
The committee comprises of members gazetted by the ECM of health. The HMC consists of 6 members including
Chairperson
Secretary-medical superintendent
Sub county medical officer of health (SCMOH)
Member (FBO)
Member (NGO)
Member (professional body)
The committee is sub-divided in to two sub-committees

Finance and General Purpose Committee
Primary healthcare committee

- **executive expenditure committee**

This committee consist of executive managers who meet on quarterly basis to check the expenditures of the hospital. The committee also reviews revenue collection, banking's and strengthens ways to generate more revenues from the departments. It also sets annual departmental revenue targets and consolidates quarterly departmental budgets for presentation to HMC

Key Entity Information and Management (continued)

(f) Entity Headquarters

P.O. Box 72-90137
Hospitals Building Kibwezi
Makueni, Kenya

(g) Entity Contacts

Telephone: (+254) 753011483
E-mail: kibwezi.hospital@makueni.go.ke
Website: www.kibwezisubcountyhospital.go.ke

(h) Entity Bankers

Kenya Commercial Bank
Kibwezi 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>Dr. Phillip Muthoka- Chairman MBChB, MPH</p> 	<p>Aged 65 years. He is the chairman of the hospital management committee. He holds a bachelor degree in Medicine and Surgery, master's degree in public health. He has over 25 years of experience in public service. He worked as the DMOH in Garissa between 1995-98, Kwale between 2001-2003 and also at the Ministry of Health headquarters from 2004 to 2020</p>
2.	<p>Alidan Mbinda- Member</p> 	<p>Aged 65 years. He is a member of the hospital management committee. he holds a degree in business administration and has a wealth of experience in business management. He is currently a business manager in Kibwezi in the distribution sector</p>
3.	<p>Sylvester Muendo Kilungya- Member</p> 	<p>Aged 32 years. He holds Bachelor degree in agriculture and economics and resource management from Moi University. Currently he is working with world Agro Forest with over 3 years of experience in agribusiness. He is a member of the hospital management committee representing the youth</p>

<p>4.</p>	<p>Agnes Nduku Ukwale - Member</p> 	<p>Aged 52 years. He is a member of the hospital management committee representing religious groups. She is a business lady at machinery town with over 10 years' experience in business management. He has 4 years of experience working as a pastor.</p>
<p>5.</p>	<p>Dr. Blastus kakundi- Secretary</p> 	<p>Aged 41 years. He holds bachelor of medicine and surgery from University of Nairobi. He has over 10 years practising as a medical doctor at Mbooni and Kibwezi Sub County Hospitals. He is secretary to the Health Management Committee.</p>

4. Key Management Team

Management	Details
<p>Dr. Blastus Kakundi</p> 	<p>He is secretary to the Health Management Committee. He holds bachelor of medicine and surgery from University of Nairobi. He has over 15 years practising as a medical doctor at Kitale county hospital, Endebess sub county hospital, Mbooni and Kibwezi Sub County Hospitals..</p>
<p>Kennedy Manthi</p> 	<p>He is the Hospital Administrative Officer. He holds a business administration degree. He has a wide experience of over 15 years as a Health Administrative Officer in various hospitals.</p>
<p>Patricia Mutinda</p> 	<p>Aged 45 years. Patricia Mutinda is the Nursing Officer in charge. She holds diploma in community health nursing from KMTTC Nairobi and has over 6 years of experience working as nursing officer in charge.</p>
<p>Victoria Mutuku</p> 	<p>Aged 30 years. Victoria Mutuku is the procurement officer Kibwezi Sub County Hospital. she holds Bachelor Degree in procurement from jomo Kenyatta University of agriculture and technology and has over 5 years of experience working as a procurement officer.</p>

Michael Muange



Aged 46 years. The hospital accountant is a Certified Public Accountant (CPA-K) and a registered member of the Institute of Certified Public Accountants of Kenya (ICPAK). He holds a Master of Science degree in Finance and Accounting and a Bachelor's degree in Finance.

He brings with him over 18 years of experience in accounting and financial management across both the private and public sectors. His expertise strengthens the hospital's capacity in prudent financial planning, reporting, and accountability.

5. Chairman's Statement

It is my pleasure to present the annual report and the financial statement of Kibwezi Sub County Hospital for the year ended 30th June 2025. The Hospital is committed to providing timely, cost effective and client centred health care service to the citizens. Amid the challenges faced in the financial year 2024/2025, the hospital has remained resilient and successful while delivering on its core mandate. I extend my appreciation to the management team and staff of Kibwezi Sub County Hospital for their commitment, diligence and dedication that ensured the highest quality service delivery and improved performance this financial year.

During the year under review, the hospital realized the following success;

- a) Increased revenue collected significantly
- b) The facility is now operating with a positive balance
- c) Increased range of tests done in the laboratory
- d) Introduction of digital X-ray services
- e) Specialized services introduction; physician and paediatric services
- f) Renovation of theatre
- g) Rehabilitation of waste segregation area
- h) Continuous registration of clients to Social Health Authority.

Despite the achievements, the facility faced challenges that hampered effective performance including;

- a) frequent stock outs of key laboratory reagents,
- b) medicines and non-pharmaceuticals stock outs
- c) Inadequate infrastructure and limited
- d) NHIF failure to reimburse the hospital Kshs 19,668,548 affected procurement of necessary supplies and services.
- e) Delayed SHA re-imburement of kshs 15,624,562
- f) Shortage of essential staff

Despite the challenges faced, the hospital demonstrated resilience and saw an increased workload in all service delivery points.

The facility is engaging stakeholders to finance some of the needs to guarantee sustainability of services. Kibwezi sub county hospital serves a large population and the challenges need to be addressed appropriately so that patients need are met. This include ensuring timely procurement of enough pharmaceuticals and non-pharmaceuticals for better service delivery and recruitment and deployment of more staff to the hospital.

I am confident that as a team, our commitment and dedication will make Kibwezi Sub County Hospital be the best Sub County Hospital in Makueni. I salute all stakeholders for their hard work to transform the hospital to be the best.



DR. Phillip Muthoka

Chairman-Board of Management- Kibwezi Sub County Hospital



6. Report of The Medical Superintendent

The financial year 2024/2025 has seen Kibwezi Sub County Hospital experience continuous improvement in service delivery and sustenance of the hospital transformational agenda. The hospital maintained a steady growth throughout the year through efforts of the Management team and the hospital staff. The team has overtime embraced a commendable team work spirit.

The hospital managed to achieve good performance of it's goals for the year which included financial and non-financial goals.

1.Financial Achievement

For the financial goal the facility did well in all revenue schemes as explained below;

For the period ending 30th June 2024, the facility collected KES 42,034,347. The money increased to KES 71,005,179 in the year ending to 30th June 2025. The upward trend is a result of increasing workload, increased uptake of SHA and better service delivery.

2.Non financial achievements

- a) Land scaping and levelling the hospital compound and upgrading of hospital drainage system
The rugged terrain around the hospital gate escapement was done and murrum levelling done
- b) Minor renovations in theatre
A patient recovery area was created to enhance patient monitoring post surgical operations.
- c) Purchase of assorted theatre equipment
Surgical operation sets, Equipment trolleys and patient monitor were purchased to increase services offered in theatre.
- d) Holding a weekly audit in maternity, general ward and pediatric ward to improve on quality care
This identifies gaps in patient care and initiates interventions for better outcomes in future.
- g) Increased workloads in all service delivery points
Workloads in theatre and maternity significantly increased due increased SHA uptake.
Introduction of new laboratory tests including hormonal tests, biochemistry tests and hematology tests has also contributed to increased workload.
- h) The facility is now operating with a positive balance due to increased revenue collection and reduced expenditures. This will ensure sustainability of services. The achievement is attributed to;
 - i. Ensuring all patients are enrolled in the Social Health Insurance Fund (SHIF) and that claims are submitted promptly.
 - ii. Follow up on outstanding NHIF claims by the facility.
 - iii. Strengthening Billing and Collection Processes: The hospital has taken steps to streamline billing procedures by eliminating cash transactions at all service points. Receipts are now processed exclusively through a Paybill number.
 - iv. Improved laboratory services: The facility acquired a biochemistry machine and immunoassay machine. These machines increased the range of services provided in the laboratory translating to more revenue collection and improved patients' services by eliminating the need for referral to other facilities

- i) Introduction of digital X-ray services
This has significantly reduced running costs by eliminating the need to purchase of X-ray films. It has also allowed practice of tele-medicine through image transfer for further consultation and reporting
- j) Specialized services introduction; physician and paediatric services
The facility benefited from posting of a physician and a paediatrician
- k) Renovation of theatre
This was to create a recovery area to enhance quality monitoring in theatre and improve of infection prevention.
- l) Rehabilitation of waste segregation area
A move towards achieving standards for waste management

Besides the great achievements by the hospital, we faced a myriad of challenges including:

- a. Frequent blockages on the sewer system.
Plans are underway to rehabilitate the existing drainage system are establish a lagoon for liquid waste disposal
- b. Under staffing in all the departments leading to a ballooning wage bill.
This has been compounded by the uncertainty surrounding USAID supported staff and National government UHC staff
The facility has written to county lobbying for more staff to be posted to the facility to meet the required standards
- c. Increased waiver requests
The county in partnership with SHA is in the process of identifying indigents and vulnerable to cater for their health needs and eliminate the need for waivers.
- d. Inadequate infrastructure due to constrained space
The facility has reached out to safaricom foundation for support in constructing a new maternity block housing theaters, neonatal wards and newborn units to provide more space for service delivery
- e. Increased cases of children admitted with gum cutting complications
The facility has started campaigns involving community health promoters and security apparatus to sensitize the community against the vice.
- f. Increased cases of defilement
This has lead to increased teenage pregnancies
- g. Shortages of health products including nutritional commodities ,pharmaceuticals, on-pharmaceuticals and laboratory reagents

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

- K. Delayed reimbursement from NHIF and SHA.
As at 30th of June 2025, the facility had not received a reimbursement totaling to 35,293,110 from SHA and NHIF. This has led to delays in payment of suppliers



Dr Blastus Kakundi
Secretary to the Board

7. Statement of Performance Against Predetermined Objectives

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

Kibwezi sub-county hospital has six strategic pillars and objectives within the current Strategic Plan for the FY 2023-2027. These strategic pillars are as follows:

- a) Reduce communicable conditions
- b) Stop and reverse the rising burden of non-communicable conditions
- c) Minimize exposure to health risk factors
- d) Provide essential health services
- e) Reduction in incidence of injuries
- f) Inter-sectoral collaboration
- g) Human resources
- h) Leadership and governance

Kibwezi sub-county hospital develops its annual work plans based on the above pillars and from its strategic plan. The hospital achieved its performance targets set for the FY 2024/2025 period for its strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Reduce communicable conditions	Reducing transmission of HIV.	The hospital commits to reduce new HIV/AIDS infections	Scaling up HIV testing and counselling services in Kibwezi hospital	92% achievement
	Reducing transmission of TB	Early identification of 340 new TB patients	Early identification of 456 new TB patients	90% achievement
Stop and reverse the rising burden of non-communicable conditions	Prevention of Alcohol and Drug Abuse	Reach out to 3,000 people through counselling services Mainstream counselling	Community mobilization and sensitization	99% Achievement

		intervention in all departments		
	Reduce incidences of un diagnosed diabetes and hypertension	Screening of clients coming to the facility including care givers Conducting outreaches	Monthly outreaches Daily blood pressure checks	100%
	Early detection and treatments of common cancers	Cervical cancer screening to all eligible mothers Prostate tests to eligible clients	Daily cervical cancer screening Outreaches on cervical cancer screening Availing required tests for cervical screening	100%
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 Sensitizing managers to carry out the assessment	100%
	Provision of protective gear to staff	Ensuring staff are protected as they perform their duties	Timely procuring of protective materials	100%
Quality Service delivery	Reducing average length of hospital stay	The hospital commits to reduce the average length of hospital stay	Conducting daily ward rounds and major ward rounds Holding monthly	100% achievement

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

	Reducing facility based maternal mortality rate	from 5.2 days to 3 The hospital commits to reduce facility maternal mortality rate from 1 to 0 persons through strengthening MPDSR by ensuring:	mortality audits Monthly reporting from the hospital committees	100%
Human resources	To enhance service delivery through hiring of qualified and adequate staff to minimise on staff shortage	Increased workload	Provision of health services in the departments	90%
Leadership and governance	To ensure proper governance structures are put in place to enhance service delivery	Committee reports	Departmental monthly committee minutes	100%
Health financing	To enhance collection of own source revenue	Increase in the number of monthly claims	Enhancement of SHA registration	100%

8. Corporate Governance Statement

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

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

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

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

ii. Roles and functions of the board

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

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

iii. Induction, training, and development

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

iv. Board and members' performance

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

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

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

v. Succession plan

The term for board members is a 3 year period that is renewable once. There after the executive member for health appoints a new committee

vi. Policy to manage conflict of interest.

The committee upholds principle of good governance including avoiding conflict of

vii. Board remuneration

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

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

This framework ensures consistency with government guidelines on board compensation.

viii. Ethics and Conduct

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

ix. Governance audit

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

x. Communication policy

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

xi. Terms of Reference of Committees

Terms of reference for the committees is as follows;

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

9. Management Discussion and Analysis

Clinical/operational performance

- **Bed capacity of the hospital.**

The facility has a total bed capacity is 81.

Due to limited spaces clients have occasionally been forced to share beds especially in the antenatal care room.

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

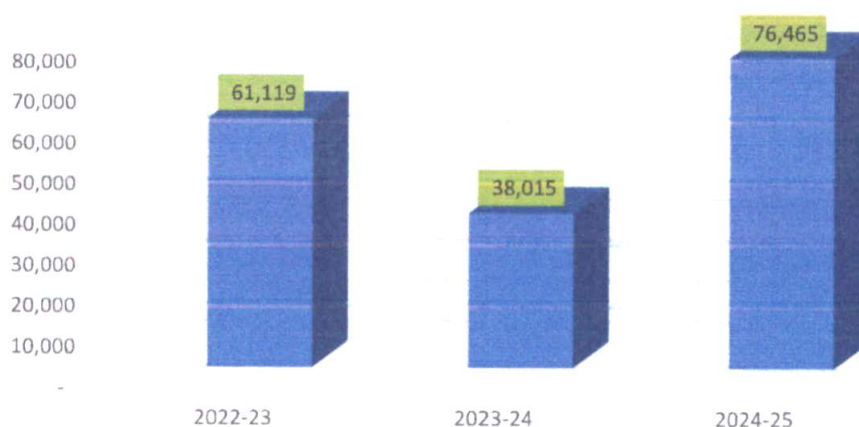
The total outpatient attendance averaged at 212 clients per day translating to close to 80,000 clients for the year.

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

Outpatient attendance

In the period ending 30th June 2023 the outpatient recorded 61,119 patients. The number decreased to 38,015 patients in the period ending 30th June 2024. In the period ending 30 June 2025 the outpatient attendance increased to 76,465. The increasing trend could be attributed to expansion of the facility and also introduction of specialised treatment services in the facility.

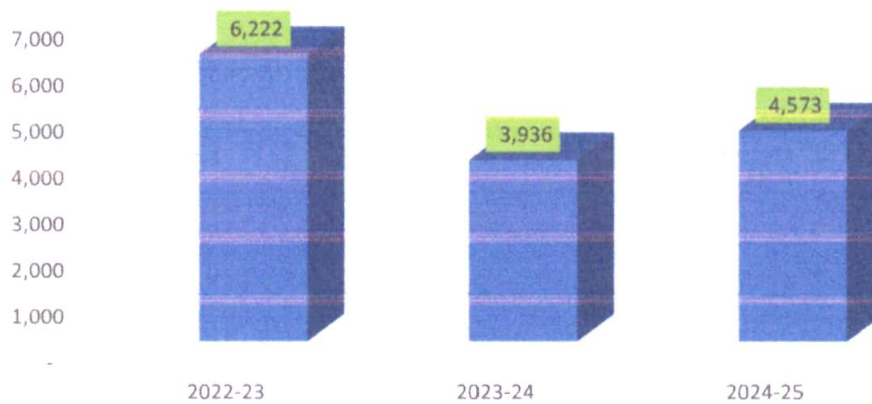
OUTPATIENT ATTENDANCE



Inpatient attendance

In the period ending 30th June 2023 the inpatient recorded 6,222 patients. The number decreased to 3,936 patients in the period ending 30th June 2024. In the period ending 30th June 2025 the outpatient attendance increased to 4,573. The data demonstrates an upward trend attributed to increased workload due to increased range of services including surgical operations and attractive services due to improved quality of care.

INPATIENT ATTENDANCE



- **Accident and Emergency attendance**

Accidents and emergencies are catered for within the out-patient area due to lack of a casualty.

Majority of the accidents attended to were due to road traffic accidents especially motorbike accidents

- **Specialised clinic attendance**

The facility runs a medical/surgical/paediatric outpatient clinic every Tuesday.

Gynaecological clinic every Wednesday and eye clinic every Friday.

Special Clinics

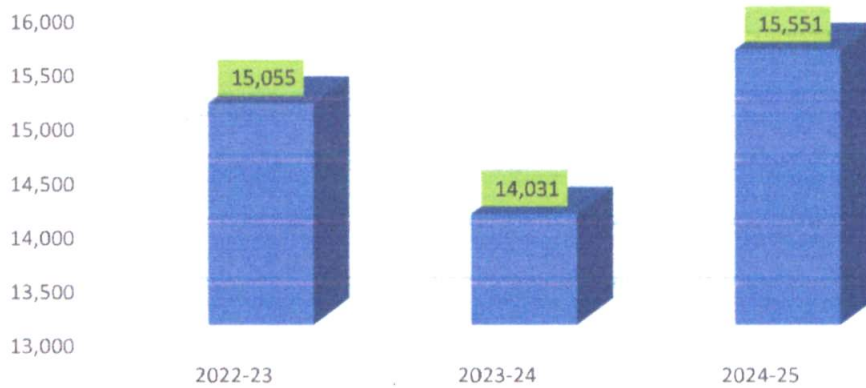
- The special clinics recorded 15,055 patients in the period ending 30th June 2023. In the period ending 30th June 2024, the number decreased to 14,031. The number increased to 15,551 in the financial year 2024-2025.

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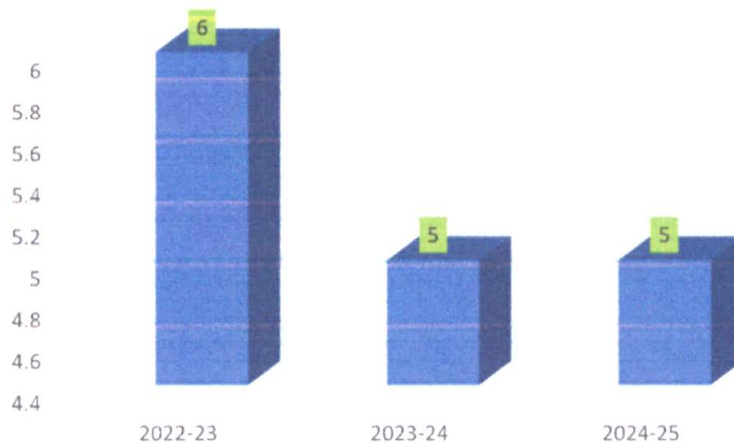
SPECIALISED CLINIC ATTENDANCE



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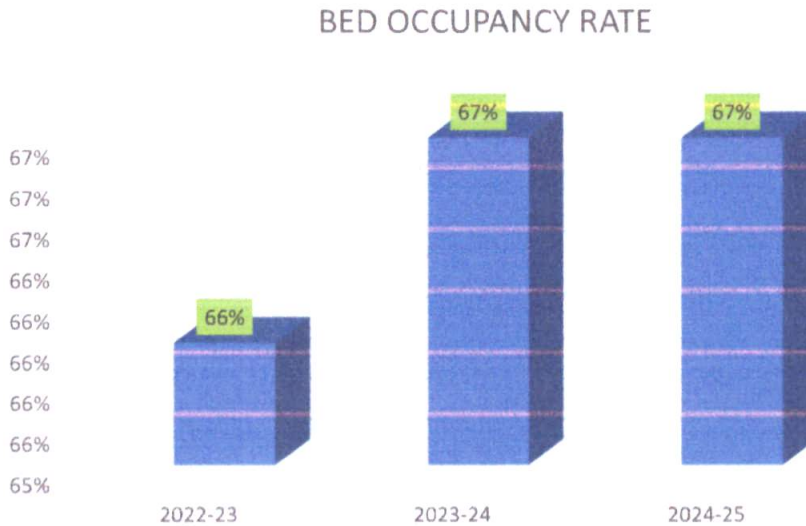
- o **Average length of stay for in patient.**
- Average length of stay stood at 5 days with plans to reduce to 3 days

AVERAGE LENGTH OF STAY



- The average length of stay is an indicator of efficiency in the provision of inpatient health care in the hospital. The data available shows that the length of stay reduced by one day which indicates improvement and efficiency of service delivery.

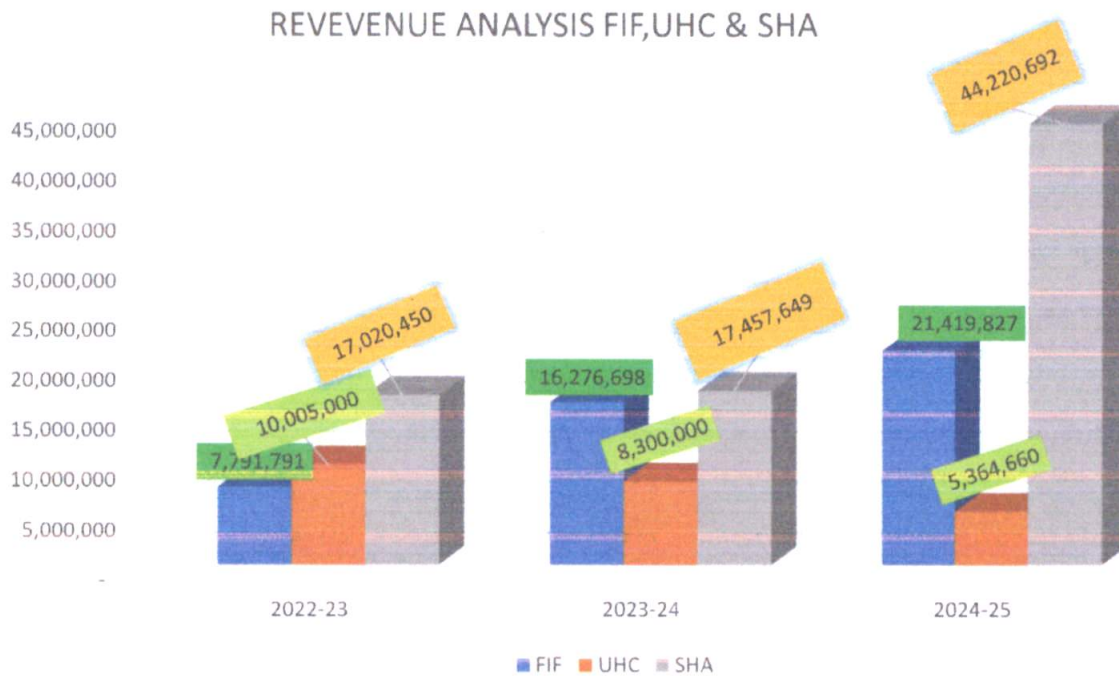
○ **Bed occupancy rate**



- The bed occupancy rate has been on a steady increase for the last three years. This could be attributed to increase in the menu of services offered to the clients.
 - Mortality rate
Facility based mortality rate stood at 2.2/100,000 clients
This is a good indicator that has been achieved due to proper training and deployment of qualified staff
 - Surgical theatre utilisation (number of operations over a period of time)
The facility operates between 60-100 clients surgical/obstetric operations very month.
This is despite the very small operating theatre within the facility
 - Sponsorships and partnerships
The facility operates between 60-100 clients surgical/obstetric operations very month.
This is despite the very small operating theatre within the facility

Financial performance that includes: -

- **Revenue sources,**
- (a) Facility Improvement Fund (FIF)
- (b) SHA Funds
- (c) Universal Health Care (UHC) Funds



Facility Improvement Fund (FIF) Revenue Performance

The Facility Improvement Fund (FIF) represents direct payments made by patients in cash after receiving services at the hospital.

- FY 2022/2023 (ending 30th June 2023): KES 7,791,791
- FY 2023/2024 (ending 30th June 2024): KES 16,276,698
- FY 2024/2025 (ending 30th June 2025): KES 21,419,827

This demonstrates a consistent upward trend:

- 2023/24 vs 2022/23: +108.8% growth
- 2024/25 vs 2023/24: +31.6% growth

Key drivers of growth:

- Increasing patient workload.
- Availability of consultants offering a wider range of specialized services.

SHA Funds Revenue Performance

SHA funds are reimbursements paid by the Social Health Authority (SHA) for services provided to insured patients at the facility.

- FY 2022/2023 (ending 30th June 2023): KES 17,020,450
- FY 2023/2024 (ending 30th June 2024): KES 17,457,649
- FY 2024/2025 (ending 30th June 2025): KES 44,220,692

Key driver of growth:

- Significant increase in uptake of SHA in 2025, which boosted reimbursements.

Universal Health Care (UHC) Funds Revenue Performance

UHC funds are provided by the County Government of Makueni to support services offered to UHC patients at the facility.

- FY 2022/2023 (ending 30th June 2023): KES 10,005,000
- FY 2023/2024 (ending 30th June 2024): KES 8,300,000
- FY 2024/2025 (ending 30th June 2025): KES 5,364,660

-
-

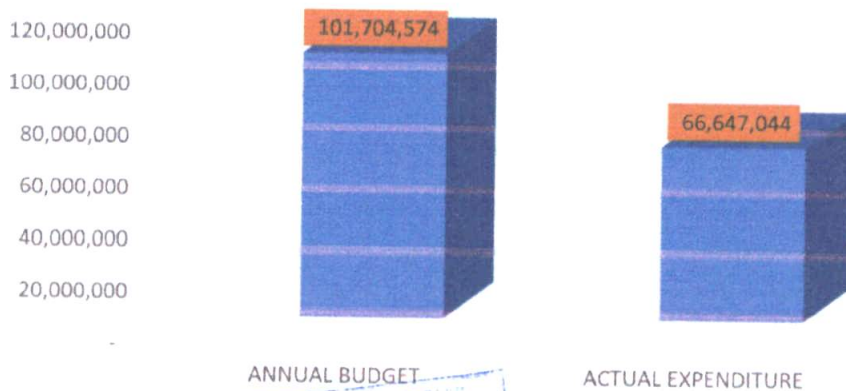
o **Utilisation of funds.**

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

- **Cashflow Statement basis:** Budget utilization stood at **66%**, reflecting the proportion of actual expenditure against the approved budget projection.
- **Statement of Financial Performance basis:** Budget utilization was higher, at **73%**, when comparing the budget against the reported financial performance.

This indicates a moderate level of budget absorption, with slightly better utilization when analyzed from a performance perspective.

BUDGET UTILIZATION 2024-25



ANNUAL BUDGET
MEDICAL SUPERINTENDENT
KIBWEZI SUB-COUNTY HOSPITAL
NOV 23 2025
O. Box 72 - 20137,
KIBWEZI

Dr Blastus Kakundi
Medical Superintendent
Kibwezi Sub County Hospital

10. Environmental And Sustainability Reporting

i) Sustainability strategy and profile

Kibwezi 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. In order to deliver on these priorities, 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.

Community health promoters have also been engaged to sensitize community members to register with SHA.

Reaching out to donors and partners as a way of mobilizing funds for development.

Safaricom Foundation has committed to construct a modern mother and child facility within the financial year.

Members of the county assemblies have allocated a fund that caters for medical charges of poor residents who are not in a position to pay.

The facility has been allocated 5 acres of land for expansion by a neighboring DWA estate, to ensure more services are be initiated

ii) Environmental performance

The Hospital's main environmental impacts are the utilization of resources, predominantly energy, through consumption of electricity and water, and the disposal of healthcare risk waste. The Hospital is fully aware of the need to use resources responsibly and is committed to minimizing its environmental impacts to the extent possible.

Installation of a solar system will greatly reduce of electricity consumption leading to environmental preservation

Planting of more trees within the hospital compound has increased the vegetation cover.

Waste segregation area is under renovation to ensure proper disposal of waste generated at the facility

iii) Employee welfare

The hiring of employees by the facility is done and on job training offered to the staff. Frequent meetings to train and guide them on infection prevention measures are held. Focus to employ from the nearby community as a way of giving back to community is considered. The focus of attracting and utilizing talent in a challenging healthcare market continues to be our most concern. Kibwezi sub county hospital management has focused on creating conducive work environment in order to attract, train and retain workers to minimize on under utilization of the human capital resource. We have continuously through the human resource and advisory committee improved the capacity, skills and knowledge of staff through approving of training's, supporting conference attendance and payment of locums.

The facility has also introduced a staff appraisal system that is in tandem with the one applied at the county

The facility has also initiated debriefing sessions for staff through a psychologist.

Plans to upgrade rehabilitation unit into a well-being centre are underway to allow employees work out after work.

iv) *Market place practices-*

Kibwezi sub county hospital has made efforts to support market place practices;

a) *Responsible competition practice.*

The hospital ensures all the clients are issued with an official receipt for any money paid to the facility and are given services they have paid for. The hospital has abolished payment by cash and directed all money paid to the facility to be paid through a pay bill system and the money is transferred the bank daily. All charges are as prescribed in the Makueni finance Act.

Competitive procurement is always adhered to including adhering to AGPO requirement

b) *Responsible Supply chain and supplier relations*

The hospital adopts a fair pre-qualification practise where all interested stakeholders who need to trade with the hospital are required to submit their company documents every 2 years for pre-qualification. Those who meet the needed criteria are shortlisted and send for quotations whenever there is need to procure. The best evaluated is then granted the opportunity to supply the goods.

However the facility has moved into e-procurement system following a directive from National Treasury.

c) *Responsible marketing and advertisement*

Kibwezi sub county hospital has mostly concentrated on creating awareness of the services offered through service charters, and community sensitization. When clients are served well, they advertise and inform others about the good quality services available which are friendly and cost effective.

The facility is in the process of developing a website to leverage on technology for advertising and marketing.

d) *Product stewardship*

Kibwezi sub county hospital has displayed a service charter on all the services offered to assist in improving on efficiency and effective on service delivery. Patients are provided with receipts as a proof of the service offered

v) Corporate Social Responsibility / Community Engagements

Kibwezi sub county hospital seeks to impact lives through corporate social responsibility initiatives. The initiatives are aimed at improving lives and enhance engagement with the public. The hospital held Maternity open day meetings where over 500 mothers attended and were educated on breast feeding, hygiene practise and gifted with pampers and sanitary towels.

The facility organizes health talks and advise on nutrition to expectant and breastfeeding mothers every month

An outreach was done to a school disabled children where screening for diseases, registration as persons living with disabilities and treatment of ailments was done. The children were also gifted with food, clothes, tissue papers and pampers.

11. Report of The Board of Management

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

Principal activities

Kibwezi sub county hospital offers; general outpatient and in-patient services, medical/surgical/paediatric and gynaecological outpatient clinics, laboratory services, pharmacy services, dental services, radiology services, maternity and child welfare services, theatre services, comprehensive care clinic, physiotherapy services, psychology services, ambulance services and teaching /attachment for medical students.

Results

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

Board of Management

The members of the Board who served during the year are shown on page IX & X. During the year, no director(s) retired/ resigned, and no director (s)was appointed

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

.....
Name

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 the Kibwezi Sub-County Hospital, which give a true and fair view of the state of affairs of the entity at the end of the financial year/period and the operating results of the entity for that year/period. The Board of Management is also required to ensure that the Kibwezi Sub-County Hospital 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 Kibwezi Sub-County Hospital 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
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Board of Management accepts responsibility for the Kibwezi Sub-County Hospital financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments 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 Kibwezi Sub-County Hospital, 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.

In preparing the financial statements, the board members have assessed the Hospitals ability to continue as a going concern


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

Approval of the financial statements

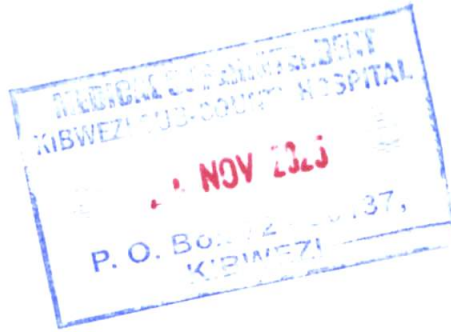
The Hospital's financial statements were approved by the Board on 29/11/25 and signed on its behalf by:


.....

Name:
Chairperson
Board of Management

Allan

.....

Name:
Accounting Officer



REPUBLIC OF KENYA



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

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

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kibwezi Sub-County Level 4 Hospital - County Government of Makueni set out on pages 1 to 66, which comprise of

the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

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

Basis for Qualified Opinion

1. Unconfirmed Property, Plant and Equipment

The statement of financial position and as disclosed in Note 32 to the financial statements reflect a balance of Kshs.8,186,685 in respect to property, plant and equipment which excluded the value for land. In addition, the assets register reflects one parcel of land and four (4) motor vehicles whose ownership documents were not provided for audit review. Further, the fixed assets register reflects parcels land, buildings, civil works and motor vehicles owned by the Hospital whose corresponding values were not disclosed.

In the circumstances, the accuracy, completeness and ownership of property, plant and equipment balance of Kshs.8,186,685 could not be confirmed.

2. Long Outstanding Receivables from Exchange Transactions

The statement of financial position and as disclosed in Note 29 to the financial statements reflect a balance of Kshs.35,293,110 in respect to receivables from exchange transactions. Review of the supporting schedules and ageing analysis revealed that Kshs.13,851,361 or approximately thirty-nine (39%) percent of the receivables had remained outstanding for more than one year. However, Management did not provide measures put in place to recover the long-outstanding debts.

In the circumstances, the accuracy and recoverability of receivables from exchange transactions balance of Kshs.35,293,110 could not be confirmed.

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

Emphasis of Matter

1. Long Outstanding Trade and Other Payables

The statement of financial position and as disclosed in Note 36 to the financial statements reflect a balance of Kshs.32,002,128 in respect to trade and other payables. Review of the ageing analysis revealed that Kshs.16,622,894 or approximately 52% of the payables were outstanding for over one (1) year.

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 total budgeted income and actual on comparable basis of Kshs.101,704,574 and Kshs.71,028,903 respectively resulting to under-collection of Kshs.30,675,671 or approximately 30% of the revenue budget.

The under-collections 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, several issues were raised under Lawfulness and Effectiveness in Use of Public Resources. Review of the status during audit of Kibwezi Sub-County Level 4 Hospital in 2024/2025 revealed that the following matters remained unresolved.

	Financial Year	Audit Issue
1	2023/2024	Non-Compliance with Biomedical Waste Management Requirement
2	2023/2024	Expiry of Medical Supplies
3	2023/2024	Weaknesses in Medical Stores Management
4	2023/2024	Use of Manual Accounting System

Other Information

The Management is responsible for the Other Information set out on pages iii to xxxiv which comprise of Key Entity Information and Management, The Board of Management,

Key Management Team, Chairman's Statement, Report of the Medical Superintendent, Statement of Performance Against predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Board of Management and Statement of Board of Management's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Understaffing in the Hospital

Review of the staff establishment during the year under review and the payroll revealed that the Hospital had one hundred and ninety (190) employees against a staff establishment of three hundred and sixty-six (366) resulting in a deficit of one hundred and seventy-six (176) personnel. Management explained that they had engaged qualified contracted professionals and casual staff on short term engagements. However, the reliability of the contracted professionals and casual staff could not be confirmed.

In the circumstances, failure to recruit and retain the optimal number of employees hinders the effective delivery of services by the Hospital.

2. Failure to Dispose of Unserviceable Assets

Physical inspection conducted at the Hospital in October, 2025 revealed that there were three (3) unserviceable motor vehicles of undetermined value which had been grounded in the Hospital's parking yard for several years. This is contrary to Section 163(1) of the Public Procurement and Asset Disposal Act, 2015 which states that an Accounting Officer

shall establish a Disposal Committee as and when prescribed for the purpose of disposal of unserviceable, obsolete, obsolescent or surplus stores, equipment or assets.

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

3. Deficiencies in Implementation of Universal Health Care

Review of the Hospital's records and interviews on verification of services offered, equipment used and medical specialists in the Hospital as at the time of audit revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to staff deficit by sixty-nine (69) or approximately 68% of the authorized staff establishment as shown in Table 1 below:

Table 1: Deficiencies in Staff Requirements

Staff Requirement	Minimum Requirement	Actual Numbers	Variance	% Actual against Minimum Requirement
Medical Officers	16	3	13	19
Anesthesiologists	2	0	2	0
General Surgeons	2	0	2	0
Gynecologists	2	1	1	50
Pediatricians	2	1	1	50
Radiologists	2	0	2	0
Registered Community Health Nurses	75	27	48	36
Total	101	32	69	68

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

Table 2: Deficiencies in Equipment

Equipment & Machine	Minimum Requirement	Actual Numbers	Variance	Actual Against Minimum Requirement %
Incubators (newborn)	5	1	4	20
Beds Available	150	81	69	54
COTS	5	0	5	100
Resuscitaire in Theatre	1	1	0	0
Resuscitaire in Labour Ward	2	1	1	50
Functional ICU Beds	6	0	6	0
HDU Beds	6	0	6	0
Renal Unit with Dialysis Machines	5	0	5	0

Equipment & Machine	Minimum Requirement	Actual Numbers	Variance	Actual Against Minimum Requirement %
Functional Operating T theatres Maternity and General	2	1	1	50
Ambulances Available	2	0	2	0

Service	Service Offered
Surgical Services	Yes
Pediatric Services	Yes
Gynecology Services	Yes
Radiology Services	Yes
Renal Services	No
Tuberculosis Services	Yes

The deficiencies contravene the First schedule of the Health Act, 2017 and imply that accessing the highest attainable standards of 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.

4. Non-Compliance with Law on Ethnic Composition

Review of the payroll database for the Hospital as at the time of audit revealed that out of a total of eighty-four (84) employees, seventy-five (75) staff members or approximately 89% of the total workforce, were from the dominant ethnic community in the County. This is contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that all public establishments shall seek to represent the diversity of the people of Kenya in employment of staff and that no public establishment shall have more than one third (33%) of its establishment from the same ethnic community.

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

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

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

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effects of the matter 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

Lack of Internal Audit Unit

Review of the Hospital's governance framework revealed that the Hospital does not have an established Internal Audit Unit and relies on audit services provided by the County Government's Internal Audit Department. However, no internal audit reports for the year ended 30 June, 2025 were provided for audit review.

In the circumstances, the Hospital did not benefit from the assurance and advisory services from the internal audit function.

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

Responsibilities of Management and Board of Management

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

In preparing the financial statements, Management is responsible for assessing the Hospital's ability to continue 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

03 December, 2025

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

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


Description	Note	Period ended	Period ended 30 th
		30 th June 2025	June 2024
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	5,364,660	8,300,000
In-kind contributions from the County Government	7	140,206,396	152,085,666
Grants from donors and development partners	8	-	-
Transfers from other Government entities	9	-	-
Public contributions and donations	10	-	-
		145,571,056	160,385,666
Revenue from exchange transactions			
Rendering of services- Medical Service Income	11	21,419,827	16,276,698
Revenue from rent of facilities	12	-	-
Finance /Interest Income	13	-	-
Miscellaneous Income	14	72,539,963	42,357,623
Revenue from exchange transactions		93,959,790	58,634,321
Total revenue		239,530,846	219,019,987
Expenses			
Medical/Clinical costs	15	32,719,430	32,313,750
Employee costs	16	21,858,333	23,680,078
Board of Management Expenses	17	213,500	271,500
Depreciation and amortization expense	18	1,245,750	1,390,397
Repairs and maintenance	19	1,812,013	2,344,180
Grants and subsidies	20	-	-
General expenses	21	17,869,306	15,334,973
Finance costs	22	-	-
In-kind contributions from the County Government	7	140,206,396	152,085,666

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

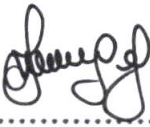
Description	Note	Period ended	Period ended 30 th
		30 th June 2025	June 2024
		Kshs	Kshs
Total expenses		215,924,727	227,420,545
Other gains/(losses)			
Gain/Loss on disposal of non-Current assets	23	-	-
Unrealized gain on fair value of investments	24	-	-
Medical services contracts Gains/Losses	25	(2,549,841)	(2,333,080)
Impairment loss	26	(-)	-
Gain on foreign exchange transactions		-	-
Total other gains/(losses)		(2,549,841)	(2,333,080)
Net Surplus / (Deficit) for the year		21,056,278	(10,733,638)

(The notes set out on pages 27 to 50 form an integral part of the Annual Financial Statements.)


The Hospital's financial statements were approved by the Board on 24/11/25 and signed on its behalf by:



Chairman
Board of Management



Head of Finance
ICPAK No: 8331



Medical Superintendent



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

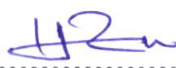
Description	Note	Period ended 30 th June 2025	Period ended 30 th June 2024
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	27	7,163,203	2,252,213
Prepayments	28		
Receivables from exchange transactions	29	35,293,110	18,663,174
Receivables from non-exchange transactions	30	-	-
Inventories	31	2,906,007	5,121,076
Total Current Assets		45,362,319	26,036,463
Non-current assets			
Property, plant, and equipment	32	8,186,685	8,932,435
Intangible assets	33	-	-
Investment property	34	-	-
Biological Assets	35		
Total Non-current Assets		8,186,685	8,932,435
Total assets (A)		53,549,004	34,968,898
Liabilities			
Current liabilities			
Trade and other payables	36	32,002,128	34,478,299
Refundable deposits from Patients/Prepayments	37	-	-
Provisions	38	-	-
Finance lease obligation	39	-	-
Current portion of deferred income	40	-	-
Current portion of borrowings	41	-	-
Total Current Liabilities		32,002,128	34,478,299
Non-current liabilities			
Provisions	38	-	-

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

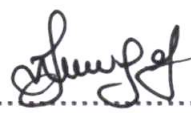
Description	Note	Period ended 30 th June 2025	Period ended 30 th June 2024
		Kshs	Kshs
Non-Current Finance lease obligation	39	-	-
Non-Current portion of deferred income	40	-	-
Non - Current portion of borrowings	41	-	-
Service concession Arrangements	42	-	-
Total non-current liabilities		-	-
Total Liabilities (B)		32,002,128	34,478,299
Net assets (A-B)		21,546,876	490,599
Represented by:			
Revaluation reserve		-	-
Accumulated surplus/Deficit		15,361,747	(5,694,532)
Capital Fund		6,185,131	6,185,131
Net Assets		21,546,876	490,599

(The notes on pages 27 to 51 form an integral part of the Annual Financial Statements.)


The Hospital's financial statements were approved by the Board on 24/11/25 and signed on its behalf by:



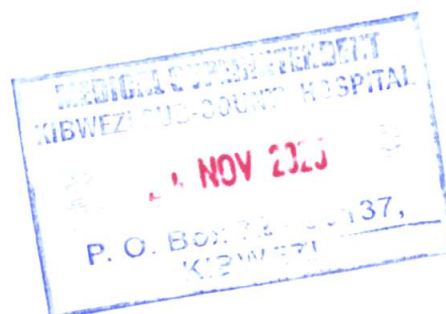
Chairman
Board of Management



Head of Finance
ICPAK No:



Medical Superintendent



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

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2023	-	5,039,107	(6,259,710)	(1,220,603)
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	(10,733,638)	12,444,841	1,711,203
Capital/Development grants	-	-	-	-
As at June 30, 2023	-	(5,694,531)	6,185,131	490,600
At July 1, 2024	-	(5,694,531)	6,185,131	490,600
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	21,056,278		21,056,278
Capital/Development grants	-	-	-	-
At June 30, 2025		15,361,747	6,185,131	21,546,878

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

Description	Note	Period ended 30 th June 2025	Period ended 30 th June 2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government		5,364,660	8,300,000
Grants from donors and development partners		-	-
Transfers from other Government entities		-	-
Public contributions and donations		-	-
Rendering of services- Medical Service Income		21,443,551	16,260,078
Revenue from rent of facilities		-	-
Finance / interest income		-	-
Direct deposit		1,029,130	14,478
Miscellaneous receipts(<i>specify</i>)		44,220,692	17,739,649
Total Receipts		72,058,033	42,314,205
Payments			
Medical/Clinical costs		26,250,809	11,831,439
Employee costs		22,399,780	21,021,043
Board of Management Expenses		213,500	271,500
Repairs and maintenance		2,453,292	1,468,970
Grants and subsidies		-	-
General expenses		15,329,664	11,155,779
Finance costs		-	-
Refunds paid out		-	-
Total Payments		66,647,044	45,748,731
Net cash flows from operating activities	43	5,410,989	(3,434,526)
Cash flows from investing activities			
Purchase of property, plant, equipment		(500,000)	(726,563)
Purchase of intangible assets		(-)	(-)
Proceeds from the sale of PPE		-	-

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Acquisition of investments		(-)	(-)
Net cash flows used in investing activities		(500,000)	(726,563)
Cash flows from financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings		(-)	(-)
Capital grants received		-	-
Net cash flows used in financing activities		(-)	(-)
Net increase/(decrease) in cash and cash equivalents		4,910,989	(4,161,089)
Cash and cash equivalents as at 1 July	27	2,252,213	6,413,302
Cash and cash equivalents as at 30 June	27	7,163,202	2,252,213

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget carryovers from the previous year	-	-	-	-	-	%
Receipts						
Transfers from the County Government	5,500,000	-	5,500,000	5,364,660	135,340	98%
Grants from donors and development partners	-	-	-	-	-	%
Transfers from other Government entities	-	-	-	-	-	%
Public contributions and donations	-	-	-	-	-	%
Rendering of services- Medical Service Income	22,000,000	-	22,000,000	21,443,551	556,449	97%
Revenue from rent of facilities	-	-	-	-	-	%
Finance / interest income	-	-	-	-	-	%
Miscellaneous receipts (<i>specify</i>)	74,204,574	-	74,204,574	44,220,692	29,983,882	60%
Total receipts	101,704,574	-	101,704,574	71,028,903	30,675,671	70%
Payments						
Medical/Clinical costs	51,459,740	-	51,459,740	26,250,808	25,208,932	51%
Employee costs	27,450,000	-	27,450,000	22,399,780	5,050,220	92%
Remuneration of directors	250,000	-	250,000	213,500	36,500	85%
Repairs and maintenance	3,100,000	-	3,100,000	2,453,292	646,708	79%
Grants and subsidies	-	-	-	-	-	%
General expenses	19,444,834	-	19,444,834	15,329,664	4,115,170	79%
Finance costs	-	-	-	-	-	%
Refunds	-	-	-	-	-	%
Total Operational Expenditure paid	101,704,574	-	101,704,574	66,647,044	35,057,530	66%
Capital Expenditure paid	-	-	-	500,000	-	%
Surplus	-	-	-	4,381,859	-	%

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Explanation about differences between original budget and actual expenditure

The variance between the original budget and actual expenditure is attributed mainly to a shortfall in projected revenues. The hospital had projected SHA reimbursements of KES 74,204,574, but only KES 44,220,692 was realized. This shortfall directly impacted the hospital's ability to meet its projected expenditure of KES 101,704,574, resulting in a funding gap of KES 30,675,671. Consequently, the overall budget utilization stood at 66%.

Budget Reconciliation

	Description of Particulars	Amount in K.shs
	Actual Surplus Amounts as per the statement of Budget	4,381,859.15
1	Reason for differences-add opening cashbook balances	2,252,213.25
2	Reason for differences-capital expenditure	(500,000.00)
3	Reason for differences-direct deposit(refund)	1,029,130.00
	Closing Cash and Cash Equivalent as per the statement of Cash flows	7,163,202.40

19. Notes to the Financial Statements

1. General Information

Kibwezi sub-county hospital is established by and derives its authority and accountability from health Act and the PFM Act. The entity is wholly owned by the Makueni County Government and is domiciled in Makueni County in Kenya. The entity's principal activity is to offer high quality and affordable health care services to its 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. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note xx The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *entity*. The financial statements have been prepared in accordance with the PFM Act, and (*include any other applicable legislation*), and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

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

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

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

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

Standard	Effective date and impact:
	<p>commonly used measurement bases and the circumstances under which they should be used.</p> <ul style="list-style-type: none"> ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
<p>IPSAS 47- Revenue</p>	<p>Applicable 1st January 2026</p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
<p>IPSAS 48- Transfer Expenses</p>	<p>Applicable 1st January 2026</p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
<p>IPSAS 49- Retirement Benefit Plans</p>	<p>Applicable 1st January 2026</p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>
<p>IPSAS 50: Exploration For & Evaluation of Mineral Resources</p>	<p>Applicable 1st January 2027</p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.

iii) Early adoption of standards

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

4. Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Rental income

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

Notes to the Financial Statements (Continued)

b. Budget information

The original budget for FY 2024-2025 was approved by Board on **7th July 2025**. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the *entity* recorded additional appropriations of **kshs 12,001,284** on the 8th April FY 2024-2025 budget following the Board's approval. The *entity's* budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

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

c. Taxes

Sales tax/ Value Added Tax

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

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

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 - years. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

e. Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

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

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

1. Land:

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

2. Hospital Buildings:

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

3. Hospital vehicles

The hospital makes use of an ambulance that is stationed at the facility. While the legal ownership documents (logbook and valuation records) are held by the County Headquarters, the ambulance is under the hospital's operational control and is actively used to generate

income through patient transport and emergency services. Despite the economic benefits derived, the ambulance is not recognized as a hospital asset in these financial statements due to the absence of ownership documentation. It is considered a county-owned asset utilized by the hospital. Parked at the hospital compound are other grounded vehicles which the hospital is making a follow up for valuation and disposal.

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

Notes to the Financial Statements (Continued)

f. Leases

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

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

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

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

g. Intangible assets

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

Notes to the Financial Statements (Continued)

h. Biological Assets

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

i. Research and development costs

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

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

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

j. Financial instruments

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

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

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.

I. Provisions

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

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

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

Notes to the Financial Statements (Continued)

m. Social Benefits

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

n. Contingent liabilities

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

o. Contingent assets

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

p. Nature and purpose of reserves

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

q. Changes in accounting policies and estimates

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

Notes to the Financial Statements (Continued)

r. Employee benefits

Retirement benefit plans

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

s. Foreign currency transactions

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

t. Borrowing costs

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

u. Related parties

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

v. Service concession arrangements

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

w. Cash and cash equivalents

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

x. Comparative figures

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

y. Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note -. 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	Period ended 30 th June 2025	Period ended 30 th June 2024
	KShs	KShs
Unconditional grants		
Operational grant	5,364,660	8,300,000
Level 4/5 grants	-	-
Unconditional development grants	-	-
Other grants (<i>specify</i>)	-	-
	-	-
Conditional grants		
User fee forgone	-	-
Transforming health services for Universal care project (THUCP)	-	-
DANIDA	-	-
Wards Development grant	-	-
Paediatric block grant	-	-
Administration block grant	-	-
Laboratory grant	-	-
Total government grants and subsidies	5,364,660	8,300,000

6 b Transfers from The County Government

Name of the Entity sending the grant	Amount recognized to Statement of financial performance* KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	Period ended 30 th June 2024
			KShs	KShs	KShs
Makueni County Government	5,364,660	-	-	5,364,660	8,300,000
Total	5,364,660	-	-	5,364,660	8,300,000

Notes to Financial Statements Continued

7. In Kind Contributions from The County Government

Description	Period ended 30 th June 2025	Period ended 30 th June 2024
	KShs	KShs
Salaries and wages	127,109,199	140,158,140
Medical supplies-Drawings Rights (KEMSA)	-	-
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	11,645,646	10,700,215
Utility bills	1,451,551	1,227,311
Total grants in kind	140,206,396	152,085,666

8. Grants From Donors and Development Partners

Description	Period ended 30 th June 2025	Period ended 30 th June 2024
	KShs	KShs
Cancer Centre grant- DANIDA	-	-
World Bank grants	-	-
Paediatric ward grant- JICA	-	-
Research grants	-	-
Other grants (<i>specify</i>)	-	-
Total grants from development partners	-	-

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

Name of the Entity sending the grant	Amount recognized to Statement of financial performance	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year	Period ended 30th June 2024
	KShs	KShs	KShs	KShs	KShs
Donor e.g., DANIDA	-	-	-	-	-
JICA	-	-	-	-	-
World Bank	-	-	-	-	-
Total	-	-	-	-	-

Notes to Financial Statements Continued

9. Transfers From Other Government Entities

Description	Period ended 30 th June 2025	Period ended 30 th June 2024
	KShs	KShs
Transfer from National Government (Ministry of Health)	-	-
Transfer from - National Hospital	-	-
Transfer from - Institute	-	-
Total Transfers	-	-

10. Public Contributions and Donations

Description	Period ended 30 th June 2025	Period ended 30 th June 2024
	KShs	KShs
Public donations	-	-
Donations from local leadership	-	-
Donations from religious institutions	-	-
Donations from other international organisations and individuals	-	-
Other donations(<i>specify</i>)	-	-
Donations in kind-amortised	-	-
Total donations and sponsorships	-	-

10 (a)Reconciliations of amortised grants

Description	Period ended 30 th June 2025	Period ended 30 th June 2024
	Kshs	Kshs
Balance unspent at beginning of year	-	-
Current year receipts	-	-
Amortised and transferred to revenue	-	-
Conditions to be met – remain liabilities	-	-

Notes to Financial Statements Continued

11. Rendering of Services-Medical Service Income

Description	Period ended 30 th June 2025	Period ended 30 th June 2024
	Kshs	Kshs
Pharmaceuticals	2,798,730	2,651,263
Non-Pharmaceuticals	-	-
Laboratory	5,326,220	3,365,650
Radiology	2,925,280	2,182,450
Orthopedic and Trauma Technology	11,300	945,820
Theatre	2,565,697	1,296,280
Accident and Emergency Service	238,000	299,000
Anesthesia Service	-	-
Ear Nose and Throat service	-	-
Nutrition service	17,200	158,000
Cancer centre service	-	-
Dental services	-	-
Reproductive health	300	-
Paediatrics services	-	-
Farewell home services	-	-
Ambulance services	-	-
Other medical services income (<i>in-patient, physiotherapy, occupational, clinics, plaster</i>)	7,537,100	5,378,235
Total revenue from the rendering of services	21,419,827	16,276,698

Notes to the Financial Statements (Continued)

12. Revenue From Rent of Facilities

Description	Period ended 30 th June 2025	Period ended 30 th June 2024
	Kshs	Kshs
Residential property	-	-
Commercial property	-	-
Total Revenue from rent of facilities	-	-

13. Finance /Interest Income

Description	Period ended 30 th June 2025	Period ended 30 th June 2024
	Kshs	Kshs
Interest income from Cash investments and fixed deposits	-	-
Interest income from short-term/ current deposits	-	-
Interest income from Treasury Bills	-	-
Interest income from Treasury Bonds	-	-
Interest from outstanding debtors	-	-
Total finance income	-	-

14. Miscellaneous Income

Description	Period ended 30 th June 2025	Period ended 30 th June 2024
	KShs	KShs
Insurance recoveries	44,220,692	17,457,649
Insurance recoveries (Makueni UHC Registration)	92,000	282,000
UHC claims receivable	4,235,680	3,621,720
Income from sale of tender	-	-
Revenue waived or exempted during the year	2,549,841	2,333,080
Services concession income	-	-
Sale of goods (water, publications, containers etc)	-	-
Write backs (Deposits, payments in advance etc)	-	-
Bad debts recovered	-	-
<i>Others (nhif and sha)</i>	21,441,749	18,663,174
Total Miscellaneous income	72,539,963	42,357,623

Notes to the Financial Statements (Continued)

15. Medical/ Clinical Costs

Description	Period ended 30 th June 2025	Period ended 30 th June 2024
	Kshs	Kshs
Dental costs/ materials	-	-
Laboratory chemicals and reagents	2,812,764	1,977,950
Public health activities	-	-
Food and Ration	13,566,332	10,089,719
Uniform, clothing, and linen	30,000	30,000
Dressing and Non-Pharmaceuticals	8,307,412	11,214,246
Pharmaceutical supplies	1,820,182	3,753,110
Health information stationery	-	-
Reproductive health materials	-	-
Sanitary and cleansing Materials	1,685,110	1,024,203
Purchase of Medical gases	2,959,451	2,162,072
X-Ray/Radiology supplies	757,050	1,417,850
Medical and dental equipment	781,129	644,600
Other medical related clinical costs (<i>specify</i>)	-	-
Total medical/ clinical costs	32,719,430	32,313,750

16. Employee Costs

Description	Period ended 30 th June 2025	Period ended 30 th June 2024
	Kshs	Kshs
Salaries, wages, and allowances	21,146,098	20,414,228
Contributions to pension schemes	-	-
Service gratuity	-	-
Performance and other bonuses	-	-
Staff medical expenses and Insurance cover	-	-
Group personal accident insurance and WIBA	-	-
Social contribution	-	-
Travelling and accommodation	-	1,450,395
Other employee costs -Locum	712,235	1,815,455
Employee costs	21,858,333	23,680,078

Notes to the Financial Statements (Continued)

17. Board of Management Expenses

Description	Period ended 30 th June	Period ended 30 th June
	2025	2024
	Kshs	Kshs
Chairman's Honoraria	-	-
Sitting allowance	213,500	271,500
Mileage	-	-
Insurance expenses	-	-
Induction and training	-	-
Travel and accommodation allowance	-	-
Airtime allowances	-	-
Total	213,500	271,500

18. Depreciation and Amortization Expense

Description	Period ended 30 th June	Period ended 30 th June
	2025	2024
	Kshs	Kshs
Property, plant and equipment	1,245,750	1,390,397
Intangible assets	-	-
Investment property carried at cost	-	-
Total depreciation and amortization	1,245,750	1,390,397

19. Repairs And Maintenance

Description	Period ended	Period ended
	30 th June 2025	30 th June 2024
	Kshs	Kshs
Property- Buildings	273,583	248,610
Medical equipment	302,973	560,399
Office equipment	-	-
Furniture and fittings	-	21,200
Maintenance of Computers	149,138	199,138
Motor vehicle expenses	1,086,319	1,314,833
Maintenance of civil works		
Total repairs and maintenance	1,812,013	2,344,180

Notes to the Financial Statements (Continued)

20. Grants And Subsidies

Description	Period ended 30 th June	Period ended 30 th June
	2025	2024
	Kshs	Kshs
Community development and social work	-	-
Education initiatives and programs	-	-
Free/ subsidised medical camp	-	-
Disability programs	-	-
Free cancer screening	-	-
Social benefit expenses	-	-
Other grants and subsidies(<i>specify</i>)	-	-
Total grants and subsidies	-	-

21. General Expenses

Description	Period ended 30 th	Period ended
	June 2025	30 th June 2024
	Kshs	Kshs
Advertising and publicity expenses	50,000	25,000
Catering expenses	54,000	19,730
Purchase of computers	820,363	
Waste management expenses	-	-
Insecticides and rodenticides	-	-
Audit fees	-	-
Bank charges	28,353	69,065
Conferences and delegations	80,400	81,400
Consultancy fees	-	-
Contracted services	1,116,377	688,103
Electricity expenses	708,498	502,693
Payment of taxes	79,011	
Fuel and Lubricants-Motor vehicles	3,777,323	7,082,738
Fuel and Lubricants- Production	2,719,824	503,449
Purchase of house holds	158,905	356,436
Insurance	-	-
Research and development expenses	-	-
Travel and accommodation allowance	2,795,575	-
Legal expenses	-	-
Licenses and permits	-	-

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Description	Period ended 30 th June 2025	Period ended 30 th June 2024
	Kshs	Kshs
Courier and postal services	37,800	18,900
Printing and stationery	228,741	20,000
General office Supplies-stationery	2,790,401	3,149,332
Supplies and accessories for computers	520,148	1,126,713
Hire charges	-	-
Rent expenses	-	-
Water and sewerage costs	599,771	727,031
Skills development levies	-	-
Telephone and mobile phone services	209,280	126,600
Internet expenses	101,239	231,495
Purchase of electrical and electronics	158,619	366,408
Other fuels	834,677	239,880
Staff training and development	-	-
Subscriptions to professional bodies	-	-
Subscriptions to newspapers periodical, magazines, and gazette notices	-	-
Library books/Materials	-	-
Parking charges	-	-
Total General Expenses	17,869,306	15,334,973

22. Finance Costs

Description	Period ended 30 th June 2025	Period ended 30 th June 2024
	KShs	KShs
Borrowings (amortized cost) *	-	-
Finance leases (amortized cost)	-	-
Interest on Bank overdrafts/Guarantees	-	-
Interest on loans from commercial banks	-	-
Total finance costs	-	-

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

Description	Period ended 30 th June 2025	Period ended 30 th June 2024
	KShs	KShs
Property, plant, and equipment	-	-
Intangible assets	-	-
Other assets not capitalised (<i>specify</i>)	-	-
Total gain on sale of assets	-	-

24. Unrealized Gain On Fair Value Investments

Description	Period ended 30 th June 2025	Period ended 30 th June 2024
	KShs	KShs
Investments at fair value	-	-
Total gain	-	-

Notes to the Financial Statements (Continued)

25. Medical Services Contracts Gains /Losses

Description	Period ended 30 th June 2025	Period ended 30 th June 2024
	KShs	KShs
Comprehensive care contracts with NHIF/SHA	-	-
Non- Comprehensive contracts care with NHIF/SHA	-	-
Linda Mama Program	-	-
Waivers and Exemptions	(2,549,841)	(2,333,080)
Total Gain/Loss	(2,549,841)	(2,333,080)

26. Impairment Loss

Description	Period ended 30 th June 2025	Period ended 30 th June 2024
	KShs	KShs
Property, plant, and equipment	-	-
Intangible assets	-	-
Investments	-	-
Total impairment loss	-	-

27. Cash And Cash Equivalents

Description	Period ended 30 th June 2025	Period ended 30 th June 2024
	KShs	KShs
Current accounts	7,163,203	2,252,213
On - call deposits	-	-
Fixed deposits accounts	-	-
Cash in hand	-	-
Others(<i>specify</i>)- Mobile money	-	-
Total cash and cash equivalents	7,163,203	2,252,213

Notes to the Financial Statements (Continued)

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

Description		Period ended 30 th June 2025	Period ended 30 th June 2024
Financial institution	Account number	KShs	KShs
a) Current account			
Kenya Commercial bank	1147264864	7,151,791.33	2,236,928.00
Kenya Commercial bank	1147265178	11,412	15,285.25
Equity Bank, etc			
Sub- total		7,163,203	2,252,213
b) On - call deposits			
Kenya Commercial bank		-	-
Equity Bank – etc		-	-
Sub- total		-	-
c) Fixed deposits account			
Bank Name		-	-
Sub- total		-	-
d) Others(<i>specify</i>)			
cash in hand		-	-
Mobile money- Mpesa, Airtel money		-	-
Sub- total		-	-
Grand total		7,163,203	2,252,213

28. Prepayments

Description	Period ended 30 th June 2025	Period ended 30 th June 2024
	Kshs	Kshs
Insurance	-	-
Rent	-	-
Water	-	-
Internet	-	-
Others specify	-	-
Total	-	-

29. Receivables From Exchange Transactions

Description	Period ended 30 th June 2025	Period ended 30 th June 2024
	KShs	KShs
Medical services receivables	35,293,110	18,663,174
Rent receivables	-	-
Other exchange debtors	-	-
Less: impairment allowance	(-)	(-)
Total receivables	35,293,110	18,663,174

Analysis of Receivables From Exchange Transactions

Description	Period ended 30 th June 2025		Period ended 30 th June 2024	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	21,441,749.10	61%	18,663,174	100%
Between 1- 2 years	13,851,361	39%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (a+b)	35,293,110	100%	18,663,174	100%

30. Receivables From Non-Exchange Transactions

Description	Period ended 30 th June 2025	Period ended 30 th June 2024
	KShs	KShs
Transfers from the County Government	-	-
Undisbursed donor funds	-	-
Other debtors (<i>non-exchange transactions</i>)	-	-
Less: impairment allowance	(-)	(-)
Total	-	-

Analysis of Receivables From Non-Exchange Transactions

Description	Period ended 30 th June 2025		Period ended 30 th June 2024	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	-	%	-	%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (a+b)	-	%	-	%

31. Inventories

Description	Period ended 30 th June 2025	Period ended 30 th June 2024
	KShs	KShs
Pharmaceutical supplies	1,671,533	4,056,665
Dressing and non-pharmaceuticals	901,604	789,376
Maintenance supplies	-	-
Food supplies	124,870	125,355
Linen and clothing supplies	-	-
Cleaning materials supplies	20,000	-
General supplies	188,000	149,680
Less: provision for impairment of stocks	(-)	(-)
Total	2,906,007	5,121,076

Detailed disclosure on inventories

	Period ended 30th June 2025	Period ended 30th June 2024
Opening balance	5,121,076	-
Additional Inventory in the year	29,665,254	-
Inventory expensed in the year	31,880,323	-
Write-downs in the year	-	-
Others specify	-	-
Closing balance	2,906,007	5,121,076

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Notes to the Financial Statements (Continued)

32. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (specify)	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh	Ksh
Cost									
At 1 July 2023	-	-	-	79,000	317,000	435,000	-	-	831,000
Additions	-	-	-	5,786,003	1,253,785	10,840,475	-	-	17,880,263
Disposals	(-)	(-)	(-)	(-)	(-)	(-)	-	-	(-)
Transfers/adjustments	-	-	(-)	-	-	-	-	-	(-)
Revaluation Adjustments	-	-	-	-	-	-	-	-	-
At 30th Jun 2024	-	-	-	5,865,003	1,570,785	11,275,475	-	-	18,711,263
At 1 July 2024	-	-	-	5,865,003	1,570,785	11,275,475	-	-	18,711,263
Additions	-	-	-	-	-	500,000	-	-	500,000
Disposals	(-)	(-)	(-)	(-)	(-)	(-)	-	(-)	(-)
Transfer/adjustments	-	-	-	-	-	-	-	(-)	-
Revaluation Adjustments	-	-	-	-	-	-	-	-	-
At 30th Jun 2025	-	-	-	5,865,003	1,570,785	11,775,475	-	-	19,211,263
Depreciation and impairment									

Kibwezi Sub-County Hospital (Makueni County Government)
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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
At 1 July 2023	-	-	-	2,798,430	1,090,577	4,499,424	-	-	8,388,431
Depreciation for the year	-	-	-	383,322	160,069	847,006	-	-	1,390,397
Disposals	-	(-)	(-)	(-)	(-)	(-)	(-)	-	(-)
Impairment	-	(-)	(-)	(-)	(-)	(-)	(-)	-	(-)
At 30 June 2024	-	-	-	3,181,752	1,250,647	5,346,430	-	-	9,778,828
At July 1 st July 2024	-	-	-	3,181,752	1,250,647	5,346,430	-	-	9,778,828
Depreciation	-	-	-	335,406	106,713	803,631	-	-	1,245,750
Disposals	-	(-)	(-)	(-)	(-)	(-)	(-)	-	(-)
Impairment	-	(-)	(-)	(-)	(-)	(-)	(-)	-	(-)
Transfer/adjustment	-	-	-	-	-	-	-	-	(-)
At 30th June 2025	-	-	-	3,517,158	1,357,359	6,150,061	-	-	11,024,578
Net book values									
At 30 th Jun 2024	-	-	-	2,683,251	320,138	5,929,045	-	-	8,932,435
At 30 th Jun 2025	-	-	-	2,347,845	213,426	5,625,414	-	-	8,186,685

Notes to the Financial Statements (Continued)

33. Intangible Assets-Software

Description	Period ended	Period ended
	30 th June 2025	30 th June 2024
	KShs	KShs
Cost		
At beginning of the year	-	-
Additions	-	-
Additions–Internal development	-	-
Disposal	(-)	(-)
At end of the year	-	-
Amortization and impairment		
At beginning of the year	-	-
Amortization for the period	-	-
Impairment loss	-	-
At end of the year	-	-
NBV	-	-

34. Investment Property

Description	Period ended	Period ended
	30 th June 2025	30 th June 2024
	KShs	KShs
At beginning of the year	-	-
Additions	-	-
Disposals during the year	(-)	(-)
Fair value gain	-	-
Depreciation (<i>where investment property is at-cost</i>)	(-)	(-)
Impairment	(-)	(-)
At end of the year	-	-

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Notes to the Financial Statements (Continued)

35. Biological Assets

Description	Period ended 30 th June 2025	Period ended 30 th June 2024
	Kshs	Kshs
Trees in a plantation forest	-	-
Animals: Dairy Cattle, Pigs, Sheep	-	-
Others specify	-	-
Total	-	-

36. Trade and other Payables

Description	Period ended 30 th June 2025		Period ended 30 th June 2024	
	KShs		KShs	
Trade payables	30,174,628		34,478,299	
Employee dues	1,827,500		-	
Third-party payments (<i>e.g. unremitted payroll deductions</i>)	-		-	
Audit fee	-		-	
Doctors' fee	-		-	
Total trade and other payables	32,002,128		34,478,299	
Ageing analysis:	Current FY	% of the Total	Compa rative FY	% of the total
Under one year	15,379,234	48%	22,100,738	64%
1-2 years	10,833,854	34%	12,377,561	36%
2-3 years	5,789,040	18%	-	%
Over 3 years	-	%	-	%
Total	32,002,128	100%	34,478,299	100%

37. Refundable Deposits from Customers/Patients

Description	Period ended 30 th June 2025		Period ended 30 th June 2024	
	KShs		KShs	
Medical fees paid in advance	-		-	
Credit facility deposit	-		-	
Rent deposits	-		-	
Others (<i>specify</i>)	-		-	
Total deposits	-		-	
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	-	%	-	%

38. Provisions

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

39. Finance Lease Obligation

Description	Period ended 30th June 2025	Period ended 30th June 2024
	Kshs	Kshs
Current Lease obligation	-	-
Long term lease obligation	-	-
Total	-	-

40. Deferred Income

Description	Period ended 30th June 2025	Period ended 30th June 2024
	KShs	KShs
Current Portion	-	-
Non-Current Portion	-	-
Total	-	-

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Notes to the Financial Statements (Continued)

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

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

41. Borrowings

Description	Period ended 30 th June 2025	Period ended 30 th June 2024
	KShs	KShs
Balance at beginning of the period	-	-
External borrowings during the year	-	-
Domestic borrowings during the year	-	-
Repayments of external borrowings during the year	(-)	(-)
Repayments of domestic borrowings during the year	(-)	(-)
Balance at end of the period	-	-

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

Description	Period ended 30 th June 2025	Period ended 30 th June 2024
	KShs	KShs
Current Obligation	-	-
Non-Current Obligation	-	-
Total	-	-

Notes to the Financial Statements (Continued)

42. Service Concession Arrangements

Description	Period ended 30 th June 2025	Period ended 30 th June 2024
	KShs	KShs
Fair value of service concession assets recognized under PPE	-	-
Accumulated depreciation to date	(-)	-
Net carrying amount	=	=
Service concession liability at beginning of the year	-	-
Service concession revenue recognized	(-)	(-)
Service concession liability at end of the year	=	=

43. Cash Generated from Operations

Description	Period ended 30 th June 2025	Period ended 30 th June 2024
	KShs	KShs
Surplus for the year before tax	21,056,278	(10,733,638)
Adjusted for:		
Depreciation	1,245,750	1,390,397
Non-cash grants received	(-)	(-)
Impairment	-	-
Gains and losses on disposal of assets	(-)	(-)
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
Working Capital adjustments		
Decrease in inventory	2,215,070	(4,456,071)
Increase in receivables	(16,629,936)	(7,702,064)
Increase in deferred income	-	-
Increase in payables	(2,476,171)	18,066,850
Increase in payments received in advance		
Net cash flow from operating activities	5,410,990	(3,434,526)

44. Financial Risk Management

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

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

(i) Credit risk

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024				
Receivables from exchange transactions	18,663,174	18,663,174		
Receivables from –non-exchange transactions				
Bank balances	2,252,213	2,252,213		
Total	20,915,387	20,915,387		
At 30 June 2025				
Receivables from exchange transactions	35,293,110	35,293,110		
Receivables from –non-exchange transactions				
Bank balances	7,163,202	7,163,202		
Total	42,456,313	42,456,313		

Notes to the Financial Statements (Continued)

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

(ii) Liquidity risk management

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024				
Trade payables	1,607,774	2,560,196	30,310,330	34,478,300
Current portion of borrowings				
Provisions				
Deferred income				
Employee benefit obligation				
Total	1,607,774	2,560,196	30,310,330	34,478,300
At 30 June 2025				
Trade payables	5,179,345	3,616,173	21,447,720	30,243,238
Current portion of borrowings				
Provisions				
Deferred income				
Employee benefit obligation				
Total	5,179,345	3,616,173	21,447,720	30,243,238

Notes to the Financial Statements (Continued)

(iii) Market risk

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

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

a) Foreign currency risk

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

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

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

Notes to the Financial Statements (Continued)

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

Foreign currency sensitivity analysis

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

Description	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
20XX (previous year)			
Euro	10%	-	-
USD	10%	-	-
20XX (current year)			
Euro	10%	-	-
USD	10%	-	-

b) Interest rate risk

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

Management of interest rate risk

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

Notes to the Financial Statements (Continued)

Sensitivity analysis

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

iv) Capital Risk Management

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

Description	Period ended	Period ended
	30th June 2025	30th June 2024
	Kshs	Kshs
Revaluation reserve	-	-
Retained earnings	15,361,747	(5,694,532)
Capital reserve	6,185,131	6,185,131
Total funds	21,546,878	490,599
Total borrowings		
Less: cash and bank balances	7,163,202	2,252,213
Net debt/ <i>(excess cash and cash equivalents)</i>	24,838,926	32,226,086
Gearing		

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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.

- 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	Period ended	Period ended
	30 th June 2025	30 th June 2024
	Kshs	Kshs
Transactions with related parties		
a) Services offered to related parties		
Services to -	-	-
Sales of services to -	-	-
Total	-	-
b) Grants from the Government		
Grants from County Government	-	-
Grants from the National Government Entities	-	-
Donations in kind	-	-
Total	-	-
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for - employees	-	-
Payments for goods and services for -	-	-
Total	-	-
d) Key management compensation		
Directors' emoluments	-	-

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Description	Period ended 30 th June 2025	Period ended 30 th June 2024
	Kshs	Kshs
Compensation to the medical Sup	-	-
Compensation to key management	-	-
Total	-	-

46. Segment Information

47. Contingent Liabilities

Contingent liabilities	Period ended 30 th June 2025	Period ended 30 th June 2024
	Kshs	Kshs
Court case - against the hospital	-	-
Bank guarantees in favour of subsidiary	-	-
Total	-	-

48. Capital Commitments

Capital Commitments	Period ended 30 th June 2025	Period ended 30 th June 2024
	Kshs	Kshs
Authorised For	-	-
Authorised And Contracted For	-	-
Total	-	-

49. Events after the Reporting Period

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

50. Ultimate and Holding Entity

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

51. Currency

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

20. Appendices

Appendix 1: Progress on Follow Up of Auditor Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
OAG/MRO/KIBWEZI/SLC4H/2023/2024(15)	Deficiency in implementation of universal health coverage	The management has employed contracted employees and has also engaged the department of health to deploy more staff to the facility	Not resolved	5 years
OAG/MRO/KIBWEZI/SLC4H/2023/2024(15)	Long outstanding trade and other payables	The management is clearing the pending bill in an aging analysis and there is a significant decrease as compared to previous year.	Not resolved	3 years
OAG/MRO/KIBWEZI/SLC4H/2023/2024(15)	Incomplete fixed assets register	The management has a fixed asset register. However some	Not resolved	2 years

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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)
OAG/MRO/KIBWEZI/SLC4H/2023/2024(15)	Lack of risk management policy	assets have not been valued The management developed a risk management policy	Resolved	
OAG/MRO/KIBWEZI/SLC4H/2023/2024(15)	Land and Motor Vehicles Without Ownership Documents	Asset Identification of motor vehicles, plant and equipment previously owned by the defunct Local Authorities and National Government that relate to performance of all devolved functions was carried out by the State Department for Roads in 2023. Under the coordination of Intergovernmental Relations Technical Committee (IGRTC), once the required transfer processes are completed and the ownership documents issued, the assets that belong to the hospital will be recognized in the hospital's financial statements.	Not resolved	2 years

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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)
		Regarding land, the hospital sits on land inherited from the National Government, which currently lacks a title deed. However, Makueni County is among the 30 counties selected under Phase 1 of the valuation of fixed county assets being undertaken by the State Department of Lands and Physical Planning, in collaboration with the State Department for Devolution and Intergovernmental Relations Technical Committee (IGRTC).		
OAG/MRO/KIBWEZI/SLC4H/2023/2024(15)	Non-Compliance with Biomedical Waste Management Requirement	The hospital management took advisory from the audit and commenced a proper management and disposal of the biomedical waste. Currently, the hospital	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)
OAG/MRO/KIBWEZI/SLC4H/2023/2024(15)	Failure to Prepare Quarterly Revenue Reports	transports its waste to Makindu Sub-County Hospital for safe disposal	Resolved	
OAG/MRO/KIBWEZI/SLC4H/2023/2024(15)	Lack of Internal Audit Unit and Audit Committee	The management noted the issue and started preparing Quarterly revenue report	Resolved	
		As observed by the audit team, the hospital relies on the Internal Audit Unit of the County Executive, based at the County Treasury, for audit and assurance services. For the 2024/2025 financial year, an audit review by the internal auditors was scheduled, as confirmed in the letter issued by the internal audit department. Additionally, an Audit Subcommittee of the Hospital Board was established in February 2025 to strengthen	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)
OAG/MRO/KIBWEZI/SLC4H/2023/2024(15)	Weaknesses in Medical Stores Management	internal oversight and governance. The management has taken measures to strengthen internal control systems relating to store management. These measures include conducting monthly stock counts and regularly updating bin cards to enhance accuracy and accountability in inventory management.	Resolved	
OAG/MRO/KIBWEZI/SLC4H/2023/2024(15)	Use of Manual Accounting System	The County Government is in the process of automating processes in all hospitals within the County. That is, a County Health Management Information System which is already implemented in Makueni County Referral and Mbooni hospitals during the current year. The same will be	Not resolved	2 years

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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)
OAG/MRO/KIBWEZI/SLC4H/2023/2024(15)	Failure to Maintain a Designated Bank Account for Appropriations in Aid	rolled out in the rest of the facilities within the County. The County Treasury issued a circular to all hospitals to maintain separate bank accounts for Revenue and Operations beginning 1st July 2025	Resolved	
OAG/MRO/KIBWEZI/SLC4H/2023/2024(15)	Expiry of Medical Supplies	The expired drugs consisted exclusively of program commodities from National Government, including family planning items, Anti-Malaria and ARVs for the period 2020 and 2021. The expired drugs are quarantined in a secure environment pending disposal approval from the National Government. hospital management has recommended through the disposal committee a follow	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)
		up with the County and National Government for disposal.		
OAG/MRO/KIBWEZI/SLC4H/2023/2024(15)	Grounded Motor Vehicles	The Accounting officer constituted a Disposal Committee to identify unserviceable, obsolescent, obsolete or surplus assets as per Public Procurement and Asset Disposal Act, 2015 Section 163(1). The identification process was conducted, and the resulting asset schedule was submitted to the Head of Procurement	Not resolved	2

Guidance Notes:

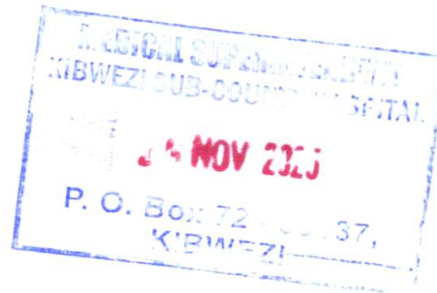
- (i) Use the same reference numbers as contained in the external audit report.
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from the final external audit report that is signed by Management.

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- (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



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Appendix II: Projects Implemented by The Entity

Projects

Projects implemented by the Hospital Funded by development partners

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

Status of Projects completion

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

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Appendix III: Inter-Entity Confirmation Letter

Name of Transferring entity...Makueni County

Name of Beneficiary entity.....Kibwezi Sub-County Hospital

Confirmation of amounts received by Kibwezi Sub-County Hospital as at 30 th June 2025					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
FT243449CB13	December 2024	5,000,000		5,000,000	
Various-dec 2024 stat	December 2024	300,320		300,320	
FT25056BPKXP	February 2025	64,340		64,340	
Total		5,364,660		5,364,660	

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

Head of Accounts Department - Disbursing Entity:

Name ... Kanisa Kubwen Sign [Signature] Date 24/11/2025

Head of Accounts Department - Beneficiary Entity:

Name ... michael muange Sign [Signature] Date 24/11/25

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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