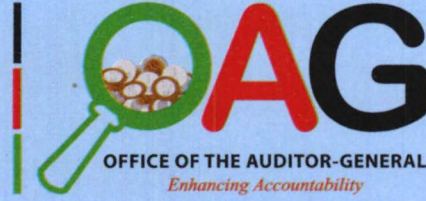


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REPORT

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MOKOWE SUB – COUNTY LEVEL 4
HOSPITAL

FOR THE YEAR ENDED
30 JUNE, 2025

COUNTY GOVERNMENT OF LAMU

125



MOKOWE SUB – COUNTY HOSPITAL

(County Government of Lamu)

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
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
COB	Office of the Controller of Budget
PPE's	Property, plant and equipment's
CSL	Community Service Learning
CPA	Certified Public Accountant
KEMSA	Kenya Medical Supplies Authority
HPTU	Health Product Technologist Unit
KMPDC	Kenya Medical Practitioners and Dentist Council
CME	Continuing Medical Education

Acronyms

Fiduciary Management	Key management personnel who have financial responsibility in the entity.
Hospital	Mokowe Sub -County Hospital

2. Key Entity Information and Management

(a) Background information

Mokowe Sub-County Hospital is a level 4 hospital registration number GK-007594 and is domiciled in Lamu County under the Health Service Department. The hospital is licenced under the Kenya Medical Practitioners and Dentist Council (KMPDC). The hospital is governed by a committee of management.

(b) Principal Activities

The principal activity of the hospital is to provide general medical services, basic and major surgical procedures, basic laboratory tests, and radiology services, as well as to offer patient and community education on preventive health care.

🌟 Hospital Vision

A competitive and responsive healthcare delivery system for all.

🎯 Hospital Mission

To provide leadership and quality health and sanitation services that are sustainable, affordable, acceptable, and accessible to the community.

🏠 Hospital Goal

To strive for the highest standards in medical care and service delivery.

💡 Core Values

- **❤️ Compassion:** Providing care with empathy and treating all patients as individuals with unique needs.
- **🤝 Integrity:** Promoting transparency in service delivery and the prudent use of resources.
- **🎓 Professionalism:** Upholding high standards of medical practice through continuous training and supervision.
- **👥 Teamwork:** Fostering collaboration among staff, support staff, and the community to ensure efficient patient care.

(c) Key Management

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

- Committee of Management
- Medical Superintendent

- 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. Mohammed Said
2.	Head of finance	CPA Mohamed A. Abubakar
3.	Head of supply chain	Mrs. Jamila Mitsanze
4.	Hospital Administrator	Mr. Khalifa B. Khalifa
5.	Chief Officer Medical Service	Dr. Victor Tole

(e) Fiduciary Oversight Arrangements

The fiduciary oversight arrangements for the Mokowe Sub- County Hospital are under the following organs mandated to various function and powers as guided by different laws, rules and regulations.

Sno	Position	Description
1.	Directorate of Accounting Service	The Directorate is headed by the Director Finance Services. It derives its mandate from the Constitution 2010, the Public Finance Management Act 2012. The main responsibility of the directorate is monitoring of expenditure and projects through vote controls, including program implementation on a periodic basis and ensuring that timely corrective action is taken
2.	Directorate of Internal Audit	The Directorate is headed by the Ag. Director Internal Audit to provide independent assurance, advice and insight in order to enhance and protect organizational value. Contribute towards evidence-based decision making, and promote organizational planning, transparency, integrity and accountability

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3.	County Assembly Public Accounts Investment Committee	The committee is headed by the Chairperson with primary Mandate of oversight the expenditure of public funds by Kenya Office of Auditor Lamu County entities, to ensure value for money.
4.	Office of the Auditor General	The Office is charged with the primary oversight /assurance role of ensuring accountability within the three arms of government i.e. the Legislature, the Judiciary and the Executive; as well as the Constitutional Commissions and Independent Offices.
5.	Hospital Board Team	The Committee members oversee the hospital mission, financial integrity and overall performance, always acting in the best interest of patients, staffs and the community.

(f) Entity Headquarters

Mokowe Sub County Hospital
P.O. Box 57-80502
Mokowe

(g) Entity Contacts

Telephone: (+254) 781465955
E-mail: mokowehospital@lamu.go.ke
Website: www.lamu.go.ke

(h) Entity Bankers

Kenya Commercial Bank
P.O Box 42 -80502
Mokowe Branch.

(i) Independent Auditors

Auditor General
Office of Auditor General

Mokowe Sub-County Hospital (County Government of Lamu)
Annual Report and Financial Statements for The Ten Months Period Ended 30th June 2025

Anniversary Towers, Institute Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya.




(j) County Attorney

Director Legal Services,



P.O Box 74 – 80500

County Government of Lamu.

3. The Board of Management

Ref	Committee Members	Details
1.	 <p data-bbox="379 837 746 925">Mr. Mohamed Abdallah Said Chairman</p>	<p data-bbox="855 454 1361 902">Born on 1/1/1962 and attained his ordinary level certificate in academics. Mr. Mohamed Abdallah served as an Air Force officer from 1984-1993, later joined Mombasa Maize Millers in the year 200 where he worked as a manager for 12 years before joining County Assembly of Lamu in the year 2014 serving as the sergeant at arms for 8 years. He is a respectable and diligent community leader.</p>
2.	 <p data-bbox="464 1339 663 1413">Eunice H. Bada Member</p>	<p data-bbox="855 999 1361 1357">Eunice Bada was born on 20/7/1979 and is a resident of Mokowe. She attained her ordinary level certificate and later joined ECDE college where she graduated successfully. She is an ECDE teacher with over 15 years of experience in her career. She is a goal getter and has great passion to towards the prosperity of her community.</p>
3.	 <p data-bbox="467 1742 660 1809">Rehema Katana Member</p>	<p data-bbox="855 1480 1361 1760">Rehema Katana was born on 15/3/1973 and is a resident of Mokowe. She is well versed with leadership roles having been an active community leader for over 20 years in various CBOs and very experienced in matters pertaining her community's growth.</p>

Mokowe Sub-County Hospital (County Government of Lamu)
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4.	 <p style="text-align: center;">Khalifa B. Khalifa Member</p>	<p>Mr. Khalifa was born on 1/1/1981. He completed his KCSE in the year 2000 and later joined Pwani University for his degree in Human Resource where he graduated in the year 2004. He has worked in various posts within the County Government of Lamu such as Bahari Ward Administrator for 3 years, Assistant Director department of Public Service Management and various hospitals such as Faza and King Fahad as a Hospital Administrator.</p>
5.	 <p style="text-align: center;">Dr. Mohammed S. Mohammed Secretary/Medical Superintendent</p>	<p>Doctor Mohammed Said was born on 10/9/1993 and is a graduate of Kampala International University where he pursued Bachelor in Medicine and Surgery. In 2013, he undertook his internship at Portreiz Sub County Hospital and later had practiced at New Bulanda Nursing Home and Maternity in Busia. He is currently working with the County Government of Lamu having joined in the year 2023.</p>

Change of Board of Management Secretary


Ref	Name	Date
1	Dr. Mohammed Arif	1/7/2024 to 31/12/2024
2	Dr. Mohamed Said Mohamed	1/1/2025 to date

*Mokowe Sub-County Hospital (County Government of Lamu)
Annual Report and Financial Statements for The Ten Months Period Ended 30th June 2025*

4. Key Management Team

Ref	Management	Designation
1.	 <p>Dr. Mohammed Said Mohammed MBChB</p>	<p>Doctor Mohammed Said was born on 10/9/1993 and is a graduate of Kampala International University where he pursued Bachelor in Medicine and Surgery. In 2013, he undertook his internship at Portreiz Sub County Hospital and later had practiced at New Bulanda Nursing Home and Maternity in Busia. He is currently working with the County Government of Lamu having joined in the year 2023.</p>
2.	 <p>Mr. Khalifa Bwanamaka Khalifa Bachelor Degree in Human Resource</p>	<p>Mr. Khalifa was born on 1/1/1981. He has a bachelor degree in Human Resource where he from a reputable institution. He has worked in various posts within the County Government of Lamu such as Bahari Ward Administrator for 3 years, Assistant Director department of Public Service Management and various hospitals such as Faza and King Fahad as a Hospital Administrator.</p>
3.	 <p>Ms. Jamila Mitsanze B.COM Procurement, Masters- Procurement</p>	<p>Head of Supply Chain</p>

Mokowe Sub-County Hospital (County Government of Lamu)
Annual Report and Financial Statements for The Ten Months Period Ended 30th June 2025

4.	 <p>Dr. Victor Tole Bachelors in pharmacy, Masters</p>	Chief Officer-Medical Services
5.	 <p>CPA Mohamed Abbas Abubakar B.COM Finance, Masters-Finance, CPA(K)</p>	Director Accounting Service

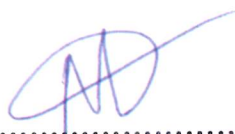
5. Chairman’s Statement

On behalf of the Committee of Management, I am pleased to present a summary of key activities and milestones achieved by Mokowe Sub County Hospital during the Financial Year ending 30th June 2025. This year marked a significant phase of transformation for the facility. With the posting of a new Medical Superintendent and Administrator in the middle of the financial year, the hospital experienced renewed leadership and direction that led to the realization of critical service improvements.

Among the notable achievements was the establishment of a fully equipped Eye Unit and Physiotherapy Department and Orthopaedic services, which have greatly enhanced access to specialized services in our county. The hospital also recorded major strides in infrastructure renovation, medical equipment maintenance, and laboratory services expansion. Notably, the restoration of the power backup generator and key diagnostic equipment has improved service reliability and safety.

There has been a remarkable improvement in the availability of essential medicines and non-pharmaceuticals, leading to better patient outcomes and reduced referrals. Furthermore, revenue collection from medical services rose significantly to Kshs.7,134,573.38 thanks to enhanced documentation, billing systems, and service delivery. Human resource capacity was strengthened through new staff deployments and improved workforce organization, allowing consistent operations across departments.

We commend the efforts of the management team, healthcare workers, and all partners whose collective input has advanced the hospital’s mission. The committee remains committed to providing oversight and support in alignment with the County’s health objectives.



.....

Mr. Mohamed Abdallah Said
Chairman to the Committee

MOKOWE SUB -COUNTY HOSPITAL

6. Report of the Medical Superintendent

As the Medical Superintendent of Mokowe Sub-County Hospital, I am pleased to present this report for the financial year ending 30th June 2025. I assumed my role midway through the year, overseeing operations during the final two quarters. Despite the short period, we have achieved remarkable transformation, steady growth, and foundational development across the hospital. Our journey has not been without challenges, but I am proud to report that Mokowe Sub-County Hospital has made significant strides in all service delivery areas—positioning the facility as a more reliable and resilient healthcare institution within Lamu County.

Key Achievements

1. Establishment of In-Patient Services

This financial year marked the successful launch of In-Patient Services, a critical milestone in meeting urgent care needs for the community. The new units include; Female Ward, Male Ward, Maternity Ward, Theatre, Laundry and Kitchen. The department is now operating efficiently and without hiccups as a result of the intense repairs and maintenance of the hospital infrastructure. Staff have undergone basic triage training, resulting in improved emergency response times and better patient outcomes.

2. Eye Unit Expansion

The **Eye Unit** is now fully equipped and operational, offering Cataract surgeries, Glaucoma treatment, Management of other optic diseases, Patient education programs. This development has broadened our service scope and reduced referrals to external facilities for eye-related cases.

3. Reliable Medical Supplies and Equipment

A major improvement this year has been in the availability and reliability of essential medical supplies and pharmaceuticals. Previously plagued by stockouts, the hospital now maintains consistent stock levels through closer coordination with HPTU, KEMSA, and MEDS, Accurate forecasting, Digital store monitoring using Google Excel, provision of Key medical equipment—including the X-ray machine, anesthetic machine, and laboratory hemogram analyzer—were repaired or serviced, restoring vital diagnostic and surgical capacity.

4. Revenue Growth

We recorded significant growth in internally generated revenue, attributed to, improved documentation and billing systems, Staff sensitization on revenue policies, consistent availability of commodities, reducing patient referrals.

5. Laboratory Services Enhancement

The hospital laboratory expanded its range of tests, now offering full blood counts, Malaria microscopy, Urinalysis, Stool analysis, Immunoassay tests, Although the biochemistry section awaits reagents, hematology and bacteriology services have been restored.

6. Training, Audits, and Partnerships

Regular **Continuing Medical Education (CME)** sessions conducted internally, Implementation of **mortality audit protocols**, active stakeholder engagement, including **Safaricom Foundation**, county leadership, and private donors.

Donations received include **two wheelchairs** and an additional **patient monitor**.

Challenges and the Future

Despite the progress, certain challenges persist, Occasional equipment breakdowns, Drainage issues, Lack of roof connectivity between key hospital blocks. The Hospital looks forward to operationalize risk management and oversee the complete transfer of assets from the County Department of Medical Service to the Hospital Management Committee in the coming financial year 2025/2026.

Conclusion

With the support of partners, the community, and the County Department of Medical Service, we are committed to transforming Mokowe Sub-County Hospital into a model healthcare facility. Ongoing structural upgrades, improved governance, and continued resource mobilization will ensure we remain on track towards achieving operational excellence.

LAMU COUNTY GOVERNMENT
MEDICAL SUPERINTENDENT
MOKOWE SUB-COUNTY HOSPITAL
PO BOX 27


Dr. Mohamed Said Mohamed
Medical Superintendent and Secretary to the Management Committee

MOKOWE SUB – COUNTY HOSPITAL

7. Statement of Performance Against Predetermined Objectives

Mokowe Sub County Hospital has 4 strategic pillars and objectives within the current Strategic Plan for the FY 2024/2025. These strategic pillars are as follows:

- Pillar 1: Information Surveillance, and Research
- Pillar 2: Management of Health Services
- Pillar 3: Human Resources
- Pillar 4: Financing

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

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
S.P 1 Clinical Services	Improve access to quality inpatient and outpatient services	-No of staff deployed for quality service delivery. -No. of CMEs conducted. -Policy in place.	-Recruit/Replace critical staff (Doctors, Nurses, Biomed, Pharmacist). -Conduct regular ward rounds and CMEs. -Strengthen Referral system	60%
S.P 2 Maternal and Child Health	Reduce Maternal and Neonatal Mortality	-No. of trainees trained on necessary skills. -No.of patients attended to	-Strengthen ANC and PNC Clinics. -Immunization outreach programs -Provide essential obstetric equipment and supplies	85%

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S.P 3 Infrastructure and Equipment	Improve Hospital facilities and functionality	-No. of patient attended to	-Renovation of Hospital Buildings (non-residential) -Procure flowmeters, centrifuge and Bp machines	60%
S.P 4 Pharmaceutical and non-pharmaceutical supplies	Ensure consistent availability of essential Drugs and commodities	-No. of patient attended to	-Quarterly requisition from KEMSA/MEDS by direct procurement where necessary. -Establish Hospital pharmacy stock monitoring system	75%

8. Corporate Governance Statement

The Lamu County Health Facility Improvement Finance Act, 2023 was assented by the County Assembly of Lamu to ensure that health services are available, accessible, acceptable, and affordable and of good quality and standard. Ensure that health facilities shall be well funded to offer quality care; accountability, transparency and integrity shall be upheld, observed, promoted and protected in the collection, management and use of revenue; and that revenue generated at public health facilities be considered to be additional to the budgets appropriated to public health facilities by the County Assembly or National Parliament and not a substitute.

The Hospital Management Board

Section 13 of the Lamu County Health Facility Improvement Finance Act, 2023 has established a Hospital Management Committee for whose members shall be nominated by the County Governor and gazetted by the County Executive Committee Member. The Hospital Management Board/committee consist of-

- a. Chairperson, who shall not be a public officer.
- b. Hospital-in-charge, who shall be the secretary.
- c. Hospital administrator.
- d. Five members from the community taking cognizant of the special interest groups and gender.
- e. Sub-county administrator who will be an ex-officio member.

The Mokowe Sub County hospital has a 5-member hospital management committee appointed by His Excellency Governor and Gazetted.

Roles of the committee

The Hospital Management Board shall have the following functions-

- a. Provide oversight over the administration of the hospital.
- b. Prepare and submit for approval to the Chief Officer the annual work plan and budgets.
- c. Prepare and submit for approval to the Chief Officer the hospital quarterly budgets.
- d. Ensure the quarterly implementation plans and budgets are based on available resources.
- e. Formulate strategies on resource mobilization for the hospital.
- f. Monitor the utilization of the County Health Facility.
- g. Approve the facility performance reports referred in section 12 (2) (f) and forward to the Chief Officer.
- h. Take corrective action on challenges identified that hinders efficient collection and absorption of funds.

***Mokowe Sub-County Hospital (County Government of Lamu)
Annual Report and Financial Statements for The Ten Months Period Ended 30th June 2025***

- i. Provide oversight for all financial procedures and reporting requirements by the hospital management teams and ensure they conform to the Public Finance Management Act and related regulations.
- j. Ensure strict adherence to procurement procedures as prescribed in the Public Procurement and Asset Disposal Act.
- k. Promote the development of the hospital.
- l. Make policy recommendations to the County Executive Committee Member on the use of the County Health Facility Improvement Financing.
- m. Liaise with Health Facility Management Team and community to strengthen the delivery of quality health services.

Board meetings and attendance

During the year under review, the Hospital Management committee held 4 board meetings with attendance as follows:

Name	Meeting 1	Meeting 2	Meeting 3	Meeting 4	Total
Mohamed Abdallah Said	✓	✓	✓	✓	4
Eunice H. Bada	✓	✓	✓	✓	4
Rehema Katana	✓	✓	✓	✓	4
Khalifa B. Khalifa	✓	✓	✓	✓	4
Mohammed S. Mohammed	✓	✓	✓	✓	4

Board induction and training.

The hospital Management Committee were inducted on government function and operations, corporate governance and their responsibilities as board of management. The training was facilitated by the County Government of Lamu – Department of medical service.

Hospital’s compliance with statutory requirements

The Mokowe subcounty hospital has and will continue to manage its finances in accordance with the principles of fiscal responsibility as spelt out in the public finance management Act (2012) and its regulations and other applicable laws. The Hospital complied with the following listed requirements but not limited to:

- ❖ Lamu County Health Facility Improvement Financing Act 2023

- ❖ Public Procurement and Disposal Act 2020
- ❖ Public Finance Management Act 2012 and its regulations

The Hospital has no pending or on-going court litigation.

Key projects and investment decisions the hospital is planning/implementing.

No investment has been done through the facility improvement financing.

vi). Major risks facing the hospital.

The Hospital has no major risk. The Hospital target to implement the County risk management framework to guide the Fund in identifying, assessing and managing the risks and prescribe mitigating measures of all the risks both external and internal is facing the Fund.

vi). Material arrears in statutory/financial obligations

The hospital has financial obligation pending as of the period ended 30th June 2025. The Hospital has no financial probity and nor serious governance issues noted during the period under review. The Hospital Management committee confirmed that the hospital had throughout the FY 2024/2025 complied with all statutory and regulatory requirements and that the fund had been managed in accordance with the principles of good corporate governance.

Internal Control and Risk Management

Standing Instructions

The fund is in the process to develop a Code of Ethics and update its Service Charter that will be applicable to all employees. This will entail a number of standing instructions to employees of the hospital designed to enhance internal control.

Conflict of interest

Mechanism has been put in place to ensure declaration of conflict of interest by the hospital management Board and Management Team.

Organization Structure

The Hospital has an organizational structure that clearly details line of authority and control responsibilities in line with the Lamu County Health Facility Improvement Fund Act of 2023.

Risk Management

Mokowe Sub-County Hospital (County Government of Lamu)
Annual Report and Financial Statements for The Ten Months Period Ended 30th June 2025

The Management team is looking forward to capacity build staff on risk identifying and maintaining of risk register.

Management Team

The management team headed by team as shown on page xii – xiii implements the committee decisions and policies through action plans. The team meets regularly to review these action plans to ensure that the board objectives are achieved effectively and efficiently.

Auditor

The fund is audited by the Office of the Auditor - General.

9. Management Discussion and Analysis

The Lamu County Health Facility Improvement Finance Act, 2023 was assented to ensure that health services are available, accessible, acceptable, affordable and of good quality and standard. Ensure that health facilities shall be well funded to offer quality care; accountability, transparency and integrity shall be upheld, observed, promoted and protected in the collection, management and use of revenue; and that revenue generated at public health facilities be considered to be additional to the budgets appropriated to public health facilities by the County Assembly or National Parliament and not a substitute

As the Medical Superintendent of Mokowe Sub County Hospital, I am pleased to present this Management Discussion and Analysis (MD&A) for the Financial Year ending 30th June 2025. This year has been one of remarkable transformation, growth, and foundational development for the hospital. Our journey has focused on strengthening clinical operations, improving infrastructure, expanding services, and enhancing partnerships to meet the healthcare needs of the Mokowe community and the broader Hindi Ward.

Clinical/operational performance

Bed capacity of the hospital: The hospital has a total bed capacity of 42, distributed as follows:

- Eye Unit:
- Male Ward: 18 beds
- Female & Paediatric Ward: 20 beds (shared)
- Maternity Unit: 4 beds

Overall patient attendance during the year for both inpatient and outpatient: Patient volumes showed a steady increase throughout the year due to improved services and community trust. We recorded:

- Outpatient attendance: 5,342
- Inpatient admissions: 732

Specialised clinic attendance: Specialty services offered include:

- HIV/TB clinics
- Eye Services
- MOPC/SOPC/POPC/GOPC
- Minor and Major surgeries
- Orthopaedic and physiotherapy sessions
- Family planning and post-abortion care

- Chronic disease management (e.g., diabetes and hypertension)
- Immunization and MCH services

Total specialty clinic visits: 917

Average length of stay for in patient:

The ALOS remained between 3-8 days, reflecting efficient case management and timely discharges.

Bed occupancy rate:

Bed occupancy improved across all units, notably in maternity.

Average Bed Occupancy Rate: 17.7%

Mortality rate:

Facility mortality remained low. Each mortality case was followed by a facility-based audit to review and strengthen clinical care. Mortality rate: 6.26 per 1000 admissions/ 0.626%. Total mortalities: 4

Surgical theatre utilisation:

Following availability of the anaesthetic machine and Autoclave machine, theatre services improved significantly.

- Total Caesarean Sections: 40
- Minor surgeries: 16
- Major surgeries: 70

Sponsorships and partnerships:

The hospital benefitted significantly from collaborations:

Mokowe Sub County hospital benefitted from Lamu County Government through donations in kind and mobilization towards certain services being offered by the facility such as: eye clinic and orthopaedic. This led to an increase in the hospital's revenue.

Financial performance

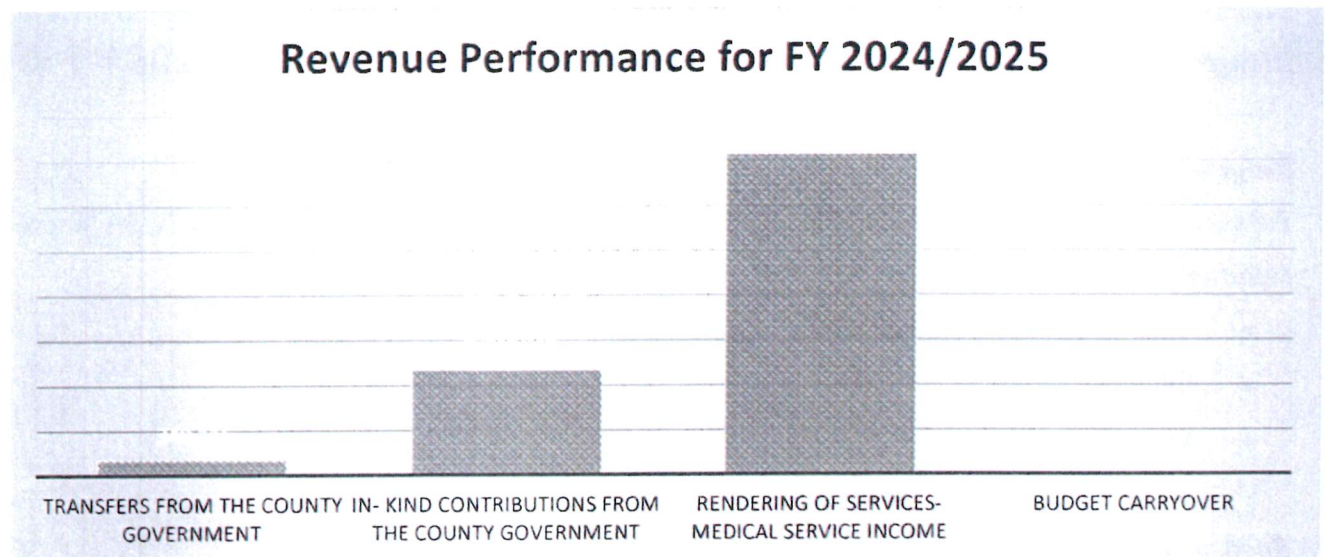
Revenue performance

The Mokowe Sub – County Hospital had a total revenue of KES 9,992,263 with 72% generated from medical services provided to hospital clients. Below is a table to show different revenue categories raised during financial year 2024/2025.

Table 1: Revenue performance fy 2024/2025

Receipts	Amount (Kshs)	% to the Budget
Transfers from the County Government	340,116	3
In- kind contributions from the County Government	2,517,574	25
Rendering of services- Medical Service Income	7,134,573	72
Total Receipts	9,992,263	100

figure 1: Graphical presentation of revenue performance



Expenditures for the Hospital

Utilisation of funds: During the financial year, available funds were prudently utilized to support both clinical and operational needs. Expenditures were guided by service delivery priorities and included:

Items	Description
Drugs, Laboratory and Medical Supplies	Continuous procurement ensured essential services and patient care continuity

Mokowe Sub-County Hospital (County Government of Lamu)
Annual Report and Financial Statements for The Ten Months Period Ended 30th June 2025

X-ray and Imaging Commodities	Funds supported restocking after repair of the hospital's imaging equipment
Sanitary and Cleaning Materials	Consistent availability of cleaning agents improved infection control.
Casual Labour Wages	Payments covered essential Casual staffs
Maintenance of Plant and Machinery	Key repairs included the x-ray machine, air conditioners, generator, laboratory analysers, and laundry equipment.
Maintenance of Buildings (Infrastructure Improvements)	Works included Renovation of OPD, Hospital Administrative Block Renovation, floor repairs and roofing repairs.
Purchase of Medical Equipment	Procured items included Oxygen Flowmeters, Blood Pressure machines and treatment trolley
Printing and Stationery Services	Supported documentation through the printing of clinical tools, registers, Service Charter, Patients Files and forms.
Purchase of Office Furniture	Enhanced administrative and clinical working environments with office cabinet
Other Operational Costs	Included essential items such as transport facilitation, communications, minor repairs & general running costs.

The Hospital had a total expenditure of KES 6,765,101 with KES 2,187,001 and KES 182,633 part of general expenses being electricity bill and medical drugs paid as part of in-kind contribution from the County Department of Medical Service.

Expenses	Amount (Kshs)	% utilization
Medical/Clinical costs	1,037,120	15
Employee costs	286,680	4
Board of Management Expenses	14,700	0
Repairs and maintenance	700,204	11
General expenses	2,978,159	44
Depreciation	1,748,238	26
Total Expenses	6,765,101	100

Major Risks Facing the Hospital

Despite significant achievements, several operational and structural risks continue to affect service delivery:

Area	Challenge
Human Resource	No stationed secretary or HR Officer, delaying critical record keeping, documentation and staff coordination in the facility. Staff shortages in key clinical areas, contributing to fatigue and burnout
Infrastructure	Inadequate Wards: Female and Paediatric patients share one room, compromising privacy and infection control. Lack of dedicated office space for administration and department leads
Utilities and Equipment Constraints	One Neonatal Resuscitative machine in the hospital, placed in the Labour Ward. No resuscitative in the theatre in case of Caesarean section compromising Neonatal resuscitation. Two Functional Patient Monitors in the Whole Hospital.
Statutory Obligations and Financial control	The hospital lacks direct control over statutory payments (e.g., SHA employer contributions, PAYE), as this is handled centrally by the County Executive. Delayed SHA reimbursements have impacted procurement cycles. The new revenue system affects requires further training and adjustment for efficiency service delivery.

Material Arrears and Statutory Obligations


The hospital lacks direct control over statutory payments (e.g., SHA employer contributions, PAYE), as this is handled centrally by the County Executive.

There were no pending bills for the facility as at the end of the financial year. Delayed SHA reimbursements have impacted procurement cycles. Budget absorption was efficient with effect from the date we received procurement and accounting officers, hence timely execution of planned purchases.

Conclusion

This financial year marked a transition period for Mokowe Subcounty Hospital. Having taken over midway, I oversaw the execution of key improvements during the final two quarters. Notable progress was made in service expansion, infrastructure upgrades, and external collaboration — despite the risks and limitations outlined.

We continue to advocate for full staffing, improved infrastructure (separate wards, complete perimeter wall, dedicated offices), and strategic investments to transform the hospital into a robust rural referral facility. We remain committed to delivering high-quality, equitable, and patient-centred care to all.

LAMU COUNTY GOVERNMENT
MEDICAL SUPERINTEDENT
MOKOWE SUB-COUNTY HOSPITAL
P.O. BOX 57-80502
DATE: 

Dr. Mohamed Said Mohamed

Medical Superintendent and Secretary to the Management Committee

MOKOWE SUB – COUNTY HOSPITAL

10. Environmental And Sustainability Reporting

i) Sustainability strategy and profile

The core objective of the hospital is to provide safe, high-quality, patient-centred care. As part of our sustainability plan, the hospital aims to

- Manage budgets and diversify revenue to stay financially stable.
- Lobby for more staff and keep skilled staff and ensure their well-being.
- Streamline processes and using technology to improve service delivery.
- Continuous improvement of the care quality and using data to guide decisions.
- partner with development partners and health learning institutions.

We have also implemented a system in the main stores to track commodity consumption. This allows us to predict our consumption patterns and order supplies in a timely manner, thereby avoiding stock outs and ensuring uninterrupted services. The hospital also aims to advocate for the introduction of new departments, such as private wards, additional machines, and services.

ii) Environmental performance

As a hospital, our environmental policy is committed to sustainability, lessening our environmental impact, and fostering health through responsible environmental practices. Our waste management policy includes the following components:

- **Segregation:** Clearly labelled bins and protocols for separating different types of waste, such as general waste, recyclables, biohazardous waste, sharps, and pharmaceutical waste.
- **Handling and Storage:** Safe handling practices and designated storage areas for different types of waste to prevent contamination and ensure safety.
- **Collection and Transportation:** Scheduled and secure collection of waste by trained personnel, ensuring that waste is transported safely to the appropriate disposal or treatment facilities.
- **Treatment and Disposal:** Proper treatment methods for different waste types, such as incineration for biohazardous waste, autoclaving for infectious waste
- **Training and Education:** Regular training programs for staff on waste segregation, handling, and safety procedures.

- **Community and Environmental Impact:** Efforts to minimise the environmental impact of waste through sustainable practices and community engagement.

The primary method of disposal involves using an incinerator. The incinerator is located in a designated area where the waste is weighed, and the quantities are recorded. However, a significant challenge is constant supply of fuel which most of the time leads to accumulation of medical waste. Outline clearly, environmental policy guiding the organisation, provide evidence of the policy. Outline successes, shortcomings, efforts to manage biodiversity, waste management policy and efforts to reduce environmental impact of the organisation's products.

iii) **Employee welfare**

The hiring of staff is done by the County Public Service Board. The healthcare facility initiates the process by writing a request letter addressed to the Chief Officer of Medical Services, seeking additional staff. If the budget permits, the department will then forward this request to the County Public Service Board for the advertisement of vacant positions, conducting interviews, and selecting successful candidates. In an effort to enhance the skills and expertise of its staff and keep them informed about current regulations in various fields, the facility conducts weekly CME's and also provides opportunities for staff members to attend training sessions. However, there have been concerns raised by staff regarding delayed promotions, which has led to demotivation.

iv) **Market place practices-**

Below are some of the efforts the hospital has deployed to ensure equitable and transparent participation in its procurement process.

- The hospital enforces strict anti-corruption measures, including transparent procedures, regular audits, and clear channels for reporting unethical behaviour. Employees are trained to recognize and prevent corruption.
- The hospital avoids political bias and maintains neutrality in its operations. It follows legal guidelines on political contributions and ensures transparency in any political engagements.
- The hospital competes fairly by prioritizing high-quality care, patient outcomes, and service innovation. It refrains from unfair practices such as price manipulation.
- The hospital maintains a respectful stance towards other healthcare providers, avoiding negative comparisons and focusing on enhancing its own services and patient care.

- The hospital maintains good business practices with its suppliers. Upon the supplier's delivery of all items in accordance with the purchase order, an inspection and acceptance committee appointed by the Medical Superintendent conducts an inspection of the delivered items. Once the committee approves the delivered items, the hospital promptly prepares a payment voucher. This payment voucher is then submitted to the accountant for payment

v) Corporate Social Responsibility / Community Engagements

The hospital did not engage in any social corporate responsibility

11. Report of The Management Committee

The committee submit their report together with the Audited Financial Statements for the year ended June 30th, 2025 which show the state of the Mokowe Sub County affairs.

Principal activities

The principal activities of the hospital are to provide safe, high quality and patient centred medical care.

Results

The results of the hospital for the year ended June 30th, 2025 are set out on pages 1 to 8.

Board of Management

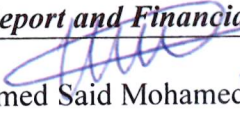
The members of the committee who served during the year are shown on page VI - VIII. There were no changes of committee members during the period.

Auditors

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

By Order of the Committee

Mokowe Sub-County Hospital (County Government of Lamu)
Annual Report and Financial Statements for The Ten Months Period Ended 30th June 2025


Dr. Mohamed Said Mohamed
Medical Superintendent and Secretary to the Management Committee
MOKOWE SUB – COUNTY HOSPITAL

LAMU COUNTY GOVERNMENT
MEDICAL SUPERINTENDENT
MOKOWE SUB-COUNTY HOSPITAL
P.O. BOX 57-80502
DATE:

12. Report of The Board of Management

Section 164 of the Public Finance Management Act, 2012 and the Lamu County Health Facilities Improvement Fund Act 2023 requires the hospital management committee to prepare financial statements in respect of that Hospital, which give a true and fair view of the state of affairs of the hospital at the end of the financial year and the operating results of the hospital for that year. The Board of Management is also required to ensure that the hospital keeps proper accounting records which disclose with reasonable accuracy the financial position of the hospital. The council members are also responsible for safeguarding the assets of the hospital.

The Committee is responsible for the preparation and presentation of the hospital financial statements, which give a true and fair view of the state of affairs of the hospital for and as at the end of the financial year ended on June 30, 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 hospital
- III. Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud
- IV. Safeguarding the assets of the hospital
- V. Selecting and applying appropriate accounting policies.
- VI. Making accounting estimates that are reasonable in the circumstances.

The Committee accepts responsibility for the Hospital's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Lamu County Health Facilities Improvement Fund Act 2023. The committee members are of the opinion that the hospital's financial statements give a true and fair view of the state of Hospital's transactions during the financial year ended June 30, 2025, and of the hospital's financial position as at that date. The Board members further confirm the

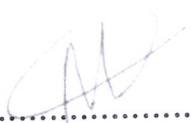
Mokowe Sub - County Hospital (County Government of Lamu)
Annual Report and Financial Statements for The Ten Months Period Ended 30th June 2025

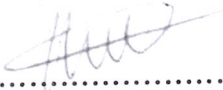
completeness of the accounting records maintained for the hospital which have been relied upon in the preparation of the hospital's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the members have assessed the Fund's ability to continue as a going concern. Nothing has come to the attention of the management to indicate that the hospital will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Hospital's financial statements were approved by the committee on 15th August 2025 and signed on its behalf by:


.....
Mr. Mohamed Abdalla Said
Chairperson- Management Committee
MOKOWE SUB- COUNTY HOSPITAL


.....
Dr. Mohamed Said
Medical Superintendent
MOKOWE SUB COUNTY HOSPITAL

REPUBLIC OF KENYA

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Website: www.oagkenya.go.ke



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

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

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 Mokowe Sub – County Level 4 Hospital set out on pages 1 to 40, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of

Report of the Auditor-General on Mokowe Sub - County Level 4 Hospital for the year ended 30 June, 2025 - County Government of Lamu

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 effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Mokowe Sub - County Level 4 Hospital 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 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Inaccuracies in the Financial Statements

The statement of financial performance reflects in-kind contributions from the County Government totalling Kshs.2,517,574 whereas Note 7 to the financial statements reflects Kshs.2,334,941 resulting to unreconciled variance of Kshs.182,633. The statement of cashflows reflects medical/clinical costs and general expenses amounts of Kshs.1,037,121 and Kshs.791,158 respectively whereas the statement of comparison of budget and actual amounts reflects Kshs.854,487 and Kshs.2,978,159 resulting to unreconciled variances of Kshs.182,634 and Kshs.2,187,001 respectively.

In the circumstances, the accuracy and completeness of the financial statements could not be confirmed.

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

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects a final receipts budget and actual on a comparable basis of Kshs.9,812,158 and Kshs.9,812,158 resulting to a budget funding of 100%. Similarly, the Hospital spent Kshs.5,445,115 against actual receipts of Kshs.9,812,158 resulting in underutilization of Kshs.4,367,043 or 45% of receipts.

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

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Information

The Management is responsible for the Other Information set out on page iii to xxxi 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 Management Committee and Report of the Board of Management. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Non-Compliance with Law and Effectiveness of Upgrade of Hospitals

Review of the Hospital records and interview with Management on services offered, equipment used and medical specialists in the Hospital revealed that the Hospital had eighty-two (82) equipment and machines against the required one hundred and seventy-nine (179) leading to a shortage of ninety-seven (97) equipment and

machines. In addition, the Hospital had fifty-six (56) staff members against the required one hundred and one (101) members leading to a shortage of nineteen (19) members. This was contrary to the requirements of Kenya Quality Model for Health Policy Guidelines.

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

2. Non-Compliance with Pharmaceutical Inventory Management

The statement of financial performance reflects medical/clinical costs totalling Kshs.1,037,120 as disclosed in Note 15 to the financial statements. However, examination of the stock cards used to issue the medical products to various departments in the Hospital did not indicate the batch numbers and the expiry dates. As such it was not possible to establish whether the issuance of the products followed the principal of First Expiry First Out (FEFO). This was contrary of the Ministry of Health Guidelines on Management of Health Products and Technologies, 2020 which require medical commodities be issued through the principle of First Expiry First Out (FEFO).

In the circumstances, Management was in breach of the policy guidelines.

3. Lack of Medical Waste Disposal Incinerator

A physical inspection carried out revealed that the Hospital did not have an incinerator for waste disposal and had not adopted a burn and bury method of disposal. As a result, medical waste had to lie undisposed in the Hospital for a period of between one (1) and two (2) months before it is assembled and transported to other public health facilities for disposal. This is in breach of Regulation 26 of the Environmental Management and Co-ordination (Waste Management) Regulations (Legal Notice 178 of 2024) which states that every waste generator shall treat or cause to be treated all biomedical waste in the manner set out in the Nineth Schedule to these Regulations, before such biomedical waste is stored or disposed of.

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

4. Non-Compliance with Public Sector Accounting Standards Board Financial Reporting Requirements

The Head of Finance ICPAK membership number is not indicated on pages 2 and 4 of the financial statements. The financial statements on page xxx reflects the Report of the Board of Management instead of Statement of Management Responsibilities.

In the circumstances, the Management did not comply with the Public Sector Accounting Standards Board Financial Reporting Requirements.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with

the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Inadequate Information Communication Technology (ICT) Governance

Review of the Information and Communication Technology (ICT) records at Mokowe Sub - County Hospital revealed that the Hospital did not have an IT strategic committee, Data Recovery Plan (DRP) and IT security policy. Such policies are vital in effective and efficient management of the entity's IT resources. In addition, the Hospital did not have periodic IT reports which are supposed to assess the status of implementation of IT systems and suggest corrective measures.

In the circumstances, there was lack of adequate technology to sustain the Hospital mandate and its services.

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

Basis for Conclusion

Responsibilities of the Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Hospital's ability to continue as a going concern, disclosing, as applicable, matters

related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

04 December, 2025

Mokowe Sub-County Hospital (County Government of Lamu)
Annual Report and Financial Statements for The Ten Months Period Ended 30th June 2025

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

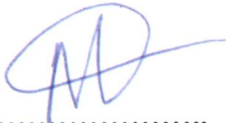
Description	Notes	FY 2024 – 2025 Kshs
Revenue from non-exchange transactions		
Transfers from the County Government	6	340,116
In- kind contributions from the County Government	7	2,517,574
Grants from donors and development partners	8	-
Transfers from other Government entities	9	-
Public contributions and donations	10	-
Total Revenue from non- exchange transactions		2,857,690
Revenue from exchange transactions		
Rendering of services- Medical Service Income	11	7,134,573
Revenue from rent of facilities	12	-
Finance /Interest Income	13	-
Miscellaneous income (<i>specify</i>)	14	-
Revenue from exchange transactions		7,134,573
Total revenue		9,992,263
Expenses		
Medical/Clinical costs	15	1,037,120
Employee costs	16	286,680
Board of Management Expenses	17	14,700
Depreciation and amortization expense	18	1,748,238
Repairs and maintenance	19	700,204
Grants and subsidies	20	-
General expenses	21	2,978,159
Finance costs	22	-
Total expenses		6,765,101
Other gains/(losses)		
Gain on disposal of non-Current assets	23	-
Unrealized gain on fair value of investments	24	-
Medical services contracts Gains/Losses	25	-
Impairment loss	26	-
Gain on foreign exchange transactions	-	-

Mokowe Sub - County Hospital (County Government of Lamu)
Annual Report and Financial Statements for The Ten Months Period Ended 30th June 2025

Total other gains/(losses)		-
Net Surplus for the year		3,227,163

(The notes set out on pages 9 to 40 form an integral part of the Annual Financial Statements.)

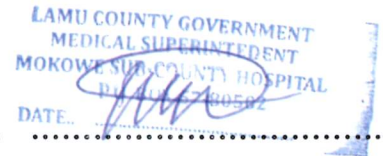
The Hospital's financial statements were approved by the Committee on 15th August 2025 and signed on its behalf by:



.....
Mr. Mohamed Abdalla Said
Chairman – Management Committee



.....
CPA Mohamed Abbas
Head of Finance
ICPAK No:



LAMU COUNTY GOVERNMENT
 MEDICAL SUPERINTENDENT
 MOKOWE SUB-COUNTY HOSPITAL
 DATE: 15/08/2025

.....
Dr. Mohamed Said
Medical Superintendent

Mokowe Sub - County Hospital (County Government of Lamu)
Annual Report and Financial Statements for The Ten Months Period Ended 30th June 2025

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

Description	Notes	FY 2024 - 2025
		Kshs
Assets		
Current assets		
Cash and cash equivalents	27	3,984,039
Receivables from exchange transactions	29	52,430
Receivables from non-exchange transactions	30	-
Inventories	31	330,574
Total Current Assets		4,367,044
Non-current assets		
Property, plant, and equipment	32	4,108,097
Intangible assets	33	-
Investment property	34	-
Total Non-current Assets		4,108,097
Total assets		8,475,141
Liabilities		
Current liabilities		
Trade and other payables	36	-
Refundable deposits from customers/Patients	37	-
Provisions	38	-
Finance lease obligation	39	-
Current portion of deferred income	40	-
Current portion of borrowings	41	-
Social Benefits		-
Total Current Liabilities		-
Non-current liabilities		
Provisions	38	-
Non-Current Finance lease obligation	39	-
Non-Current portion of deferred income	40	-
Non - Current portion of borrowings	41(a)	-
Service concession liability	42	-
Social Benefits		-
Total Non-current liabilities		-
Total Liabilities		-

Mokowe Sub - County Hospital (County Government of Lamu)
Annual Report and Financial Statements for The Ten Months Period Ended 30th June 2025

Net assets		8,475,141
Revaluation reserve		-
Accumulated surplus/Deficit		3,229,691
Capital Fund		5,245,450
Total Net Assets and Liabilities		8,475,141

(The notes on pages 9 to 40 form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were approved by the committee on 15th August 2025 and signed on its behalf by:

.....
Mr. Mohamed Abdalla Said
Chairman – Management Committee

.....
CPA Mohamed Abbas
Head of Finance
ICPAK No:

LAMU COUNTY GOVERNMENT
 MEDICAL SUPERINTENDENT
 MOKOWE SUB-COUNTY HOSPITAL
 Tel No: 011-7-80502
 DATE:

.....
Dr. Mohamed Said
Medical Superintendent

Mokowe Sub - County Hospital (County Government of Lamu)
Annual Report and Financial Statements for The Ten Months Period Ended 30th June 2025

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

Description	Note	Revaluation reserve	Accumulated surplus/Deficit	Capital	Total
				Fund	
As at July 1, 2024		-	2,528	-	2,528
Revaluation gain		-	-	-	-
Surplus/(deficit) for the year		-	3,227,163	-	3,227,163
Transfer of assets		-	-	5,245,450	5,245,450
As at June 30, 2025		-	3,229,691	5,245,450	8,475,141

Mokowe Sub - County Hospital (County Government of Lamu)
Annual Report and Financial Statements for The Ten Months Period Ended 30th June 2025

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

Description	Note	FY 2024 - 2025
		Kshs
Cash flows from operating activities		
Receipts		
Transfers from the County Government	6	340,116
Rendering of services- Medical Service Income	11	7,082,143
Total Receipts		7,422,259
Payments		
Medical/Clinical costs	15	1,037,121
Employee costs	16	286,680
Board of Management Expenses	17	14,700
Repairs and maintenance	19	700,204
Grants and subsidies		-
General expenses	21	791,158
Finance costs		-
Total Payments		2,829,863
Net cash flows from/(used in) operating activities		4,592,396
Cash flows from investing activities		
Purchase of property, plant, equipment, & intangible assets		610,885
Proceeds from the sale of property, plant, and equipment		-
Acquisition of investments		-
Net cash flows from /(used in) investing activities		610,885
Cash flows from financing activities		
Proceeds from borrowings		-
Repayment of borrowings		-
Capital grants received		-
Net cash flows from /(used in) financing activities		-
Net increase/(decrease) in cash and cash equivalents		3,981,511
Cash and cash equivalents at 1 July	27	2,528
Cash and cash equivalents at 30th June 2025		3,984,039

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

Description	Original budget	Adjustments	Final budget	Actual	Performance differences	% of utilization
	A	b	c= (a+b)	d	e	f=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	%
Budget carryovers	2,528	-	2,528	2,528	-	100
Revenue						
Transfers from the County Government	-	340,116	340,116	340,116	-	100
In- kind contributions from the County Government	-	2,334,941	2,334,941	2,334,941	-	100
Rendering of services- Medical Service Income	7,134,573	-	7,134,573	7,134,573	-	100
Total income	7,137,101	2,675,057	9,812,158	9,812,158	-	100
Expenses						
Medical/Clinical costs	4,000,000	340,116	4,340,116	854,487	3,485,629	20
Employee costs	300,000	-	300,000	286,680	13,320	96
Board of Management Expenses	30,000	-	30,000	14,700	15,300	49
Repairs and maintenance	907,200	-	907,200	700,204	206,996	77
General expenses	1,000,000	2,334,941	3,334,941	2,978,159	356,782	89
Acquisition of medical equipment's and other assets	899,901	-	899,901	610,885	289,016	68
Total expense	7,137,101	2,675,057	9,812,158	5,445,115	4,367,043	55
Surplus for the period	-	-	-	4,367,044	(4,367,044)	

Budget notes

1. Difference between original budget and final budget is due to transfer of addition fund by the County Department of medical service for DANIDA and in-kind contributions.

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2. The under-utilization is as a result of revenue collection for the quarter 4 (April to June 2025) which its AIE was issued on July 2025.

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	4,367,044
1	Reason for differences: Budgeting difference (receivables)	(52,430.00)
2	Reason for differences: Budgeting difference (inventory)	(330,574.30)
	Closing Cash and Cash Equivalent as per the statement of Cash flows	3,984,039.31

19. Notes to the Financial Statements

1. General Information

Mokowe Sub County entity is established by and derives its authority and accountability from Lamu County health facility improvement financing Act. The hospital is wholly owned by the Lamu County Government and is domiciled in Lamu County in Kenya. The hospital's principal activity is to provide medical care for Lamu resident.

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

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

Standard	Effective date and impact:
Exploration For & Evaluation of Mineral Resources	<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 Hospital did not early – adopt any new or amended standards in the financial year.

4. Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the *Hospital* 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.

b. Budget information

The original budget for Hospital FY2024/2025 was approved by Board on *quarterly bases*. No 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 *Mokowe Sub-County Hospital* recorded additional appropriations of 2,675,057 on the FY 2024-2025 budget following the committee's approval. The *Mokowe Sub County hospital* budget are 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.

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 *xxx* 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.

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.

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 hospital 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 hospital classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit based on 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)

Financial liabilities

Classification

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

k. Inventories

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

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

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

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

l. Provisions

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

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

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

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 Mokowe Sub-County Hospital 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 Mokowe Sub-County Hospital 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 Mokowe Sub-County Hospital does not create and maintains reserves in terms of specific requirements.

q. Changes in accounting policies and estimates

The Mokowe Sub-County Hospital recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

r. Employee benefits

Retirement benefit plans

The Mokowe Sub-County Hospital 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 Mokowe Sub-County Hospital 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 Mokowe Sub-County Hospital 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 Mokowe Sub-County Hospital'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

No Provisions were raised and managed

Notes to Financial Statements Continued

6. Transfers From the County Government

Description	FY 2024 - 2025
	Kshs
Unconditional Grants	-
Conditional Grants	
DANIDA	340,116
Total Conditional Grant	340,116
Total Government Grants and Subsidies	340,116

6b Transfers from the County Government

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 period
	Kshs	Kshs	Kshs	Kshs
County department of medical service	340,116	-	-	340,116
Total	340,116	-	-	340,116

7. In Kind Contributions from The County Government

Description	FY 2024 - 2025
	Kshs
Salaries and wages	-
Pharmaceutical and Non-Pharmaceutical Supplies	147,940
Medical supplies-Drawings Rights (KEMSA)	-
Utility bills	2,187,001
Total grants in kind	2,334,941

(These include payments made directly by the County Governments for staff salaries and medical drugs. These should be recorded both as income and expense for completeness of financial statements).

8. Grants From Donors and Development Partners

Description	FY 2024 - 2025
	Kshs
Total grants from development partners	-

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9. Transfers From Other Government Entities

Description	FY 2024 - 2025
	Kshs
Total Transfers	-

10. Public Contributions and Donations

Description	FY 2024 - 2025
	Kshs
Total donations and sponsorships	-

10(a) Reconciliations of amortised grants

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

11. Rendering of Services-Medical Service Income

Description	FY 2024 – 2025
	Kshs
Opening balance	2,528
SHA	3,401,061
NYS	52,430
Pharmaceuticals	1,052,727
Laboratory	532,070
Radiology	550,390
Orthopedic and Trauma Technology	80,123
Theatre	451,055
Ward Admission services	566,880
Consultation	372,910
Eye services	10,100
Medical Examination	62,300
Total revenue from the rendering of services	7,134,573

(Other medical services fee relates to other charges not listed above)

For cashflow presentation below is the presentation of general expenses

Description	0
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	Kshs
Total revenue from the rendering of services	7,134,573
Less: receivables	52,430
Total General Expenses	7,082,143

12. Revenue From Rent of Facilities

Description	FY 2024 – 2025
	Kshs
Total Revenue from rent of facilities	-

(Provide brief explanation for this revenue)

13. Finance /Interest Income

Description	FY 2024 – 2025
	Kshs
Total finance income	-

(Provide brief explanation for this revenue)

14. Miscellaneous Income

Description	FY 2024 – 2025
	Kshs
Total miscellaneous income	-

(NB: All income should be classified as far as possible in the relevant classes and the miscellaneous income should be used to recognise income not elsewhere classified).

15. Medical/ Clinical Costs

Description	FY 2024 – 2025
	Kshs
Laboratory chemicals and reagents	154,326
Dressing and Non-Pharmaceuticals	355,099
In-kind contribution	182,633
Pharmaceutical supplies	345,062
Total medical/ clinical costs	1,037,120

(Other medical/clinical related costs refers to all other costs involved in management of the patients directly not analysed above.)

For cashflow presentation below is the presentation of general expenses

Description	FY 2024 - 2025
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	Kshs
Total medical/ clinical costs	854,487
Add: In-kind contribution	182,633
Total General Expenses	1,037,120

16. Employee Costs

Description	FY 2024 - 2025
	Kshs
Contractual employee cost	286,680
Employee costs	286,680

(Social contribution relates to expenses incurred by the employer towards social welfare of Employees)

17. Board of Management Expenses

Description	FY 2024 - 2025
	Kshs
Sitting allowance	14,700
Total	14,700

18. Depreciation And Amortization Expense

Description	FY 2024 - 2025
	Kshs
Depreciation for the year	1,748,238
Total depreciation and amortization	1,748,238

19. Repairs And Maintenance

Description	FY 2024 - 2025
	Kshs
Maintenance of buildings	434,290
Maintenance of plants	265,914
Total repairs and maintenance	700,204

20. Grants And Subsidies

Description	FY 2024 - 2025
	Kshs
Total grants and subsidies	-

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Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42.

21. General Expenses

Description	FY 2024 - 2025
	Kshs
General office supplies	45,649
Household items and institutional appliances	29,910
Transport cost	23,637
Fuel and others cost	166,133
Telephone airtime and internet	104,145
Sanitary and cleaning material	76,629
Bank service charge and commission	29,211
Courier and postal service	68,301
Catering servic	25,347
Supplies and accessories for computers and printers	37,200
Printing and publishing	77,676
Daily subsistence allowance	23,000
Purchase of medical equipments	84,320
Electricity bill	2,187,001
Total General Expenses	2,978,159

For cashflow presentation below is the presentation of general expenses

Description	FY 2024 - 2025
	Kshs
Total General Expenses	2,978,159
Less: In -kind contribution (Utility)	2,187,001
Total General Expenses	791,158

22. Finance Costs

Description	FY 2024 - 2025
	Kshs
Total finance costs	-

(Borrowing costs that relate to interest expense on acquisition of non- current assets and do not qualify for Capitalization as per IPSAS 5: on borrowing costs should be included under this note.)

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

Description	FY 2024 - 2025
-------------	----------------

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	Kshs
Total gain on sale of assets	-

24. Unrealized Gain on Fair Value Investments

Description	FY 2024 - 2025
	Kshs
Investments at fair value	-
Total gain	-

25. Medical Services Contracts Gains /Losses

Description	FY 2024 - 2025
	Kshs
Total Gain/Loss	-

26. Impairment Loss

Description	FY 2024 - 2025
	Kshs
Total impairment loss	-

27. Cash and Cash Equivalents

Description	FY 2024 - 2025
	Kshs
Current accounts	3,984,039
Total cash and cash equivalents	3,984,039

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

Description	Account number	FY 2024 - 2025
		Kshs
Financial institution		
a) Current account		
Kenya Commercial bank	1337943584	355,382
Kenya Commercial bank	1103677756	3,565,527
Cash in hand- Paybill		63,130
Grand total		3,984,039

28. Prepayments

Description	FY 2024 - 2025
	Kshs
Total receivables	-

29. Receivables From Exchange Transactions

Description	FY 2024 - 2025
	Kshs
NYS services	52,430
Total receivables	52,430

30. Receivables From Non-Exchange Transactions

Description	FY 2024 - 2025
	Kshs
Total	-

(Undisbursed donor funds refer to funds expected where conditions for disbursements have been met by the recipient as at the reporting date)

31. Inventories

Description	FY 2024 - 2025
	Kshs
Medical drugs	174,314
Dressing and non-pharmaceutical	156,260
Laboratory	-
Total	330,574

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32. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture and Fittings	ICT Equipment	Plant and medical	Portable and attractive items	Work in Progress	Total
	0	2%	16.67%	12.50%	30%	30%	30%		
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs		Kshs	Kshs
Cost		-	-	-	-	-		-	-
As at 1st July 2024	-	-	-	-	-	-		-	-
Additions during the year	-	-	-	49,500	50,000	341,621	169,764	-	610,885
Disposals during the year	-	-	-					-	-
Transfers/adjustments during the year	-					5,245,450			5,245,450
As at 30th June 2025	-	-	-	49,500	50,000	5,587,071	169,764	-	5,856,335
		-	-					-	-
Depreciation and impairment		-	-	-	-	-		-	-
As at 1st July 2024	-	-	-	-	-	-		-	-
Depreciation for the year	-	-	-	6,188	15,000	1,676,121	50,929	-	1,748,238
Disposals	-	-	-	-	-	-		-	-
Impairment	-			-	-	-			-
As at 30th June 2025	-	-	-	6,188	15,000	1,676,121	50,929	-	1,748,238
									-
Net book values				-					-
As at 30th June 2025	-	-	-	43,313	35,000	3,910,950	118,835	-	4,108,097

The Mokowe Sub-County Hospital uses the National Asset and Liability Management Policy of 2020 to calculate assets and depreciations. The transfer column of KES 5,24,450 refers to assets bought by the County Executive and handed over to the Hospital Management. The asset is recognised on the purchase value.

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33. Intangible Assets

Description	FY 2024 - 2025
	Kshs
NBV	-

34. Investment Property

Description	FY 2024 - 2025
	Kshs
At end of the period	-

35. Biological Assets

Description	FY 2024 - 2025
	Kshs
Total	-

36. Trade And Other Payables

Description	FY 2024 - 2025
	Kshs
Total trade and other payables	-

37. Provisions

Description	Leave provision
	Kshs
Total Provisions	-

38. Finance Lease Obligation

Description	FY 2024 - 2025
	Kshs
Total	-

39. Deferred Income

Description	FY 2024 - 2025
	Kshs
Total	-

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40. The deferred income movement is as follows:

Description	National government
Balance C/F	-

41. Borrowings

Description	FY 2024 - 2025
	Kshs
Balance at end of the period	-

42. Breakdown of Long- And Short-Term Borrowings

Description	FY 2024 - 2025
	Kshs
Total	-

(Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature of borrowings, security and interest rates should be disclosed).

43. Service Concession Arrangements

Description	FY 2024 - 2025
	Kshs
Total Service concession arrangements	-

40) Social Benefits Liabilities

Description	FY 2024 - 2025
	Kshs
Total (tie to totals above)	-

41) Cash Generated from Operations

Description	FY 2024 - 2025
	Kshs
Surplus for the year before tax	3,227,163
Adjusted for:	
Depreciation	1,748,238
Non-cash grants received	-
Impairment	-

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Gains and losses on disposal of assets	-
Contribution to provisions	-
Contribution to impairment allowance	-
Working Capital adjustments	
Increase in inventory	(330,574)
Increase in receivables	(52,430)
Increase in deferred income	-
Increase in payables	-
Increase in payments received in advance	-
Net cash flow from/used in operating activities	4,592,396

42. 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 2025				

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Receivables from exchange transactions	52,430	52,430	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	52,430	52,430	-	-

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal. The committee 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.

(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 no transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated

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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 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.

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.

iv) Capital Risk Management

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

Description	2024 -2025
	Kshs
Revaluation reserve	-
Retained earnings	3,229,691
Capital reserve	5,245,450
Total funds	8,475,141
Total borrowings	-
Less: cash and bank balances	(3,984,039)
Net debt/ (excess cash and cash equivalents)	4,491,102
Gearing	

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43. 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 of Lamu is the principal shareholder of Mokowe Sub County Hospital, holding 100% of Mokowe Sub County Hospital equity interest. The County Government of Lamu 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) Management Committee;
- iv) Key Management

All compensation of employees working at the Hospital is paid and catered for by the County Department of Medical Service. This also include payment made to the Key Management and Med Sup

Description	2024 - 2025
	Kshs
Transactions with related parties	
a) Services offered to related parties	
b) Grants from the Government	
Grants from County Government	340,116
Grants from the National Government Entities	-
Donations in kind	2,334,941
Total	2,675,057
c) Expenses incurred on behalf of related party	
Payments of salaries and wages for employees	-
Total	-
d) Key management compensation	

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Sitting allowance to management committee	14,700
Compensation to the medical Sup	-
Compensation to key management	-
Total	14,700

44. Segment Information

The Hospital Does not operate in segments.

Contingent liabilities	2024 - 2025
	Kshs
Total	-

45. Contingent Liabilities

Contingent liabilities	2024 - 2025
	Kshs
Total	-

46. Capital Commitments

Capital Commitments	2024 - 2025
	Kshs
Total	-

47. Events after the Reporting Period

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

48. Ultimate and Holding Entity

The Mokowe Sub -County Hospital is a Semi- Autonomous Government Agency under the Department of Medical Service. Its ultimate parent is the County Government of Lamu.

49. Currency

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

Mokowe Sub County Hospital (County Government of Lamu)
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Appendix III: Inter-Entity Confirmation Letter



COUNTY GOVERNMENT OF LAMU
Office of the Chief
Finance and accounting services



Telephone: 0772576122/0715555111
E-mail: treasury@lamu.go.ke

LAMU COUNTY EXECUTIVE
P.O. Box 74-80500

Name of transferring entity: County Government of Lamu – Department of Medical Service.

Name of beneficiary entity: Mokowe Sub- County Hospital

Confirmation of amounts received by Mokowe Sub-County Hospital as at 30 th June 2025					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
		340,116	-	340,116	DANIDA
Total		340,116	-	340,116	

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

Head of Accounts Department - Disbursing Entity:
Name William Hinzano..... Sign *for William* Accountant..... Date *28/11/2025*

Head of Accounts Department - Beneficiary Entity:
Name Miriam Muchira..... Sign *MME* Accountant..... Date *28/11/2025*

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Appendix IV Reporting of Climate Relevant Expenditures

No climate relevant expenditures

Project Name	Project Description	Project Objectives	Project Activities	Quarter				Source Of Funds	Implementing Partners
				Q 1	Q 2	Q 3	Q 4		

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Appendix V: Disaster Expenditure Reporting Template

No disaster expenditure incurred during the year 2024/2025

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