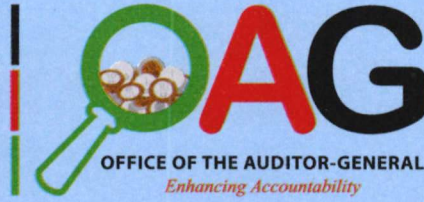


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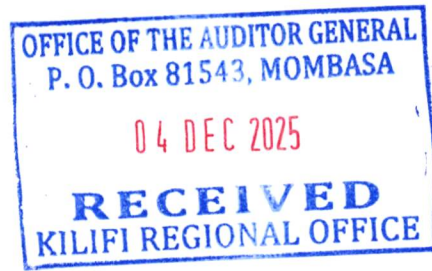
ON

MTWAPA SUB – COUNTY LEVEL 4
HOSPITAL

FOR THE YEAR ENDED
30 JUNE, 2025

COUNTY GOVERNMENT OF KILIFI

2023



MTWAPA Sub County Level 4 HOSPITAL (Kilifi County Government)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2025

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



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

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1. Acronyms & Glossary of Terms

| | |
|----------------------|---|
| MSCH | Mtwapa Sub County Hospital |
| CSR | Corporate Social Responsibility |
| OSHA | Occupational Health & Safety Act |
| PFMA | Public Financial Management Act |
| MED SUP | Medical Superintendent |
| Fiduciary Management | Key management personnel who have financial responsibility in MSCH. |
| MOPC | Medical Outpatient Clinic |
| SOPC | Surgical Outpatient Clinic |
| GOPC | Gynaecological Outpatient Clinic |
| ORTHO | Orthopaedic and Trauma |
| UHC | Universal Health Coverage |
| EMR | Electronic Medical Record System |
| ICT | Information and Communication Technology |
| HIV | Human Immuno-deficiency Virus |
| UNFPA | United Nations Population Fund |
| SHA | Social Health Authority |
| HSIF | Health Services Improvement Fund |
| ENT | Ear Nose and Throat |
| QIC | Quality Improvement Committee |
| IPC | Infection Prevention Committee |
| CME | Continuing Medical Education |
| OJT | On job training |
| HMT | Health Management Team |
| SRC | Salaries and Remuneration Commission |
| PFM Act | Public Finance Management Act |

Mtwapa Sub-County Hospital (Kilifi County Government)
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2. Key Entity Information and Management

(a) Background information

Mtwapa Sub-County Hospital is a level 4 hospital established under gazette notice number 6340 Vol. CXXIV no. 100 and is domiciled in Kilifi County under the Department of Health and Sanitation. The hospital is governed by a Board of Management.

(b) Principal Activities

i. Vision

To maintain a center of excellence in healthcare delivery and to be a self-sustaining referral Hospital in the Kilifi South Sub-County and beyond.

ii. Mission

To provide affordable, acceptable and timely quality Health care to the people of Kilifi County and beyond.

iii. Mandate

To provide quality and affordable curative, preventive, promotive and rehabilitative health services as provided for in the Public Health Act. Cap 242 of the Laws of Kenya.

iv. Core values

- ❖ Patient/client centered
- ❖ Performing to the highest standards of Professionalism.
- ❖ Respect and compassion for all patients / clients
- ❖ Offer best quality services

(c) Key Management

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

- ❖ County Department of Health and Sanitation Services
- ❖ Board of Management
- ❖ Accounting Officer/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. Samiya Mabruk Abeid |
| 2. | Health Administrative Officer | Emmanuel Yawa Makupe |
| 3. | Fund Administrator | CPA Racheal Bahati |
| 4. | Head of Nursing services | Josephine W. Wanjiru |
| 5. | Head of finance | CPA Wedner Munga |
| 6. | Head of supply chain | Cathreen Haoda Chadhoru |
| 7. | Hospital Accountant | Mwanahawa Kombo |

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(e) Fiduciary Oversight Arrangements

The fiduciary oversight of the county is done by:

i The County Assembly

The County assembly, pursuant to the constitution of Kenya, 2010 and the County Government Act, 2012 under Article 8(1) has fiduciary oversight role over the execution of the functions of the County Government., it approves the budget and expenditure of the County Government in accordance with article 207 of the constitution of Kenya. It also approves the borrowings of the County Government in accordance with article 212 of the Constitution of Kenya 2010.

ii The Controller of budget

The controller of budget has fiduciary oversight role of the County Government under article 22(5) of the Constitution of Kenya, 2010 by approving withdrawal from the public funds only when satisfied that the is authorized by law.

iii. County executive committee

The County Executive Committee exercise executive authority in accordance with the constitution and county legislation.

iv. Internal Audit Department

The internal Audit Department of the County Government of Kilifi ensures that the internal controls exist and are adhered to. The internal Auditor reports to the county Audit Committee.

Key Entity Information and Management (continued)

(f) Entity Headquarters

P.O. Box 9
Mtwapa Hospital Building
Kwa Chief Road
Mtwapa, Kenya

(g) Entity Contacts

Telephone: (+254) 700644848
E-mail: mtwapaschl4@gmail.com

(h) Entity Bankers

Co-operative Bank of Kenya
Kilifi Branch
P.O BOX 2022, 80108, Kilifi, Kenya

Kenya Commercial Bank
Mtwapa Branch
P.O BOX ..., 80108
Mtwapa, Kenya

(i) Independent Auditors

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

Mtwapa Sub County Hospital (Kilifi County Government)
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(j) Principal Legal Adviser




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

(k) County Attorney



Kilifi plaza
Hospital road.

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




3. The Board of Management

| Name | Directors | Qualifications | Work Experience | Age |
|---|--|---|--|---------------|
|  | <p>Godfrey Barasa (Chairperson)</p> | <p>Bachelor Degree in Theology and diploma in sales and marketing</p> | <ul style="list-style-type: none"> - 2023-Present Administrator – Calvary Bible Church - 2018-2023 Deputy Director: Etala Bible College - 2012-2017 Teacher- Crossroads Bible Institute - 2008-2012 Electronic Technician- Shankar - 2006-2007 Sales Representative- Shankar Electronic - 2002-2003- Shankar Electronics Sales Representative - 2000-2002 Maintenance4 Officer - Fort Jesus | <p>47 yrs</p> |
|  | <p>Dr. Samiya Mabruk (Secretary)</p> | <p>Bachelor's Degree in Medicine and Surgery</p> | <ul style="list-style-type: none"> - 2019- Present: Medical Superintendent- Mtwapa Sub County Hospital - 2016-2019: Medical Superintendent - Mariakani Sub County Hospital - 2014-2016 Medical Officer Mariakani Sub County Hospital | <p>44 yrs</p> |
|  | <p>Jane Nzai (Member)</p> | <p>Bachelor of Education special needs</p> | <ul style="list-style-type: none"> - 2023 to Present: Senior Project Officer Inclusive Education - Humanity & Inclusion Dadaab - 2020-2023: Project Officer Inclusive Education- Humanity & Inclusion Kakuma - 2019-2020: Program Assistant- Leadership4Impact CBO | <p>32 yrs</p> |

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

| | | | | | |
|---|------------------------------|--|--|--|--|
| | | | | <ul style="list-style-type: none"> - 2018-2019: Sign Language Interpreter- NCPWD Kilifi - 2018-2019Peer Educator & AGYW@ Mentor - Connect2Retain CBO - 2017-2018Peer Educator - Mamba Arts Production | |
|  | Tarhmohamed A. Kana (Member) | Bachelor's Degree in Veterinary Medicine and a Diploma in Animal Husbandry | <ul style="list-style-type: none"> - 2004- present: Badar Agrovet Supplies – Mtwapa Farm Consultant – - 1997-1999: Takaungu Ostrich Farm– In-charge of Breeding Ostrich's and Camels for Export - 1995-1997: General Manager – Animal Feeds at Mombasa Maize Millers Ltd. - 1984-1993: Senior Veterinary Representative - Bayer East Africa Ltd – (Covering Kenya And Tanzania) - 1983-1984: Farm Manager -Kangocho Dairy Farm Ltd – Nakuru | 64 yrs | |
|  | Abdullah M. Mohamed (Member) | Diploma in Computer System Design | <ul style="list-style-type: none"> - 2023- Present Assistant Computer System Administrator- Birch Investments (EPZ) - 2020-2023: Sales Manager/Book keeping – Letu Firm - 2018-2020: Data Entry Clerk: Nyali Beach Hotel - 2015-2018: Land and Estate Manager: Mtwapa Properties | 55 yrs | |







Mtwapa Sub County Hospital (Kilifi County Government)
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| | | | | | |
|--|---|---------------------------------------|--|--|---------------|
| |  | <p>Fatma Jeneby (Member)</p> | <p>Masters in Community Psychology, Bachelors of Arts, Higher Diploma in Anaesthesia and Diploma in Clinical medicine and surgery.</p> | <ul style="list-style-type: none"> - 2006-Present: Clinical Programs Coordinator: Muslim Education and Welfare Association - 2008-2009: District Aids and STI Coordinator Employer: Ministry of Health | <p>43 yrs</p> |
| |  | <p>Chilson Lwangu (Member)</p> | <p>Diploma in Business book keeping and Accounting and Diploma in Business Administration</p> | <ul style="list-style-type: none"> - 2022-Present: Vipingo Ridge Ltd- Government Business Consultant - 2000-2012: Westmart Power Kenya Ltd- Civil and building works, havening - 1990-2000: KPA Kipevu- Sheet Pilling power plant - 1985-1990: Vipingo Ltd- Construction of 3kv power step down - 1972-1985: Department of Defense – Civil works, construction of the armory and Magazines facility at Nyali - 1968-1972: 17th Battalion Nyali- Construction of 1000m perimeter | <p>70 yrs</p> |
| |  | <p>Aquinas Mung'atia (Member)</p> | <p>Masters of Business Administration strategic management, Bachelors of Science Hotel and Institutional Management</p> | <ul style="list-style-type: none"> - 2023-Present Present: Head of Projects & Security Aga Khan Hospital Mombasa - 2020-2023: Head of Facilities and Support Services, Aga Khan Hospital Mombasa - 2015-2019: General Manager, Muthaiga Golf Club Nairobi - 2010-2019: General Manager, Sigona Golf Club Nairobi | <p>50 yrs</p> |




Mtwapa Sub County Hospital (Kilifi County Government)
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| | | | | | |
|--|--|--|--|---------------------------------|--|
| | | | | - 1999-2010 Restaurant Manager, | |
|--|--|--|--|---------------------------------|--|

4. Key Management Team

| Ref | | Management | Details |
|-----|---|---|---------------------------------|
| 1. |  | Dr. Samiya Mabruk Abeid Bachelor's Degree in Medicine and Surgery | Medical Superintendent |
| 2. |  | Mr. Emmanuel Yawa Makupe Bachelor's degree in Business Management and Diploma in Business Administration | Hospital Administrator |
| 3. |  | Josephine Wanjiku Wanjiru Diploma in Nursing | Nursing Officer In charge |
| 4. |  | John Mulwa Musau Diploma in Clinical Medicine and Surgery | Clinical Service Coordinator |
| 5. |  | Margaret Eghwa Mwambuwa Diploma in Health Records Information Management | Health Records In charge |
| 6. |  | Amina Mwinyi Hanzuani Bachelors of science in medical Laboratory science | Diagnostic Services Coordinator |

Mtwapa Sub County Hospital (Kilifi County Government)
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| | | | |
|----|---|---|----------------------|
| 7. |  | Dr. Terry Kamau Bachelor's Degree in Pharmacy | Pharmacist In-charge |
| 8. |  | Jocktan Jumbale Diploma in Biomedical Engineering | Biomedical Engineer |
| 9. |  | Devota Leandry Diploma in Nutrition and Dietetics | Nutrition In-charge |

5. Chairman's Statement

Mtwapa Sub-County Hospital exists and operates within a broader cosmopolitan, socioeconomic and political context. The understanding of this environment is critical in enabling the hospital to position itself strategically to take advantage of emerging opportunities and deal with threats. Of fundamental importance in this environment is government policy. As a public hospital, Mtwapa Sub County Hospital is governed by the policies and regulations set forth by both the Ministry of Health and the County department of health and Sanitation services. The Hospital's main mandate is to provide quality and affordable curative, preventive, promotive and rehabilitative health services. It offers general outpatient, inpatient services, maternity services, surgical services, emergency services and specialized clinical services in various disciplines. It serves as a centre for training of medical student and other health workers. In playing its constitutional mandated role for health service delivery, the Mtwapa Sub-County Hospital focuses on translating the broader Government of Kenya health sector strategic aspirations into operational implementation imperatives. In so doing, it has always been guided by a clear strategic imperative including its vision and mission statements; and core organizational principles and values. The key strengths for Mtwapa Sub-County Hospital include;

- ✓ Team work
- ✓ Highly skilled personnel
- ✓ Availability of specialists
- ✓ Strong and committed leadership
- ✓ A centre of excellence in service delivery
- ✓ Strong community linkage
- ✓ Excellent youth friendly services including first time young mother clinic

The hospital has taken advantage and maximised on these strengths to have a competitive edge in the market and to ensure best service delivery to our prospective customers.

However, the hospital also faces a myriad of challenges including but not limited to;

- ✓ Under-staffing
- ✓ Inadequate land for expansion
- ✓ Inadequate infrastructure
- ✓ Lack of an integrated EMR/ICT system
- ✓ Inadequate working tools and equipment
- ✓ Inadequate security surveillance system.

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

- ✓ Lack of most of radiology services
- ✓ Lack of utility vehicle
- ✓ Inconsistent supply of medical commodities

These challenges are hindering the provision of optimal health care service delivery to our clients and need to be addressed to ensure efficient services.

Future plans of the hospital is to have more specialized services including ENT and dental services, strengthen referral system, improve on infrastructure through lobbying for construction of a storey building that shall also house, 2 operating theaters, Renal Dialysis Unit, Intensive care unit, radiology unit, ENT unit, Ophthalmology, laparoscopy and colonoscopy unit, radiology unit, accident and emergency unit and High Dependence unit.

It is in this regard, I have the pleasure to present the Mtwapa Sub-County Hospital financial statements for the financial year ending 30th June 2025. The financial statements present the financial performance of HSIF fund in relation to ensuring affordable and quality healthcare.



.....
Godfrey Barasa

Chairman to the Board

6. Report of The Medical Superintendent

BACKGROUND

Mtwapa Sub-County Hospital was established in the 1930s as a dispensary in a chief's camp due to public demand offering general outpatient services in a single room.

In 1946, it was manned by the local government council of Mombasa, after independence in 1963; it was transferred to Kilifi district. In 1996, primary health care services started in community level. In October 2000, the Abuja declaration on health became a rallying call to mobilize more resources from the government coffers for the health sector, this time round HIV had worsen thus started HIV programs in the community which has now been taken over by UHC.

In 2004, Mtwapa dispensary was upgraded to MTWAPA HEALTH CENTRE due to influx of population after the KAYA BOMBO massacre in 1998-1999.

Mtwapa health Centre won the PHARMACIA UPJOHN AWARD –NURSES NATIONAL AWARD OF THE YEAR 4 times in a row, 1997 – 2000. The excellence in Reproductive Health Services leads to recognition of the facility as a CENTRE OF EXCELLENCE IN 2012 by UNFPA.

Due to increased demand/ uptake of services by the community including our neighboring county Mombasa and an increase in catchment population of up to 67,749, it necessitated the upgrade of the facility to a level 4. On 3rd June 2022 the facility was gazetted to a Sub-County hospital though gazette notice number 6340 Vol. CXXIV no. 100.

The Hospital offers general outpatient services, inpatient services, maternity services, surgical services, emergency services and specialized clinical services in various disciplines. It serves as a centre for training of medical student including, nursing, clinicians, community health, social work, psychologists, nurse assistants, emergency medical technicians, nutritionists, orthopaedic and trauma, medical records, and other healthcare cadres. In playing its constitutional mandated role for health service delivery, the Mtwapa Sub-County Hospital focuses on translating the broader Government of Kenya Health Sector Strategic aspirations into operational implementation imperatives. In so doing, it has always been guided by a clear strategic imperative including its vision and mission statements; and core organizational principles and values towards implementation of the annual work plan. The hospital has 132 staff: consisting of 64 permanent and pensionable, 4 UHC staff, 2 County contracted casuals, 45 Locum staff, and 17 partner supported staff. The hospital has indirectly outsourced security services through the department of health.

FINANCE

Revenue

The hospital's revenue is derived from Health Services Improvement Funds (HSIF), SHA reimbursements, County grants and donors. During period under review, the hospital managed to collect a total of Ksh 36,457,003. The key drivers of our revenue included Pharmacy, Laboratory, Maternity and Radiology which contributed to the total revenue.

Expenditure

The total expenditures during the period amounted to Kshs. 33,746,194 representing 99.96.% of the total approved budget.

ACHIEVEMENTS

The Hospital Management Board and hospital management realized great achievement in terms of revenue generation, and expenditure towards improving service delivery. This includes;

- ✓ Payment of payables from the previous financial year.
- ✓ Improvement of staffing through engagement of staff on locum
- ✓ Infrastructural development
- ✓ Operationalization of inpatient wards and introduction of specialized surgical care
- ✓ Procurement of health products and technologies in various sections.
- ✓ Strengthening of referral system
- ✓ Improved revenue collection by 99.43%.

Mtwapa Sub-County Hospital was faced with a lot of challenges ranging from financial constraints due to delayed reimbursement by SHA, inadequate human resource, environmental and infrastructural challenges and lack of integrated EMR that the hospital has to address in order to succeed in achieving optimal healthcare service delivery

LOOKING FORWARD

To increase the range of specialized services including ENT and dental services, strengthen referral system, improve on infrastructure through lobbying for construction of a storey building that shall also house, 2

**Mtwapa Sub County Hospital (Kilifi County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025**

operating theaters, Renal Dialysis Unit, Intensive care unit, radiology unit, ENT unit, Ophthalmology, laparoscopy and colonoscopy unit, radiology unit, accident and emergency unit and High Dependence unit. With the realization of this, the facility will improve on the quality of care, minimize on referral and greatly improve on revenue collection.

APPRECIATION

I take this opportunity to express my sincere gratitude and appreciation to the Almighty God, the Ministry of health, County Government of Kilifi, the Department of Health and Sanitation Services, development partners, stakeholders, hospital Board and the hospital management and staff for their continued support and commitment which made us achieve these results. I look forward to your continued support in the year 2025/2026.



COUNTY GOVERNMENT OF KILIFI
THE OFFICE OF THE MEDICAL
SUPERINTENDENT
MTWAPA SUB COUNTY HOSPITAL
Email: mtwapaschl4@gmail.com
Mob: 0700 644 848

.....
Dr. Samiya Mabruk Abeid
Secretary to the Board

Mtwapa Sub County Hospital (Kilifi County Government)
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7. Statement of Performance Against Predetermined Objectives

Mtwapa 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;

1. Service Delivery
2. Health workforce
3. Management of hospital infrastructure
4. Leadership and Governance

Mtwapa Sub-County Hospital develops its Annual Work Plans based on the above 4 pillars. Assessment of the Hospital'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 |
|-------------------------------|--|--|--|---|
| Service Delivery | <ul style="list-style-type: none"> • To Enhance customer care services | <ul style="list-style-type: none"> • Presence of a triage desk • Presence of a customer exit survey report • Presence of a customer complaints and status register • Presence of an active health ethics committee | <ul style="list-style-type: none"> • Establishing a triage desk • Introduction of a customer complaint and complement register • Conduct exit interview • Formation of Health ethics committee | <ul style="list-style-type: none"> • A functional triage desk introduced at outpatient, at the entrance • Complaints and complement register introduced. • An active health ethics committee |
| | <ul style="list-style-type: none"> • Enhance Continuous Quality Improvement | <ul style="list-style-type: none"> • Number of meetings for the QIC and IPC • Presence of appointment letters | <ul style="list-style-type: none"> • Issuing of appointment letters • Conduct meetings | <ul style="list-style-type: none"> • Active committee in place |

Mtwapa Sub County Hospital (Kilifi County Government)
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| | | | | |
|--|---|---|---|---|
| | | <ul style="list-style-type: none"> • Presence of minutes | <ul style="list-style-type: none"> • Implementation of recommendations from the meetings | <ul style="list-style-type: none"> • Routine Meetings Held • 75% achievement of the recommendation |
| | <ul style="list-style-type: none"> • To improve service delivery | <ul style="list-style-type: none"> • Presence of 24/7 outpatient services • Increased number of tests in the laboratory • Improved availability of medical drugs • Establishment of disability friendly service • Increased specialized theatre services | <ul style="list-style-type: none"> • Engaging staff on contract and locum to ensure continuum of care • Procurement of reagents and drugs. • Shifting of physiotherapy section to a new room for ease of accessibility. • Deployment of a general surgeon to the facility | <ul style="list-style-type: none"> • 100% Achievement of 24/7 outpatient coverage. • Availability of more tests. • Availability of drugs and other consumables • Accessible service delivery room • Increased number of surgical cases |
| | <ul style="list-style-type: none"> • To Enhance Effective Internal and External Referral Systems | <p>Presence of a health services referral framework that observes:</p> <ul style="list-style-type: none"> • Client movement • Health provider movement • Clients' specimen movement • Clients' parameters movement | <ul style="list-style-type: none"> • Implementation of a Comprehensive Health Services Referral Framework | <ul style="list-style-type: none"> • Referral guidelines implemented 85% |

Mtwapa Sub-County Hospital (Kilifi County Government)
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| | | | | |
|-------------------------|---|--|---|---|
| | | <ul style="list-style-type: none"> • Management and coordination of referral services | | |
| Health Workforce | <ul style="list-style-type: none"> • Improved performance and management | <ul style="list-style-type: none"> • Increase in the number of health personnel • Support Supervision • Availability of signed checklists | <ul style="list-style-type: none"> • Lobbying the Recruitment of Human Resource • Conduct support supervision • Conduct routine checks | <ul style="list-style-type: none"> • Hired additional staffs on Locum basis • Number of Supervisions conducted • Improved standards. • Increased number of staff. |
| | <ul style="list-style-type: none"> • Staff Motivation • Staff empowerment | <ul style="list-style-type: none"> • Number of contracted staffs paid on time • Number of trainings conducted • Number of Contracted technical staffs. • Number of staffs motivated. | <ul style="list-style-type: none"> • Payment of contracted staff on time • Conduct trainings/CMEs/ Drills/OJT • Engagement of nurses, clinical officers, support staff, pharmaceutical technologist and laboratory technologists on locum. • Conduct staff satisfaction survey. | <ul style="list-style-type: none"> • Motivated staff • Improved skills in service delivery • Improved service delivery • Achievement of set targets. |

Mtwapa Sub County Hospital (Kilifi County Government)
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| | | | | |
|--|--|--|---|--|
| Management of hospital infrastructure | <ul style="list-style-type: none"> To provide Modern Medical Equipment , plants and Machinery | <ul style="list-style-type: none"> Availability of an equipped accident and emergency unit. Operationalize inpatient unit and operating theatre. | <ul style="list-style-type: none"> Lobby for construction and equipping of accident and emergency unit. Lobby for handing over and equipping of the units Fully operationalize inpatient and theatre units | <ul style="list-style-type: none"> Accident and emergency equipment available. No construction done yet (a room was set aside for to serve as A&E unit) Availability of equipment. Fully operational inpatient and theatre units |
| | <ul style="list-style-type: none"> To enhance Routine Maintenance of Infrastructures | <ul style="list-style-type: none"> Renovation of administration office Renovation of a waste holding area | <ul style="list-style-type: none"> Maintenance of Hospital Infrastructure Renovating the waste holding area | <ul style="list-style-type: none"> A well maintained roof Renovated waste holding area |
| Leadership and governance | <ul style="list-style-type: none"> To ensure smooth running of the hospital. | <ul style="list-style-type: none"> Availability of an active Hospital Management Team Availability of various active committees Availability of an organogram | Appointment of the management team and the various committee members | <ul style="list-style-type: none"> An active HMT in place Routine meetings Improved service delivery through implementation of the meetings recommendations |

Mtwapa Sub County Hospital (Kilifi County Government)
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| | | | | |
|--|--|---|--|---|
| | <ul style="list-style-type: none"> • Staff development on leadership and governance | <ul style="list-style-type: none"> • Trained personnel • Competent managers | <ul style="list-style-type: none"> • Lobby for support for training of the managers | <ul style="list-style-type: none"> • Ongoing |
|--|--|---|--|---|

8. Corporate Governance Statement

Mtwapa Sub-County Hospital Board of Management is responsible for the corporate governance of the Hospital and is accountable to the Ministry of Health, County Department of Health and Sanitation Services Kilifi County for ensuring that the Hospital complies with the laws and the highest standards of corporate governance and business ethics. The Board members attach great importance to the need to conduct the business and operations of the Hospital with integrity and in accordance with generally accepted corporate practice and endorse the internationally developed principles of good corporate governance.

Board of Management

The Board of Management is composed of non-executive members appointed by the County Executive Committee Member (C.E.C.M) Health and Sanitation Kilifi County. The Appointed Board of Management to be held accountable and responsible for the efficient and effective governance of the hospital. Members of the Board have a range of skills and experience and each brings an independent judgment and considerable knowledge to the Board’s discussions. The board term is three years renewable subject to performance.

Summarized below are the key roles and responsibilities of the Board:

- ✓ Approve and adopt strategic plans and annual budgets.
- ✓ Set objectives and review key risk and performance areas.
- ✓ Resource Mobilization.
- ✓ Determine overall policies and processes to ensure integrity of the Hospital’s management of risk and internal controls.
- ✓ Review at regular intervals, Management’s performance against approved budget.
- ✓ Identify implementation challenges and seek corrective actions.

The full Board meets at least 4 times a year and the Chairperson has regular meetings/Consultations with the Medical Superintendent. The Board members are given appropriate and timely information so that they

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

can maintain full and effective control over strategic, financial, operational and compliance issues. Except for direction and guidance on general policy, the Board has delegated authority for conduct of day-to-day business to the Medical Superintendent. The Board nonetheless retains responsibility for establishing and maintaining the Hospital's overall internal control, financial, operational and compliance framework.

Board Meetings

The Board as per the Annual work plan meets quarterly or additionally when necessary to consider matters of overall control of the hospital. The Board's agenda and work plan are prepared early in the year and adequate notice, agenda and Board meeting minutes are circulated within stipulated timelines. The Main Board held 4 meetings attended by most of the members.

Board Remuneration

Non-Executive Members provide services to the hospital to which they are entitled to an allowances; the allowance is paid as per the government of Kenya allowance circulars (SRC).

Committees of the Board

The Board has three standing committees, which meet regularly under the terms of reference set by the Board. The standing committees are as follows:

- ✓ Finance and general-purpose committee
- ✓ Quality of Health Services committee
- ✓ Promotive and Preventive Committee

Induction, training, and development

The Board was inducted and trained in September 2024 by the department of Health and Sanitation.

Succession plan

The Hospital Board is still active until 16th November 2025 where a new Board shall be appointed by the County Executive Committee Member Department of Health and Sanitation.

Communication policy

The board members are notified and invited to meetings through letters after a discussion and agreement between the chairperson and the secretary.

Terms of Reference of Committees

The terms and reference of the subcommittees are illustrated in the Board's charter

9. Management Discussion and Analysis

The considerations in restructuring an organization are effective coordination of roles and responsibilities to avoid overlap and duplication of roles and effort; clear accountability for results; enhanced teamwork and effective communication; and career development for staff. Appropriate structures also allow the organization to resource and sustain essential skills and expertise in the organization.

The overall leadership and governance of MSCH will be vested in the Hospital Management Board. The Board members are appointed in accordance with the policies of the County Government of Kilifi. The day-to-day management of the hospital is vested on the Medical Superintendent.

The Medical Superintendent will be assisted in performing the functions of his/her position by the Senior Management Team (SMT), which consists of the Medical Superintendent with the four key managers and the Hospital Management Team (HMT). The HMT is made up of the divisional heads. Mtwapa Sub-County Hospital has developed a governance framework defining the respective roles of the Management.

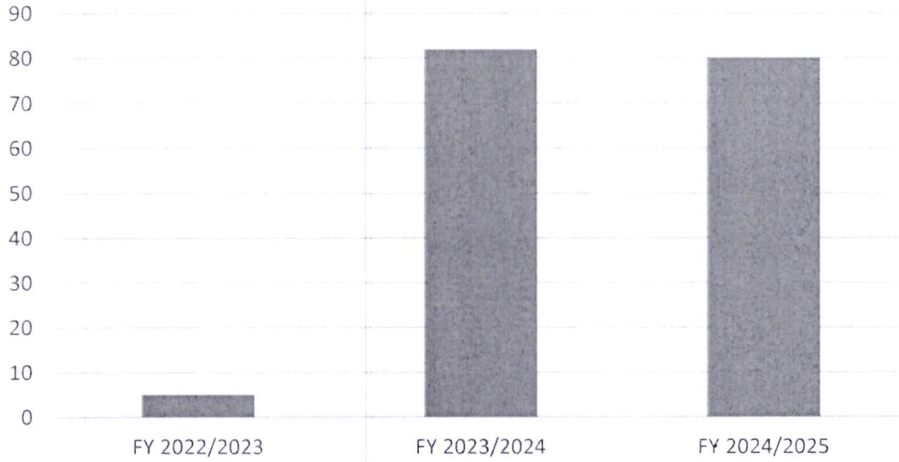
The overall annual performance is as illustrated below:

The hospital was upgraded to level four through a gazette notice number 6430 of Vol. CXXIV- No. 100 dated 3rd June 2022 and started collecting user fees towards the end of October the same year. This saw the facility work load drop by 75% due to the introduction of charges where the clients were used to free services. However; the workload gradually started picking up from April 2023, not to the same level but better than the first five months after introduction of user fees. With the upgrade, the facility introduced more tests at the laboratory section, introduced 24/7 outpatient coverage and accident and emergency services after having received a donation of equipment from Aga Khan. The full operationalization of the inpatient and theatre services has increased the total workload and hence increases in revenue collection for the facility.

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

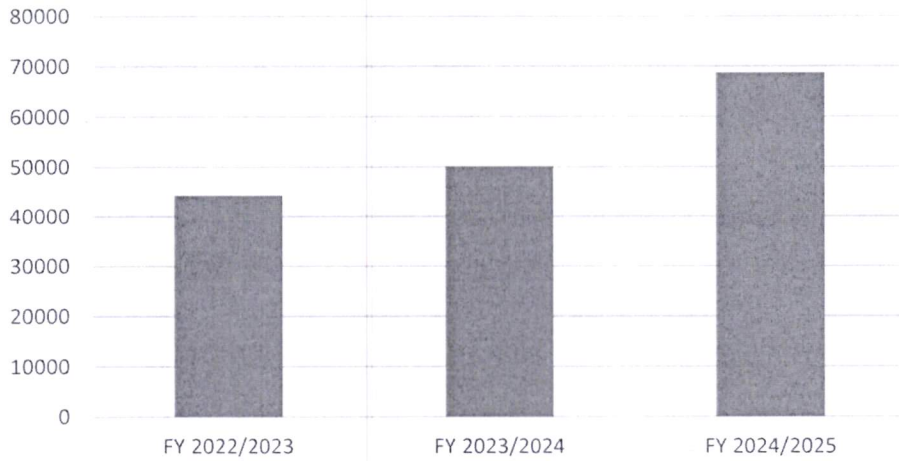
Bed capacity

Bed Capacity



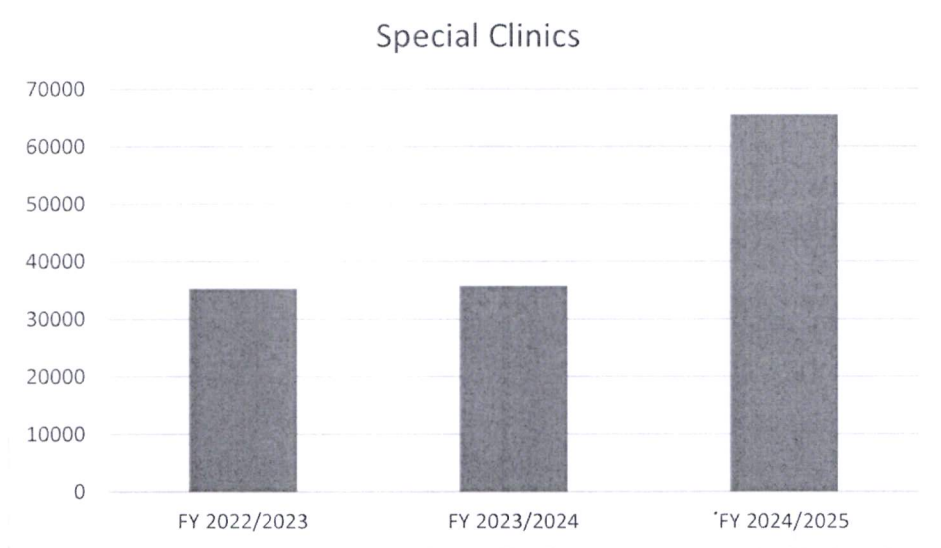
Out patient attendance

Out Patient

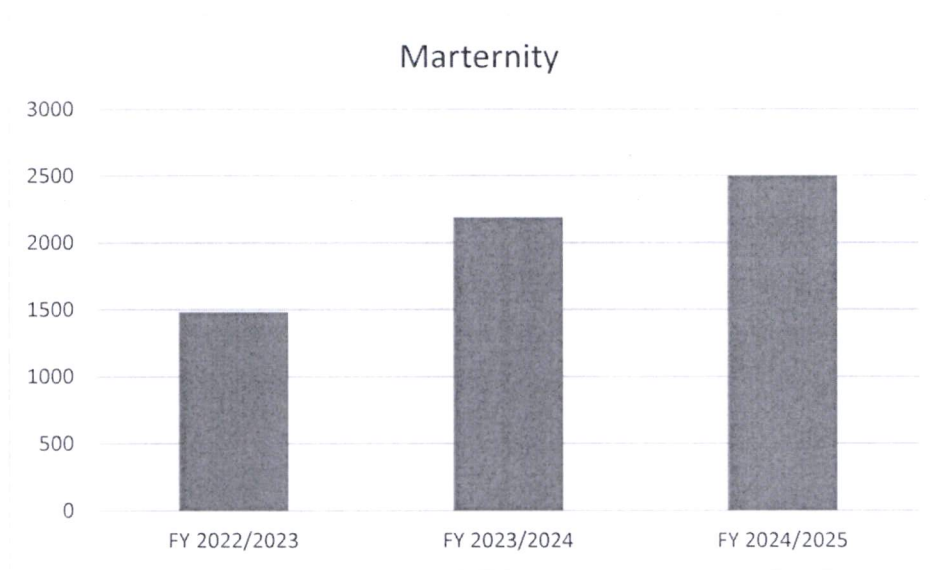


Mtwapa Sub County Hospital (Kilifi County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Special clinics attendance summary



Maternity Deliveries



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

Inpatient

Inpatient



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

Financial performance that includes

Revenue Sources

Mtwapa Sub-County Hospital Revenue Sources Includes:

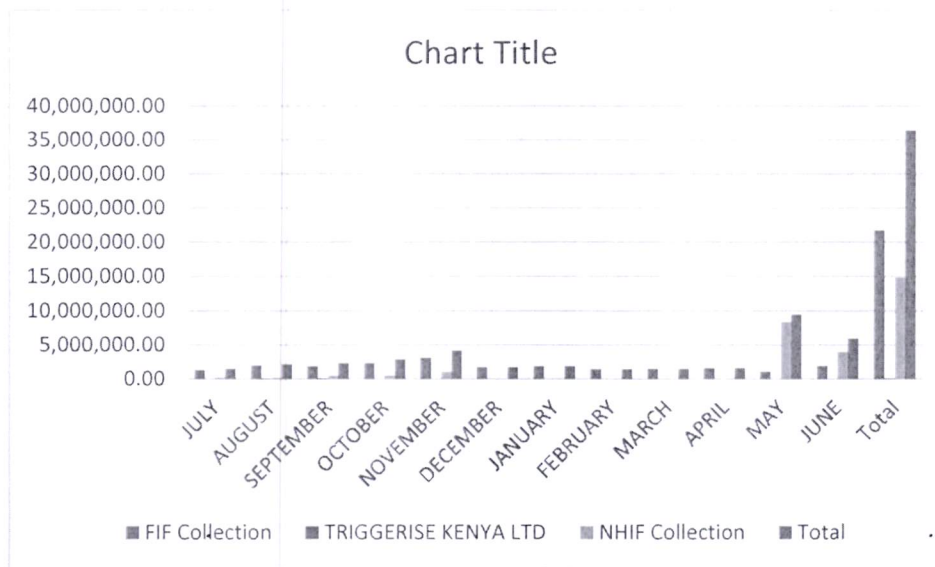
- Conditional Grants
- User Fees Comprising of
 - HSIF
 - NHIF/SHA Collections

Analysis of revenue performance for the financial year is as listed bellow;

| Month | FIF Collection | TRIGGERISE KENYA LTD | NHIF Collection | Total |
|--------------|-----------------------|-----------------------------|------------------------|-------------------|
| JULY | 1,279,593.00 | 0 | 220,000 | 1,499,593.00 |
| AUGUST | 1,965,298.00 | 13,800.00 | 176200 | 2,155,298.00 |
| SEPTEMBER | 1,896,674.00 | 18,350.00 | 460,000 | 2,375,024.00 |
| OCTOBER | 2,347,070.00 | 0 | 515000 | 2,862,070.00 |
| NOVEMBER | 3,084,555.00 | 0 | 1,078,000 | 4,162,555.00 |
| DECEMBER | 1,705,353.00 | 0 | 0 | 1,705,353.00 |
| JANUARY | 1,874,069.00 | 0 | 0 | 1,874,069.00 |
| FEBRUARY | 1,385,604.00 | 0 | 0 | 1,385,604.00 |
| MARCH | 1,497,660.00 | 0 | 0 | 1,497,660.00 |
| APRIL | 1,598,009.00 | 0 | 0 | 1,598,009.00 |
| MAY | 1,067,385.00 | 0 | 8,365,000 | 9,432,385.00 |
| JUNE | 1,954,383.00 | 0 | 3,955,000 | 5,909,383.00 |
| Total | 21,655,653.00 | 32,150.00 | 14,769,200.00 | 36,457,003 |

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

REVENUE GRAPH JULY TO JUNE 2025



ANALYSIS OF EXPENDITURE

| FACILITY EXPENDITURE FY 2024/2025 | | | | |
|-----------------------------------|---|--------------------|----------------------|----------|
| ITEM CODE | ITEM DESCRIPTION | APPROVED ESTIMATES | EXPENDITURE/PAYMENTS | BALANCE |
| | | FY 2024/2025 | FY 2024/2025 | |
| 2110201 | Contractual Employees | 6,481,730 | 6,481,722.00 | 8.00 |
| 2110202 | Casual Labor | 5,311,120 | 5,311,112.00 | 8.00 |
| 2120101 | Employer Contributions to NSSF | 1,228,000 | 1,227,920.00 | 80.00 |
| 2210201 | Telephone , telex mobile phones | 502,000 | 501,000 | 1,000.00 |
| 2210301 | Travel Costs (airlines, bus, railway, mileage allowances, etc.) | 585,000 | 584,950 | 50.00 |
| 2210202 | Internet connections | 141,000 | 140,000 | 1,000.00 |
| 2210303 | Domestic-daily subsistence allowance | 3,446,800 | 3,446,800 | - |
| 2210504 | Advertising, awareness & publicity campaigns | 142,500 | 142,000 | 500.00 |

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

| | | | | |
|--------------|--|-------------------|----------------------|------------------|
| 2210801 | Catering services, gifts, food drinks | 914,200 | 914,000 | 200.00 |
| 2210802 | Boards, commtt, conference | 520,000 | 517,800 | 2,200.00 |
| 2210809 | Board Allowances | 280,000 | 280,000 | - |
| 2211001 | Medical Drugs | 2,030,405 | 2,030,405 | - |
| 2211015 | Food and Ration | 28,000 | 27,800 | 200.00 |
| 2211002 | Dressings and Non-pharmaceuticals | 1,383,500 | 1,383,444 | 56.00 |
| 2211008 | Lab materials, supplies and small equipment | 2,001,335 | 2,001,334 | 1.00 |
| 2211021 | Purchase of Bedding and Linen | 70,000 | 69,000 | 1,000.00 |
| 2210502 | Publishing and Printing Services | 1,788,000 | 1,787,089 | 911.00 |
| 2211101 | General Office Supplies | 1,261,800 | 1,261,782 | 18.00 |
| 2211103 | Sanitary and cleaning materials | 410,500 | 410,385 | 115.00 |
| 2211102 | Supplies and access for computers and printer | 85,000 | 83,570 | 1,430.00 |
| 2211201 | Refined Fuels | 1,590,000 | 1,589,963 | 37.00 |
| 2211301 | Bank service commission and charges | 20,000 | 19,830 | 170.00 |
| 2220101 | Maintenance of Motor Vehicles | 330,050 | 330,001 | 49.00 |
| 2220205 | Maintenance of Buildings and stations | 2,447,000 | 2,446,434 | 566.00 |
| 2220201 | Maintenance of plant machinery | 162,000 | 161,950.00 | 50 |
| 2220206 | Maintenance of computers software and network | 25,000 | 23,152 | 1,848 |
| 2220202 | Maintenance of office furniture | 86,000 | 85,000 | 1,000 |
| 3110902 | purchase of household & institutional appliances | 220,000 | 218,251 | 1,749 |
| 3111002 | purchase of computers printers | 270,000 | 269,500 | 500 |
| Total | | 33,760,940 | 33,746,194.00 | 14,746.00 |

10. Environmental and Sustainability Reporting

Mtwapa Sub-County Hospital exists to transform lives. It's what guides us to deliver our strategy, offering client centred services, delivering quality health services, and improving operational excellence. Below is an outline of the organisation's policies and activities that promote sustainability.

i) Sustainability strategy and profile

Offering quality health care services is essential; hence the need to ensure sustainability for both its investments and its resource mobilization and financing capabilities with an objective of ensuring that quality & continuity is secured. Mtwapa sub county hospital has conducted a basic assessment of available options for feasible financing tools that would assure the hospital of its long-term sustainability. The hospital has reviewed its current resource mobilization strategies and proposed feasible sustainability financing options, which include:

- Operationalization of the inpatient
- NHIF/SHIF accreditation of the facility to level 4
- Enhancement of our specialized services such MOPC, SOPC, GOPC and ORTHO etc.
- Public Private Partnership
- Enhancing Client satisfaction through quality service care
- Bringing on board more institutions i.e. lobbying for more engagement with other stake holders, including private insurance companies.

ii) Environmental performance

Mtwapa Sub-County Hospital is using the National Health Care Waste Management policy guideline which is guiding us in the management of the waste that we generate in the organization.

Successes

- We are having colour-coded bins [receptacles] at all generation points in the departments.
- There are segregation posters alongside the receptacles to guide in the segregation of waste.
- We incinerate the hospital waste through Malindi Sub-county hospital and Kilifi County Hospital incinerators.
- The general cleanliness of the organization is well maintained both indoors and grounds
- Well fenced waste pit
- A proper holding area for sharp boxes.

Challenges

- Lack of an incinerator at the facility.
- High cost of fuel.
- Shortage of staffs
- Lack of a reliable means of transport for waste.

Efforts to Reduce Environmental Impact of Waste Products

Waste ferried for incineration on a regular basis to avoid piling of waste.

The waste is transported using designated waste carriers to designated incinerators.

iii) Employee welfare

Hiring process involves bringing new employees on board. This is the mandate of the County Public Service Board reference made from the Public Service Commission, Human Resource and Procedures Manual May 2016, mentioned in section B which provides the rules governing recruitment and appointment of new officers. Improvement of employee skills and career management is done through employee sponsorship to further their studies in line with their careers. This is done by sponsorship and supporting employees to attend short courses offered by the government institutions. There are regular CMEs, drills conducted at the facility and debriefing sessions for psycho-social support.

Training programs are based on the identified needs from the training needs assessments and are emphasized for performance improvement addressing both individual and organizational goals.

Performance management system is a process conducted by the employer to identify areas of weakness and support the individuals in order to get better results. It's an annual exercise intended to provide employees with clear understanding of job expectations, regular feedback on performance, advice and steps for improving performance, rewards for good performance and actions for poor performance. It helps to measure performance and ultimately the achievement of intended results for the organization.

The Human Resource Policies and Procedures Manual also provides guidelines and standards for the prevention and protection of officer against accidents and occupational hazards arising at the work place. It provides for guidelines, procedures and modalities for the administration and payment of compensation for work related injuries and accidents contracted while and in the course of employment.

iv) Market place practices

a) Responsible competition practices

This is effectively done through making good use of the instituted internal committees to help minimize corruption and full adherence to public procurement regulation act

b) Responsible supply chain and supplier relations

The hospital ensures best involvement of suppliers in the tendering process and feedback given to suppliers in good time and facilitates prompt payment to suppliers

c) Responsible marketing and advertisement

Effectively done using the local community engagement

d) Corporate social responsibility

- Conducting of regular outreaches to create awareness on various healthcare issues.
- Cancer patients supported by various partners through MSCH to visit their homes and give them support in various ways in their homes.
- Organization of free medical camps

11. Report of The Board of Management

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

Principal activities

The principal activities of the MSCH are to provide quality and affordable, preventive, promotive, rehabilitative and curative health services across the country

Results

The results of Mtwapa SCH for the year ended June 30th 2025 are set out on pages 1 to 17


Board of Management

The members of the Board who served during the year are shown on page vi to viii. During the year, none of the director(s) retired/ resigned.

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 Board


.....
NAME: Dr Samiya Mabruk Abeid

COUNTY GOVERNMENT OF KILIFI
THE OFFICE OF THE MEDICAL
SUPERINTENDENT
MTWAPA SUB COUNTY HOSPITAL
Email: mtwapaschl4@gmail.com
PHONE: 0700 644 848

Secretary to the Board

12. Statement of Board of Management's Responsibilities

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

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

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

In preparing the financial statements, the Directors have assessed the Fund's ability to continue as a going concern

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

Approval of the financial statements

The Hospital's financial statements were approved by the Board on 3-12-2025 and signed on its behalf by:

.....
Name: Godfrey Barasa
Chairperson
Board of Management

.....
Name: Dr Samiya Mabruk Abeid
Accounting Officer

COUNTY GOVERNMENT OF KILIFI
THE OFFICE OF THE MEDICAL
SUPERINTENDENT
MTWAPA SUB COUNTY HOSPITAL
P.O. BOX 27008
TEL: 011 200 64 1848

REPUBLIC OF KENYA

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



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

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

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 Mtwapa Sub-County Level 4 Hospital – County Government of Kilifi set out on pages 1 to 31, which comprise of the

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

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

Basis for Qualified Opinion

1. Inaccurate Expenditure on Employee Costs

The statement of financial performance reflects expenditure of Kshs.13,020,754 in respect of employee costs while the corresponding Note 7 to the financial statements reflects an expenditure of Kshs.13,566,932 resulting to unexplained variance of Kshs.546,178.

In the circumstances, the accuracy and completeness of expenditure on employee costs totalling Kshs.13,020,754 could not be confirmed.

2. Unsupported Expenditure on Training Expenses

The statement of financial performance reflects expenditure on general expenses totaling Kshs.11,573,335 as disclosed in Note 10 to the financial statements. Included in this amount is domestic travel and subsistence allowance totalling Kshs.3,446,800. Review of the documents provided for audit revealed an expenditure of Kshs.443,000 in respect to leadership and governance training. However, the hospital had not developed annual training plans and carried out training needs assessments to identify skills gap to inform on budget allocation. Further, no evidence was provided to show how the training's conducted were identified and how the intended beneficiaries were selected.

In the circumstances, the accuracy and completeness of the expenditure on training expenses totalling Kshs.443,000 could not be confirmed.

3. Inaccurate Cash and Cash Equivalents Balance

The statement of financial position reflects cash and cash equivalents balance of Kshs.50,727 while the corresponding Note 11 to the financial statements reflects a balance of Kshs.1,509,152 resulting to unexplained variance of Kshs.1,458,425.

In the circumstances, the accuracy, completeness and existence of cash and cash equivalents balance of Kshs.50,727 could not be confirmed.

4. Inaccurate Accumulated Surplus

The statement of financial position reflects comparative accumulated deficit balance of Kshs.1,304,996 while the statement of changes in net assets reflects a corresponding balance of Kshs.1,312,236 resulting to unexplained variance of Kshs.7,240. In addition, the statement of financial position reflects accumulated surplus of Kshs.2,710,809 while the statement of changes in net assets reflects a balance of Kshs.1,398,573 resulting to unexplained variance of Kshs.1,312,236.

In the circumstances, the accuracy and completeness of accumulated surplus of Kshs.1,304,996 could not be confirmed.

5. Inaccurate Inventories Balance

The statements of financial position reflects a balance of Kshs.21,962,864 in respect of inventories as disclosed in Note 13 to the financial statements. However, the recomputed Note 13 is Kshs.22,354,189 resulting to unexplained variance of Kshs.391,325.

In the circumstances, the accuracy, completeness and existence of inventories balance 21,962,864 could not be confirmed.

6. Non-disclosure of Property, Plant and Equipment

The statement of financial position excludes balance in respect to plant, property and equipment. However, a physical verification of the Hospital compound and offices revealed that the Hospital owns various assets including land and buildings, medical equipment's, computers, furniture and fittings which were not disclosed in the financial statements. Further, the ownership document for the hospital parcel of land measuring approximately 1.2 acres was not provided for audit review.

In the circumstances, the accuracy, completeness and existence of property, plant and equipment balance could not be confirmed.

7. Inaccurate Statement of Changes in Net Assets

The statement of financial position reflects a balance of Kshs.22,815,259 in respect of net assets. However, the statement of changes in net assets does not disclose any net assets.

In the circumstances, the accuracy and completeness of statement of changes in net assets could not be confirmed.

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

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the prior years' audit reports, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during audit of the Hospital in 2024/2025 revealed that the following seven (7) issues remained unresolved:

| No. | Financial Year | Audit Issue |
|------------|-----------------------|---|
| 1 | 2023/2024 | Inaccurate total net assets and liabilities balance |
| 2 | 2023/2024 | Inaccuracies in the presentation and disclosure in the annual report and financial statements |
| 3 | 2023/2024 | Deficiencies in the implementation of universal health coverage (UHC) for level 4 hospital in terms of staffing, services and equipment |
| 4 | 2023/2024 | Non-compliance with first expiry first out |
| 5 | 2023/2024 | Information communication technology (ICT) |
| 6 | 2023/2024 | Weak internal controls |
| 7 | 2023/2024 | Incomplete asset register |

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN 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-Remittance of Statutory Deductions

The statement of financial performance reflects expenditure on employee costs totalling to Kshs.13,020,754 as disclosed in Note 7 to the financial statements. However, a review of the documents provided for audit revealed that Kshs.334,508 for National Social Security Fund (NSSF) and Social Health Authority (SHA) deductions from employer and employee were not remitted to respective authorities/funds which was contrary to Section 20(1) of the National Social Security Fund Act which requires employers to make payments deducted from employees' earnings together with employer amounts to NSSF on the ninth day of each month or on such later date as the Board may, in consultation with the Cabinet Secretary, prescribe.

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

2. Non-Compliance with the Kenya Quality Model for Health for Level 4 Hospital Requirements

Review of documents revealed that the Hospital had thirty-six (36) medical staff against the minimum requirement of one hundred and one (101) resulting to understaffing by sixty-five (65) members of staff or sixty four percent(64%) which included the shortage of specialists such as anesthesiologists, internal medicine and pediatrics. In addition, the Hospital had one hundred and two (102) equipment and machines against the requirement of one hundred and eighty-one (181) for a level 4 hospital resulting to a shortage of seventy-nine (79) or forty four percent (44%) which included shortage of vital services such as functional Intensive Care Unit (ICU) beds and High Dependency Unit (HDU) which require a minimum of six (6) beds.

This was contrary to Gazette Notice No. 786 Vol.CXXII No. 24 of 4th February, 2020 which provides for classification of healthcare facilities, including the basic essential primary services each level should carry out. Article 43(1) of the Constitution of Kenya, 2010 provides that every person has the right to the highest attainable standard of health, which includes the right to health care services, including reproductive health care.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Irregularities in Board Appointment and Operations

The members of the Board of Management were appointed on 21 December, 2022. However, the appointment period for the Board members was not indicated in the appointment letters issued by the County Executive Committee Members for Health (CECM) dated 21 December, 2022. This was contrary to Section 1.5 of the Mwongozo which provides that the tenure of a Board member shall not exceed a cumulative term of six (6) years or two (2) terms of three (3) years each provided that upon first implementation of this code, the appointing authority may extend the term of not more than a third of the members of the Board in order to achieve continuity as set out in 1.14.

In addition, evidence of gazettelement of the Board members was not provided for audit review while the Board has not prepared and approved a strategic plan for the Hospital. This was contrary to Section 1.2. role and functions of the board as guided by mwongozo guidelines which provides that the board shall determine the organization's mission, vision, purpose and core values, set and oversee the overall strategy and approve significant policies of the organization, ensure that the strategy is aligned with the purpose of the organization and the legitimate interests and expectations of its shareholders and other stakeholders, ensure that the strategy of the organization is aligned to the long-term goals of the organization on sustainability so as not to compromise the ability of future generations to meet their own needs.

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

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk Management and overall governance were operating effectively in all material respects. I believe that the audit

evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of the Management and those Charged with Governance

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

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


05 December, 2025


**Mtwapa Sub County Hospital (Kilifi County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025**


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

| Description | Note | FY 2024-2025 | FY 2023-2024 |
|---|------|-------------------|--------------------|
| | | Kshs | Kshs |
| Revenue from non-exchange transactions | | | |
| Transfers from HSIF Funds | 5 | 36,457,003 | 18,280,420 |
| | | 36,457,003 | 18,280,420 |
| Expenses | | | |
| Medical/Clinical costs | 6 | 5,825,568 | 1,544,152 |
| Employee costs | 7 | 13,020,754 | 8,468,680 |
| Board of Management Expenses | 8 | 280,000 | 304,000 |
| Repairs and maintenance | 9 | 3,046,537 | 4,402,418 |
| General expenses | 10 | 11,573,335 | 7,499,221 |
| Total expenses | | 33,746,194 | 22,218,471 |
| Net Surplus / (Deficit) for the year | | 2,710,809 | (3,938,051) |

The Hospital's financial statements were approved by the Board on 03-12-2025 and signed on its behalf by:


.....
Godfrey Barasa
Chairman
Board of Management


.....
Wedner Munga
Head of Finance
ICPAK No:27949



.....
Dr. Samiya Mabruk Abdil
Medical Superintendent
COUNTY GOVERNMENT OF KILIFI
THE OFFICE OF THE MEDICAL SUPERINTENDENT
MTWAPA SUB COUNTY HOSPITAL
Email: mtwapaschl4@gmail.com
Mob: 0700 644 848


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


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

| Description | Note | FY 2024- | FY 2023- |
|--|------|-------------------|--------------------|
| | | 2025 | 2024 |
| | | Kshs | Kshs |
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 11 | 50,727 | 339,588 |
| Receivables from exchange transactions | 12 | 5,909,383 | 1,485,822 |
| Inventories | 13 | 21,962,864 | 0 |
| Total Current Assets (A) | | 27,922,974 | 1,825,410 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 14 | 5,107,715 | 3,130,406 |
| Total Current Liabilities | | 5,107,715 | 3,130,406 |
| | | | |
| Total Liabilities (B) | | 5,107,715 | 3,130,406 |
| | | | |
| Net assets (A-B) | | 22,815,259 | 1,304,996 |
| | | | |
| Represented by: | | | |
| Accumulated surplus/Deficit | | 2,710,809 | (1,304,996) |
| | | | |
| Net Assets | | 22,815,259 | (1,304,996) |

The Hospital's financial statements were approved by the Board on 3-12-2025 and signed on its behalf by:


.....
Godfrey Barasa
Chairman
Board of Management


.....
Wedner Munga
Head of Finance
ICPAK No:27949


.....
Dr. Samiya Mabruk Abeid
Medical Superintendent
COUNTY GOVERNMENT OF KILIFI
THE OFFICE OF THE MEDICAL
SUPERINTENDENT
MTWAPA SUB-COUNTY HOSPITAL
Email: mtwapaschl4@gmail.com
Mob: 0700 644 848

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

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

| | Accumulated surplus | Accumulated surplus |
|-------------------------------------|---------------------|---------------------|
| | FY 2024,2025 | FY 2023,2024 |
| | | |
| Balance as at 30th June 2024 | | |
| Adjustments | - | - |
| Surplus/(deficit) for the period | - | - |
| Balance as at 30th June 2024 | (1,312,236) | 2,625,815 |
| | | |
| Balance as at 1st July 2024 | (1,312,236) | 2,625,815 |
| Surplus/(deficit) for the period | 2,710,809 | (3,938,051) |
| Balance as at 30th June 2025 | 1,398,573 | (1,312,236) |

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

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

| | Note | 2024--2025 KShs | 2023-2024 KShs |
|---|-----------|--------------------|--------------------|
| Cash flows from operating activities | | | |
| Receipts | | | |
| Transfers from HSIF Fund | 5 | 36,457,003 | 18,280,420 |
| Add opening balance receivable | | 1,485,822 | 732,150 |
| Less Receivables | | 5,909,383 | 1,485,822 |
| Total Receipts | | 32,033,442 | 17,526,748 |
| Payments | | | |
| Medical/ Clinical Costs | 6 | 3,773,383 | 1,354,152 |
| Employee costs | 7 | 11,686,086 | 7,620,320 |
| Board of Management Expenses | 8 | 280,000 | 304,000 |
| General Expenses | 9 | 10,862,998 | 7,299,221 |
| Add Payables for Prior year | | 3,130,378 | 0 |
| Repair and Maintenance | 10 | 2,582,190 | 2,810,252 |
| Total Payments | | 32,315,035 | 19,387,945 |
| Net cash flows from operating activities | | (281,593) | (1,861,197) |
| Net increase/(decrease) in cash and cash equivalents | | (281,593) | (1,861,197) |
| Cash and cash equivalents at 1 July 2024 | | 332,320 | 3,111,535 |
| Cash and cash equivalents at 30th June 2025 | 11 | 50,727 | 339,588 |

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

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

| | Original budget | Adjustments | Final budget | Actual on comparable basis | Performance difference | % utilization |
|--|-------------------|-------------------|-------------------|----------------------------|------------------------|----------------|
| | 2024/2025 | 2024/2025 | 2024/2025 | 2024/2025 | 2024/2025 | 2024/2025 |
| Revenue | KShs | KShs | KShs | KShs | KShs | |
| Transfers from County Govt & FIF Revenue | 19,874,034 | 13,886,906 | 33,760,940 | 36,457,003 | (2,696,063) | 107.98% |
| Total income | 19,874,034 | 13,886,906 | 33,760,940 | 36,457,003 | (2,696,063) | 107.98% |
| | | | | | | |
| Expenses | | | | | | |
| Medical/ Clinical Costs | 2,700,000 | 3,125,740 | 5,825,740 | 5,825,568 | 172 | 99.99% |
| Employee costs | 5,303,782 | 7,717,068 | 13,020,850 | 13,020,754 | 96 | 99.99% |
| Board of Management Expenses | 100,000 | 180,000 | 280,000 | 280,000 | - | 100% |
| General Expenses | 6,158,042 | 5,426,258 | 11,584,300 | 11,573,335 | 10,965 | 99.91% |
| Repair and Maintenance | 5,362,210 | (2,312,160) | 3,050,050 | 3,046,537 | 3,513 | 99.88% |
| Total expenditure | 19,624,034 | 14,136,906 | 33,760,940 | 33,746,194 | 14,746 | 99.96% |
| Surplus for the period | | | - | 2,710,809 | (2,710,809) | |

19. Notes to the Financial Statements

1. General Information

Mtwapa Sub-County Hospital is established by and derives its authority and accountability from Health Services Improvement Fund Act. MSCH is wholly owned by the County Government of Kilifi and is domiciled in Mtwapa, Kenya. The Mtwapa Sub-County hospital's principal activity is to provide curative, preventive and promotive and rehabilitative health services

2. Statement of Compliance and Basis of Preparation

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

The financial statements have been prepared in accordance with the PFM Act 2012 International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented

1 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 MSCH 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 MSCH 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 MSCH.

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.

b. Budget information

The original budget for FY 2024/2025 was approved by Board on 31st July 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Mtwapa sub county hospital recorded additional appropriations of 13,886,906 on the FY 2024/2025 budget following the Board's approval. The MSCH budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also

made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

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

c. Taxes

Sales tax/ Value Added Tax

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

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

d. 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.

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.

e. Research and development costs

The MSCH 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.

f. Financial instruments

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

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the MSCH 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 MSCH classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the MSCH 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 MSCH 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.

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 MSCH.

g. Provisions

Provisions are recognized when the MSCH 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 MSCH 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.

h. 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 MSCH 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 MSCH will incur in fulfilling the present obligations represented by the liability.

i. Contingent liabilities

The MSCH 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.

j. Contingent assets

The MSCH 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 MSCH 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.

k. Changes in accounting policies and estimates

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

l. Employee benefits

Retirement benefit plans

The MSCH provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which MSCH pays fixed contributions into a separate MSCH (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

m. 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.

n. 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.

o. Comparative figures

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

p. 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.

3. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the MSCH 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 MSCH 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 MSCH. 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 MSCH.
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- The nature of the processes in which the asset is deployed.
- Availability of funding to replace the asset.
- Changes in the market in relation to the asset.

Provisions

Provisions were raised and management determined an estimate based on the information available. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Notes to Financial Statements Continued

5. Transfers from the County Government

| Description | Jun-25 | Jun-24 |
|--------------------|-------------------|-------------------|
| | KShs | KShs |
| Grants – HSIF Fund | 36,457,003 | 18,280,420 |
| Total | 36,457,003 | 18,280,420 |

6. Medical/ Clinical Costs

| Description | Jun-25 | Jun-24 |
|-----------------------------------|------------------|------------------|
| | KShs | KShs |
| Sanitary and cleaning Materials | 410,385 | 69,010 |
| Dressing and Non-Pharmaceuticals | 1,383,444 | 732,891 |
| Medical Drugs | 2,030,405 | 222,731 |
| Laboratory chemicals and reagents | 2,001,334 | 519,520 |
| Total | 5,825,568 | 1,544,152 |

7. Employee costs

| Description | Jun-25 | Jun-24 |
|---|-------------------|------------------|
| | KShs | KShs |
| Salaries, wages, and allowances | 11,817,262 | 8,291,930 |
| Employer Contributions to Compulsory National Social Security Schemes | 1,749,670 | 176,750 |
| Staff medical expenses and Insurance cover | - | - |
| Total | 13,566,932 | 8,468,680 |

8. Board of Management Expenses

| Description | Jun-25 | Jun-24 |
|-------------------|----------------|----------------|
| | KShs | KShs |
| Sitting allowance | 280,000 | 304,000 |
| Total | 280,000 | 304,000 |

9. Repair and Maintenance

| Description | Jun-25 | Jun-24 |
|--------------------------------|---------|--------|
| | KShs | KShs |
| Maintenance of plant Machinery | 161,950 | 86,300 |
| Maintenance of Motor vehicle | 330,001 | 93,150 |

| | | |
|---|------------------|------------------|
| Maintenance of Computers | 23,152 | 196,700 |
| Maintenance of Medical and Dental Equipment | | 90,000 |
| Maintenance of office furniture | 85,000 | 30,000 |
| Buildings and stations | 2,446,434 | 3,906,268 |
| Total | 3,046,537 | 4,402,418 |

10. General Expenses

| Description | Jun-25 | Jun-24 |
|---|-----------|-----------|
| | KShs | KShs |
| Telephone and mobile phone services | 501,000 | 471,800 |
| General Office Supplies | 1,261,782 | 714,023 |
| Advertising and publicity expenses | 142,000 | 148,000 |
| Conferences and delegations | 517,800 | 276,540 |
| Catering services | 914,000 | 429,481 |
| Purchase of Bedding and linen | 69,000 | 564,000 |
| Purchase of Household | 218,251 | 250,118 |
| Fungicides | - | 20,100 |
| Travel and accommodation allowance | 584,950 | 273,600 |
| Internet Connection | 140,000 | - |
| Supply of Computer Accessories | 83,570 | 207,880 |
| Food and Ration | 27,800 | 57,468 |
| Domestic travel and subsistence | 3,446,800 | 1,042,950 |
| Purchase of Computer | 269,500 | 200,000 |
| Refined fuel | 1,589,963 | 1,236,351 |
| Printing, advertising and information supplies & services | 1,787,089 | 1,595,860 |

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| | | |
|--------------|-------------------|------------------|
| Bank charges | 19,830 | 11,050 |
| Total | 11,573,335 | 7,499,221 |

11. Cash and cash equivalents

| Description | Jun-25 | Jun-24 |
|--|---------------|----------------|
| | KShs | KShs |
| Current account | 50,727 | 339,588 |
| Total cash and cash equivalents | 50,727 | 339,588 |

| Description | FY 2024/2025 | FY 2023/2024 |
|--|---------------------|-------------------|
| KCB ACCOUNT 1106619250 | 4,381.80 | 7,439.55 |
| Co-Operative Bank 1141654777500 | 1,504,770.00 | 332,148.00 |
| KCG HSIF EXPENDITURE ACCOUNT | | |
| Grand total | 1,509,151.80 | 339,587.55 |

12. Receivables from Non exchange transactions

| Description | Jun-25 | Jun-24 |
|---|------------------|------------------|
| | KShs | KShs |
| Current Receivables | 5,909,383 | 1,485,822 |
| Imprest | - | - |
| Total receivables from exchange transactions | 5,909,383 | 1,485,822 |

13. Inventories

| Description | 2024-25 | 2023-24 |
|-----------------------------|------------|---------|
| | KShs | KShs |
| Pharmaceutical supplies | 15,750,992 | - |
| Lab material | 1,026,904 | - |
| Linen and clothing supplies | 2,504,552 | - |

| | | |
|--------------------|-------------------|----------|
| General supplies | 391,325 | - |
| Non-pharmaceutical | 2,680,416 | - |
| Total | 21,962,864 | - |

14. Trade and other payables from exchange transactions

| Description | FY2024/2025 | FY2024/2025 |
|---------------------------------------|------------------|------------------|
| | KShs | KShs |
| Trade payables | 5,107,715 | 3,130,378 |
| Total trade and other payables | 5,107,715 | 3,130,378 |

8. Financial Risk Management

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

(i) Credit risk

The hospital 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 hospital's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

| Description | Total amount | Fully performing | Past due | Impaired |
|---|---------------------|------------------|----------|----------|
| | Kshs | Kshs | Kshs | Kshs |
| At 30 June 2024 (previous year) | | | | |
| Receivables from exchange transactions | 3,652,600 | - | - | - |
| Receivables from –non-exchange transactions | 1,485,822 | - | - | - |
| Bank balances | 339,587.55 | - | - | - |
| Total | 5,478,009.55 | - | - | - |
| At 30 June 2025 (current year) | | | | |
| Receivables from exchange transactions | - | - | - | - |
| Receivables from –non-exchange transactions | 5,909,383 | - | - | - |
| Bank balances | 1,509,151.80 | - | - | - |
| Total | 7,418,534.8 | - | - | - |

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(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 hospital's short, medium and long-term funding and liquidity management requirements. The hospital manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

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

| Description | Less than 1 month | Between 1-3 months | Over 5 months | Total |
|-------------------------------|-------------------|--------------------|---------------|------------------|
| | Kshs | Kshs | Kshs | Kshs |
| At 30 June 2024 | | | | |
| Trade payables | 3,130,406 | - | - | 3,130,406 |
| Current portion of borrowings | - | - | - | - |
| Provisions | - | - | - | - |
| Deferred income | - | - | - | - |
| Employee benefit obligation | - | - | - | - |
| Total | 3,130,406 | - | - | 3,130,406 |
| At 30 June 2025 | | | | |
| Trade payables | 5,107,715 | - | - | 5,107,715 |
| Current portion of borrowings | - | - | - | - |
| Provisions | - | - | - | - |
| Deferred income | - | - | - | - |
| Employee benefit obligation | - | - | - | - |
| Total | 5,107,715 | - | - | 5,107,715 |

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iv) Capital Risk Management

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

| Description | Current Period 2024/2025 | Comparative Period 2023/2024 |
|---------------------|-----------------------------|---------------------------------|
| | Kshs | Kshs |
| Revaluation reserve | - | - |
| Retained earnings | 2,710,809 | (3,938,051) |
| Capital reserve | - | - |
| Total funds | 2,710,809 | (3,938,051) |
| | | |

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Notes to the Financial Statements (Continued)

9. Related Party Balances

Entities and other parties related to the MSCH 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.

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

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

| Description | FY 2024/2025 | FY2023/2024 |
|--|-------------------|-------------------|
| | Kshs | Kshs |
| Transactions with related parties | | |
| | | |
| a) Grants from the HSIF Fund | | |
| Grants from HSIF Fund | 36,457,003 | 18,280,420 |
| | | |
| Total | 36,457,003 | 18,280,420 |
| b) Key management compensation | | |
| Directors' emoluments | 280,000 | 304,000 |
| Compensation to the medical Sup | - | - |
| Compensation to key management | - | - |
| | | |
| Total | 280,000 | 304,000 |

10. Contingent Liabilities

There were no contingent liabilities during the financial year under review

11. Events after the Reporting Period

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

12. Ultimate and Holding Entity

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

13. Currency

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

20. Appendices

Appendix 1: Progress on Follow Up of Auditor Recommendations

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

| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|--|--|---|--------------------------------------|---|
| OAG/KRO/HOSP/MTWAPA LEVEL 4/2023-2024/(18) | <p>Inaccurate Total Net Assets and Liabilities Balance. The statement of financial position reflects total net assets and liabilities balances of Ksh. 1,825,410 which omits disclosure on property, plant and equipment and inventories balances. However, physical verification of the hospitals compound and offices revealed that the hospital owned various assets including land, buildings and medical equipment, computer and furniture and fittings. As previously reported, the measurement criteria was not disclosed in accordance with IPSAS 17 paragraph 27, which provides that an asset acquired through non exchange transaction</p> | The identification of assets and inventory has been concluded by the inventory management committee. The request for valuers by the hospital has been sent to the department of health for facilitation | Partly resolved | 30 th June 2026 |

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| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|--|---|--|--------------------------------------|---|
| | shall be measured at fair value as at the date of acquisition while the asset movement schedule was not provided. In addition, the valuation method for inventory balance was not disclosed in accordance with the requirement of IPSAS 12 which provides that inventories shall be measured at lower of cost, net realizable value or fair values as at the date of acquisition | | | |
| OAG/KRO/HOSP/MTWAPA LEVEL 4/2023-2024/(18) | <p>Inaccuracies in the presentation and disclosure in the Annual Report and Financial Statements.</p> <p>Review of the annual report and financial statements revealed that the table of content paging do not agree with the financial statement page sequence, the notes to the financial statements include guidance information as part of the statement and the hospital is repeatedly referred to as the entity. The investment property information on page 12 reflects financial period as XXX instead of the actual period.</p> | Management has taken note and has corrected in the current financial statement | Resolved | |

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| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|--|--|--|--------------------------------------|---|
| OAG/KRO/HOSP/MTWAPA LEVEL 4/2023-2024/(18) | <p>Failure to offer essential services. In line with the Kenya Quality Model for Health checklist applicable to Level 4 hospitals, the Hospitals are required to offer surgical, paediatric, gynaecology, radiology, renal dialysis and tuberculosis management amongst Others. However, Mtwapa Sub-County level 4 hospital - County Government of Kilifi does not offer renal dialysis services, mortuary and autopsy services, ophthalmology services and pathology services.</p> | Management has placed a request additional specialists and improvement on infrastructure to the department of health in order to improve on service delivery | Not resolved | |
| OAG/KRO/HOSP/MTWAPA LEVEL 4/2023-2024/(18) | <p>Inadequate Hospital Equipment and Machines. The hospital also lacked vital infrastructure required by the Kenya Quality for Health checklist for Level 4 hospitals</p> | Management has placed a request additional specialists and improvement on infrastructure to the department of health in order to improve on service delivery | Not resolved | |
| OAG/KRO/HOSP/MTWAPA LEVEL 4/2023-2024/(18) | <p>Non-Compliance with First Expiry First Out.</p> | The management has put in mechanism to correct and comply | Resolved | |

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| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|--|---|---|--------------------------------------|---|
| | <p>The statement of financial performance reflects Medical/Clinical Costs expenses amounting to Kshs.1, 544,152. 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 to the Ministry of Health Guidelines on Management of Health Products and Technologies 2020 which require medical commodities to be issued through the principle of First Expiry First Out (FEFO).</p> | | | |
| OAG/KRO/HOSP/MTWAPA LEVEL 4/2023-2024/(18) | <p>Information Communication Technology (ICT). Review of the Information and Communication Technology (ICT) records at the Hospital revealed that Management had not established an IT strategic committee, Data Recovery Plan</p> | <p>The IT strategic committee is in place and the county ICT policy is in the draft stage</p> | Partly resolved | |

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| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|--|---|---|--------------------------------------|---|
| | (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. | | | |
| OAG/KRO/HOSP/MTWAPA LEVEL 4/2023-2024/(18) | <p>Weak Controls in Inventory Management</p> <p>Review of the Hospital's inventory management system revealed that the Hospital had different stores for each department, manned by user departments. Further, all processes and procedures for store requisition, issuance and records updating were carried out by one person. In addition, keys to the pharmaceutical stores were kept at a place where any staff could access whereas food store keys were kept by the officer-in-charge and there were no formal handover/takeover of keys in case change of shift while no stock takes</p> | Management has taken note and corrected to comply | Resolved | |

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| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|--|--|---|--------------------------------------|---|
| | report was provided for audit during the year under review. | | | |
| OAG/KRO/HOSP/MTWAPA LEVEL 4/2023-2024/(18) | Incomplete fixed asset register. Records provided for audit indicate that the Hospital Management failed to maintain accurate and complete fixed asset register including updating it on a regular basis during the year under review. In the circumstances, the effectiveness of controls on safety and use of fixed assets could not be confirmed. | Management has taken note and corrected to comply | Resolved | |


 COUNTY GOVERNMENT OF KILIFI
 THE OFFICE OF THE MEDICAL
 SUPERINTENDENT
 MTWAPA SUB COUNTY HOSPITAL
 Email:mtwapaschl4@gmail.com
 Mob: 0700 644 848

