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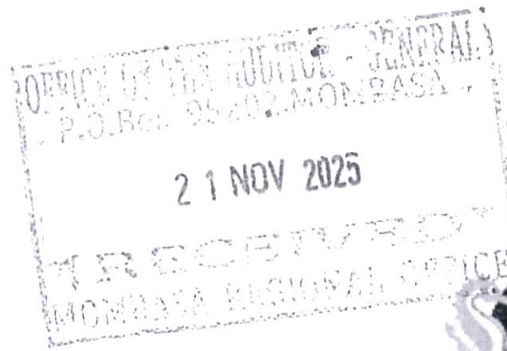
**COAST GENERAL TEACHING AND
REFERRAL HOSPITAL**

**FOR THE YEAR ENDED
30 JUNE, 2024**

MOMBASA COUNTY GOVERNMENT

12/23





COUNTY GOVERNMENT OF MOMBASA

COAST GENERAL TEACHING & REFERRAL HOSPITAL

LEVEL 5 HOSPITAL

(MOMBASA COUNTY GOVERNMENT)

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2024

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

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Coast General Teaching & Referral Hospital (Mombasa County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

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1. Acronyms & Glossary of Terms

CSR	Corporate Social Responsibility
OHSA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
CEO	Chief Executive Officer
MED SUP	Medical Superintendent
Fiduciary Management	Key management personnel who have financial responsibility in the entity.
CGTRH	Coast General Teaching & Referral Hospital
HMT	Health Management Team
HMB	Hospital Management Board
CEO	Chief Executive Officer
CPGH	Coast Provincial General Hospital
GBVRC	Gender Based violence & Recovery Centre
ICRH	International Centre for Reproductive Health
ECSACOP	East Central & Southern Africa College of Physicians
ECSACOG	East Central & Southern Africa College of Obstetrics & Gynaecology
FIF	Facility Improvement Fund
JICA	Japan International Cooperation Agency
NHIF	National Health Insurance Fund
JCIA	Joint Commission International Accreditation
FY	Financial Year
KNH	Kenyatta National Hospital
HOD	Head of Department
ICU	Intensive Care Unit

2. Key Entity Information and Management

(a) Background information

Coast General Teaching & Referral Hospital (CGTRH) is a 723-bed capacity level 5 hospital established in 1908 as Coast Provincial General Hospital (CPGH) under Kenya Gazette Notice 11837 of 30th November 2007 and domiciled in Mombasa County. It was renamed CGTRH in 2019 through Executive Order No.1/2019 alongside establishment of five outreach centres namely Mtongwe, Chaani, Vikwatani, Marimani, and Shika Adabu. In May 2021, through Executive Order No.1 of 2021, Utange Field Hospital was established as an additional outreach centre; all operating in a semi-autonomous hub and spoke model, governed by an Executive Board within the Mombasa County Health Department.

The facility caters for a primary catchment population of over 1 million people and a secondary population of about 3 million. The hospital's catchment area comprises the six counties in Coast region and beyond. Over the years, the hospital has seen a lot of development, in range and scope of services, with the most remarkable and extensive being attained after devolution. Support has been from the National Government, County Government and various external partners enhancing its capacity to adequately respond to the growing health demands and contribute towards national and county health goals by providing quality affordable specialized health care, outreach services, training and research.

(b) Principal Activities

The **vision** of the hospital is to be the dynamic and ultramodern hospital offering specialized health care within the region and beyond, while its **mission** is to contribute towards National and County health goals by providing quality affordable health care and outreach services, training and research. The **Strategic Destination** is to become a semi-autonomous hospital with a new hospital framework to deliver exceptional specialized healthcare services that meet international certification standards.

The Core Values of the hospital include maintaining high standards of professional ethics, accountability and transparency, inclusive, responsive and equitable provision of health services.

The following are the key strategic goals of the hospital:

- **Goal One;** Provide quality specialized referral services at CGTRH and its outreaches.
- **Goal Two:** To be a regional hub in training and medical research
- **Goal Three:** Create financial sustainability
- **Goal Four:** Strengthened institutional linkages and collaborations
- **Goal Five:** Build on Institutional Capacity of the hospital
- **Goal Six:** Attain Joint Commission International Accreditation (JCIA)

(c) Key Management

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

- County Department of Health
- County Department of Finance
- Hospital Management Board
- CEO as the Accounting Officer and Secretary to the Board
- Hospital Management Team

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2024 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Chief Executive Officer	Dr. Iqbal Khandwalla
2.	Deputy Chief Executive Officer	Dr. Wanjiru-Korir
3.	Ag. Director of Quality Assurance & Outreaches	Dr. Kassam Yusuf
4.	Head of Finance	Vincent Ouma
5.	Head of Supply Chain	Fuad Adham
6.	Head of Support Services	Lilian Ngugi
7.	Head of Human Resource	Cornelius Mwamburi
8.	Head of Nursing Services	Mrs. Elizabeth Kivuva
9.	Head of Health Records & Information	MwinyiKombo Abdalla

(e) Fiduciary Oversight Arrangements

The fiduciary over site of the facility 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 207of the constitution of Kenya. It also approves the borrowings of the County Government in accordance of the constitution 212of 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 Auditor Department

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

(f) Entity Headquarters

P.O. Box P O Box 90231 – 80100
Mzizima Street
MOMBASA, KENYA

(g) Entity Contacts

Telephone: (+254) 2314202/5, 2222148, 2225845
Mobile No: 0722207868
E-mail: ceocgrh@yahoo.com
Website: www.cgtrh.go.ke

(h) Entity Bankers

National Bank of Kenya – Nkrumah Branch, Mombasa
KCB, Mvita Branch
Equity Bank, Digo Road Branch

(i) Independent Auditors

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

(j) Principal Legal Adviser

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

(k) County Attorney

Elimu Mazingira Building, Treasury Square,
P.O. Box 90440-80100.
Mombasa, Kenya

3. The Board of Management

Ref	Directors Details
1.	<div data-bbox="272 409 517 674" data-label="Image"> </div> <p data-bbox="539 409 1038 465">AMINA T. S. SAID Chairperson, Hospital Management Board</p> <p data-bbox="539 499 767 528">Key Qualifications:</p> <ul data-bbox="539 528 1350 808" style="list-style-type: none"> • International Law graduate with a genuine passion for serving her country. • Determined and committed to achieving high professional standards, embracing challenges. • Well-rounded, self-motivated, and enthusiastic individual with excellent interpersonal skills. • Experience in the public and private sector, dedicated to success. • Strong communicator, facilitator, reliable, trustworthy, and meticulous. <p data-bbox="284 815 496 844">Work Experience:</p> <ul data-bbox="284 844 1278 1061" style="list-style-type: none"> • Short Term Consultant, World Bank Group – International Finance Corporation (IFC) • Chairperson, Coast General Teaching and Referral Hospital • Board Member, Coast General Provincial Hospital • Board Member, Export Processing Zone Authority • Corporate Law Practitioner, TSS Group of Companies • Pupillage, Muthoga Gaturu & Company Advocates • Pupillage, Pandya & Talati Advocates <p data-bbox="284 1093 639 1122">Born on 20th July 1976, Kenyan</p>
2.	<div data-bbox="272 1155 533 1420" data-label="Image"> </div> <p data-bbox="555 1155 1350 1279">DR. IQBAL KHANDWALLA CEO & Secretary to the Health Management Board, Member Finance, Strategy & Development, Quality & Curative, Sub Committees</p> <p data-bbox="555 1312 775 1341">Key Qualifications</p> <ul data-bbox="555 1341 1350 1637" style="list-style-type: none"> • Master of Surgery from Rajiv Gandhi University Bangalore, India, • MBChB –University of Nairobi • Gastroscopy and colonoscopy training at Digestive Disease Centre-Bhatia <ul data-bbox="331 1476 1350 1637" style="list-style-type: none"> • Laparoscopic Surgery Course-India • Fellowship in Minimal Access Surgery (EMAS) by World Association of Laparoscopic Surgeons-Delhi, India. • Certificate in Senior Management for Health Systems Strengthening, • Diploma in Leadership Development Programme under USAID and MSH <p data-bbox="284 1671 496 1700">Work Experience:</p> <ul data-bbox="331 1700 1286 1906" style="list-style-type: none"> • The Chief Executive Officer at Coast General Teaching & Referral Hospital • Chief Administrator at Coast Provincial General Hospital • Medical Director and resident General Surgeon, Aga Khan Hospital • Consultant General Surgeon at Coast Province General Hospital • District Medical Services Officer, Central zone, Coast Province • Medical Superintendent and Consultant Surgeon- Kilifi District <p data-bbox="284 1939 624 1968">Date of birth: 15 January 1968</p>

4. Key Management Team

Ref	Management	Details
1.	Dr. Iqbal Khandwalla	Chief Executive Officer
2.	Dr. Wanjiru-Korir	Deputy Chief Executive Officer
3.	Dr. Kassam Yusuf	Ag. Head of Quality Assurance & Outreaches
4.	Vincent Ouma	Head of Finance
5.	Fuad Adham	Head of Supply Chain
6.	Lilian Ngugi	Head of Support Services
7.	Cornelius Mwamburi	Head of Human Resource
8.	Mrs. Elizabeth Kivuva	Head of Nursing Department
9.	MwinyiKombo Abdalla	Head of Health Records & Information
10.	Dr. Vinesh Vaghela	Head of Internal Medicine department
11.	Dr. Benjamin Okanga	Head of Surgery Department
12.	Dr. Nawal Aliyan	Head of Obstetrics & Gynaecology
13.	Dr. Bakari Mwashimba	Head of Paediatrics department
14.	Dr. Irene Muramba	Head of pathology & Laboratory department
15.	Dr. Tima Nasir	Head of Radiology Department
16.	Dr. Rafida Ahmed	Head of pharmacy Department
17.	Dr. John Mbinga	Head of Dental Department
18.	Dr. Raila Seif	Head of Ophthalmology Department
19.	Dr. Ilham Mohammed Faraj	Head of Psychtry Department
20.	Dr. Fatma Alamoody	Head of Oncology Department
21.	Dr Mirfat Shatry	Medical Superintendent Chaani Outreach Centre
22.	Dr Khadija Sood	Medical Superintendent Utange field Hospital
23.	Dr. Samir Said Swaleh	Medical Superintendent Mtongwe Outreach Centre
24.	Dr. Abdulrahman Abubakar Abdi	Medical Superintendent Vikwatani Outreach Centre

5. Chairman's Statement

During the year the institution undertook various activities anchored on key policy and strategy documents including the Kenya Health Policy 2014/2030, the health strategy and investment plan, and the CGTRH Strategic Plan 2020-2024, whose overall goal is to attain equitable, affordable, accessible and quality health care for all in a manner responsive to the clients' needs. Key achievements include but not limited to: -

- The renovation and operationalization of pediatric accident & emergency unit supported by Yusuf & Fatma Meghji in collaboration with Mombasa County and the Equity Foundation.
- Renovation of CWC by KEMRI Welcome Trust in collaboration with CGTRH.
- Construction and operationalization of Maternal Shelter.
- Renovation of CGTRH Main Entrance Reception.
- Acquired borehole supported by Saiffee
- Purchased intervention radiology biopsy gun

- Acquired neurosurgical microscope
- Acquired one laser machine for urology donated by Mediglobe
- Acquired one high end ultrasound machine and accessories for Biopsy donated by AstraZeneca
- Acquired ECG Machine (Elekro Genesis) by Nairobi Enterprises
- Acquired heart lung machine donated by Care for Child Heart
- Purchased one dental chair
- Acquired one electromyography machine donated by Dr.NG Peng Soon of National Neuroscience Institute in Singapore.
- Procured 4 theatre lights double flower LED
- Acquired one endoscopy tower donated by Science Scope
- Procured 6 patient monitors for ward 5, 6, 8, 3, CCC and Gyn oncology surgical ward.
- Procured 1 medicine trolley for Gyn oncology Surgical ward
- Procured 1 emergency crash cart for patient monitors for ward 5.
- Acquired 1 examination bed stainless steel, 1 trolley instrument stainless steel, 1 Omron HP monitor upper arm and 1 two-step foot Stool donated by Roche Kenya.
- Procured Paediatric gastroscopy compatible to Fuji film Endoscopy System
- Acquired 6 infant incubators, 6 phototherapy lamps, 2 infants radiant warmer, 1 transport incubator, 2 birthing bed, 4 new born beds, 1 gynaecological chair, 2 electric beds, 5 electro coagulator, 2 mobile medical source column, 2 hospital cabinets donated by CZECH Republic.

The challenges experienced included:

- Financial constraints emanating from lack of funding for National Government initiatives such as free under-fives services
- Under funding of Linda mama
- Slow remittances from NHIF
- Non remittances of conditional grant
- Frequent staff unrests during the year affecting consistency of service delivery
- High number of waivers due to increased cost of living

To overcome the above-mentioned challenges, the institution intends to: -

- Lobby for reimbursement of National Government initiatives expenses

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- Aggressively engage with NHIF for timely payment of submitted claims
- Lobby for conditional grant remittance or an equivalent direct to the facility
- Lobby for employment of more staff on better terms of service to bridge the HR gaps.
- Lobby for contracted staff to be absorbed to PnP, to increase retention for continuity of care
- Infrastructural repairs & improvements in both the main hospital and outreaches
- Review charges to accommodate the increased cost of purchase of consumables
- Lobby for tender system of procurement for efficiency in supply chain.

.....

Name
Chairman to the Board

6. Report of The Chief Executive Officer

CGTRH activities during the year focused on meeting the increased demand for services with emerging disease challenges that require the hospital to claim its rightful place in the region as a centre of specialized referral health services. This necessitated us to focus on strengthening the institution in order to deliver on its renewed mandate and semi-autonomous structure. Our strategy is to advance a patient-oriented approach which will enable us to take a leadership position and to most effectively serve our stakeholders.

The hospital's main source of revenue is Facility improvement Fund (FIF) and donors. During this financial year, the hospital realized great improvement of revenue compared to the previous financial year 2022/2023. The total patient attendance increased by 29.53% within the year. Operating revenue was Ksh. 2,764,107,394 and the total expenditure amounted to Ksh. 23,221,171,344 with a total deficit for the year being Ksh. 457,063,950. Key drivers of our revenue included pharmaceuticals, laboratory, inpatient, and radiology and mortuary services.

Key achievements and successes include but not limited to: -

- The renovation and operationalization of pediatric accident & emergency unit supported by Yusuf & Fatma Meghji in collaboration with Mombasa County and the Equity Foundation.
- Renovation of CWC by KEMRI Welcome Trust in collaboration with CGTRH.
- Construction and operationalization of Maternal Shelter.
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- Procured 6 patient monitors for ward 5, 6, 8, 3, CCC and Gyn oncology surgical ward.
- Procured 1 medicine trolley for Gyn oncology surgical ward
- Procured 1 emergency crash cart for patient monitors for ward 5.
- Acquired 1 examination bed stainless steel, 1 trolley instrument stainless steel, 1 Omron HP monitor upper arm and 1 two-step foot Stool donated by Roche Kenya.
- Procured Paediatric gastroscopy compatible to Fuji film Endoscopy System
- Acquired 6 infant incubators, 6 phototherapy lamps, 2 infants radiant warmer, 1 transport incubator, 2 birthing bed, 4 new born beds, 1 gynaecological chair, 2 electric beds, 5 electro coagulator, 2 mobile medical source column, 2 hospital cabinets donated by CZECH Republic.

The challenges experienced included:

- In the FY 2023/24, the board members term of service ended with the exception of the Chair and secretary.
- Financial constraints emanating from lack of funding for National Government initiatives such as free under-fives services.
- Under funding of Linda mama with reimbursement Ksh.5000 for normal delivery and caesarean section, which does not meet the costs.
- Slow remittances from NHIF for submitted claims leading to delays in payment of suppliers and purchase of consumables.
- Non-remittances of conditional grant, causing delay in purchase of specialized equipment and development projects.
- High number of waivers and increased length of stay of patients resulting to loss of revenue.
- Inadequate staffing numbers due to delay in replacement of staff lost through natural attrition.

The leadership envisions transformation of CGTRH into an accomplished semi-autonomous entity distinguished by continuous evaluation and unrelenting drive towards continuous quality improvement, as it claims its rightful place in the region as a centre of specialized referral health services.

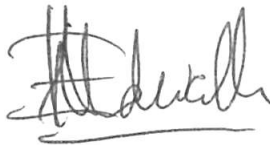
This will be achieved through: -

- Renewed focus on the experience of our patients and staff
- Increased performance measurement and transparency with the public
- Enhancing complexity of clinical care by additional subspecialties.
- Improving clinical management outcomes by automation

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- Improving and enhancing departmental organizational structures in line with the semi autonomy structures.
- Heightened focus on clinical teaching and research integration to improve clinical practice and deliver personalized medicine
- Targeted partnerships with other hospitals in our referral system in order to promote coordinated care for our clients
- Vigilant attention to the financial health and viability of our key programs.

I take this opportunity to sincerely, appreciate the Health Management Team (HMT), hospital staff for their commitment in service delivery, the County executive committee member (CECM) for the leadership and guidance and the County Government of Mombasa, development partners and other stakeholders for their continued support.



Dr. Iqbal Khandwalla

Chief Executive Officer/ Secretary to the Board

7. Statement of Performance Against Predetermined Objectives

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

Coast General Teaching & Referral Hospital has six strategic goals and objectives within the current Strategic Plan for the FY 23-24. These strategic pillars/ themes/ issues are as follows;

- Goal One; Provide quality specialized referral services at CGTRH and its outreaches.
- Goal Two: To be a regional hub in training and medical research
- Goal Three: Create financial sustainability
- Goal Four: Strengthened institutional linkages and collaborations
- Goal Five: Build on Institutional Capacity of the hospital
- Goal Six: Attain Joint Commission International Accreditation (JCIA)

Coast General Teaching & Referral Hospital develops its annual work plans based on the above six goals. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The hospital achieved its performance targets set for the FY 2023/2024 period for its six strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme /Issues	Objective	Key Performance Indicators	Activities	Achievements
Provide quality specialized referral services at CGTRH and its outreaches	Increase scope of specialised services Strengthen Utange Field Hospital, Chaani .Mtongwe and Vikwatani Outreaches	Number of complete specialty services/ units established Percent of the decrease of inpatient transfers to KNH	Strengthen existing services and introduce a range of new service areas: - • Radiotherapy • Renal transplant • Interventional cardiology and radiology • Paediatric surgery • Medical gastroenterology • Neonatology • Mental health • Fertility clinic • Gynae oncology • Paediatric oncology • Telemedicine	<ul style="list-style-type: none"> • Radiotherapy centre operationalized • Diagnostics & Interventional Cardiology (Cathlab) started • Interventional radiology started • Paediatric surgeon was hired and services started. • Gastroenterology services available • A neonatologist available. • Gynaecology services started • Minimal access surgical (laparoscopic) services started
To be a regional hub in training and medical research	Strengthen training and research capacity of the hospital	Percentage of training programmes based on approved policy Number of in-house researches done	<ul style="list-style-type: none"> • Develop a training policy and curriculum • Develop research policy • Partner with top global health care organisation in training and research • Develop infrastructure for training and research 	<ul style="list-style-type: none"> • Training policy drafted • Additional postgraduate courses started i.e., ECSACOP and ECSACOG

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Strategic Pillar/Theme /Issues	Objective	Key Performance Indicators	Activities	Achievements
		The number of organizations partnered with	department	
Create financial sustainability	Design, initiate and implement resource mobilization initiatives Create a robust marketing system Strengthen financial management system	Amount of net funds generated by the amenity ward Availability of a functional marketing structure/system Percentage increase in revenue generation	Operationalize amenity ward to generate Additional income. Introduce specialised healthcare services to cooperates and private clients Construct a 200-bed isolation/specialised hospital in Utange and operate as Hub and Spoke Model with 40% private and 60% Public services	. Marketing and communications unit established . Construction of 200 bed Utange field hospital started
Strengthened institutional linkages and collaborations	Strengthen existing partnerships Establish new partnerships	Number of new partnerships Number of partnerships sustained	Establish a partnership liaison office Develop a comprehensive partnership tracking and monitoring tool	Marketing & communications office established. A partners/donor board put up
Build on Institutional Capacity of the hospital	Strengthen leadership, governance and operation capacity Improve human resource management and development Improve hospital ICT capacity Improve procurement management systems	. Number of HMT members trained Staff establishment done HR management pan available Number of offices and resource centres connected with internet and computers Number of reported incidents of stockouts	. Train hospital management team (HMT) on governance and leadership skills . Formalize appointment of HOD/HMT with clear terms of reference . Develop HR management plan . Equip offices and resource centres with computers and internet connectivity. . Review and streamline procurement procedures, inventory management and control	. HMT members sensitized on leadership and governance skills through a workshop .HR management plan drafted . Library equipped, conference rooms connected with smart TVs and internet. All offices connected with internet. . Procurement processes review ongoing, with stock outs tracked and reported monthly.
Attain Joint Commission International Accreditation (JCIA)	Strengthen institutional quality of care and safety	. Number of active WITs . Number of QIT projects undertaken . Complaint management system in place . Number of complaints addressed. Number of client satisfaction surveys done	. Strengthen work improvement teams . Monitor and evaluate QI projects in the hospital . Establish complaints management system . Conduct quarterly client exit /satisfaction surveys	.31 WITs appointed with 8 active . Suggestion boxes strategically put up . Complaints and grievances committee appointed . Quarterly client exit surveys done.

Corporate Governance Statement

CGTRH Board of Management is responsible for the corporate governance of the Hospital and is accountable to Ministry of Health, County department of health Mombasa 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.

a) Board of Management

The Board of Management is composed of non-executive members elected by the governor of Mombasa 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 has a range of skills and experience and each brings an independent judgment and considerable knowledge to the Board's discussions.

The chairperson serves a term of five years which can be renewed for another five years upon satisfactory performance. The other board members are appointed for a renewable term of four years, which can be renewed upon satisfactory performance. The CEO serves a five years' term which is renewable upon satisfactory 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 contracts; and
- Review at regular meetings Management's performance against approved budget.

The full Board meets at least 4 times a year and the Chairperson has bi-weekly meetings/Consultations with the Chief Executive Officer. The Board members are given appropriate and timely information so that they 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 Chief Executive Officer. The Board nonetheless retains responsibility for CGTRH.

b) 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 agenda and work plan are prepared early in the year and adequate notice, agenda and Board papers are circulated within stipulated timelines.

In the financial year 2023/24, the terms of service for all board members except the Chair and Secretary came to an end, resulting in the board not holding any meetings.

c) 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.

d) Committees of the Board

There are four sub-committees that meet prior to the full board meeting at the end of each quarter, namely: -

- i. Quality and Curative which looks at overall achievements and challenges in service delivery within each quarter, workload indicators across all service delivery points including outreaches, quality of care offered, patient complaints, patient safety, commodities supply within the quarter, preventive maintenance reports among other key focus areas.
- ii. Strategy sub-committee plays a crucial role in guiding the hospital's long-term direction and decision-making processes. The primary focus of this subcommittee is to develop, review, and recommend strategic plans that align with the hospital's mission, vision, and overall goals. The key roles and responsibilities of the Strategy Subcommittee include: Strategic Planning, Goal Setting, Resource Allocation, Performance Monitoring, Stakeholder Engagement and Reporting to the Board its findings, progress, and recommendations.
- iii. Audit sub-committee is responsible for overseeing the hospital's financial reporting processes, internal controls, and compliance with relevant laws and regulations. It serves as an essential component of corporate governance and helps ensure the hospital's financial integrity and accountability. The audit subcommittee also plays a critical role in maintaining the hospital's financial health, integrity, and accountability while ensuring that it adheres to all relevant laws, regulations, and ethical standards.
- iv. Finance sub-committee is responsible for overseeing the financial aspects of the hospital and ensuring the effective management of financial resources. Its mandate encompasses a range of key financial matters, and its primary focus is to provide strategic financial guidance to support the hospital's mission and sustainability. The finance subcommittee is mandated with Budget Development and Oversight, Financial Planning, Financial Reporting, Revenue Generation strategies and Financial Compliance. It reviews revenue targets, comparing actual collections with targets

8. Management Discussion and Analysis

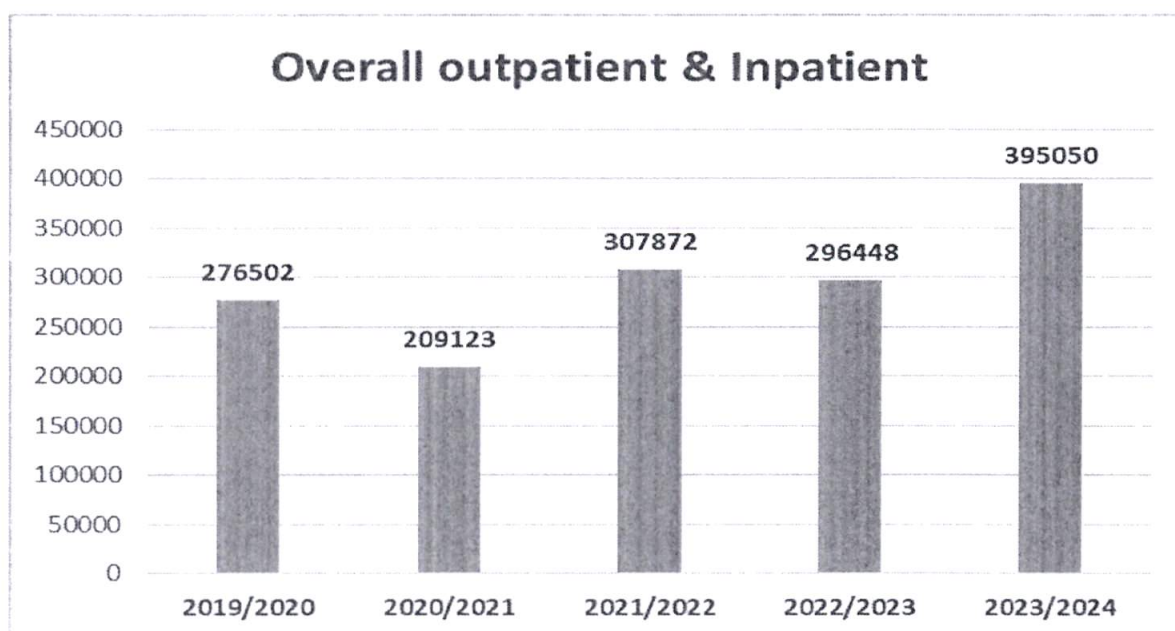
The overall leadership and governance of CGTRH will be vested in the Hospital Management Board. The Board members are appointed in accordance with the policies of the County Government of Mombasa. The day-to-day management of the hospital is vested on the Chief Executive Officer. The Chief Executive Officer will be assisted in performing the functions of his or her position by the Health Management Team (HMT). The HMT is made up of the heads of departments. CGTRH has developed a governance framework /organogram defining the respective roles of Directors and Management.

The overall annual performance is as illustrated below: -

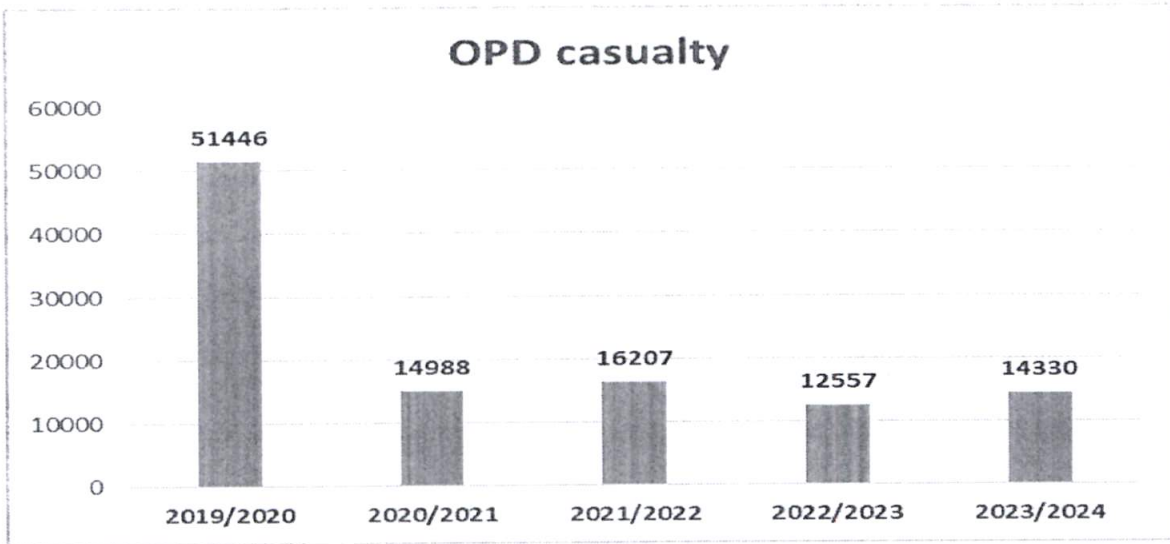
Clinical/Operational Performance

Summary Table

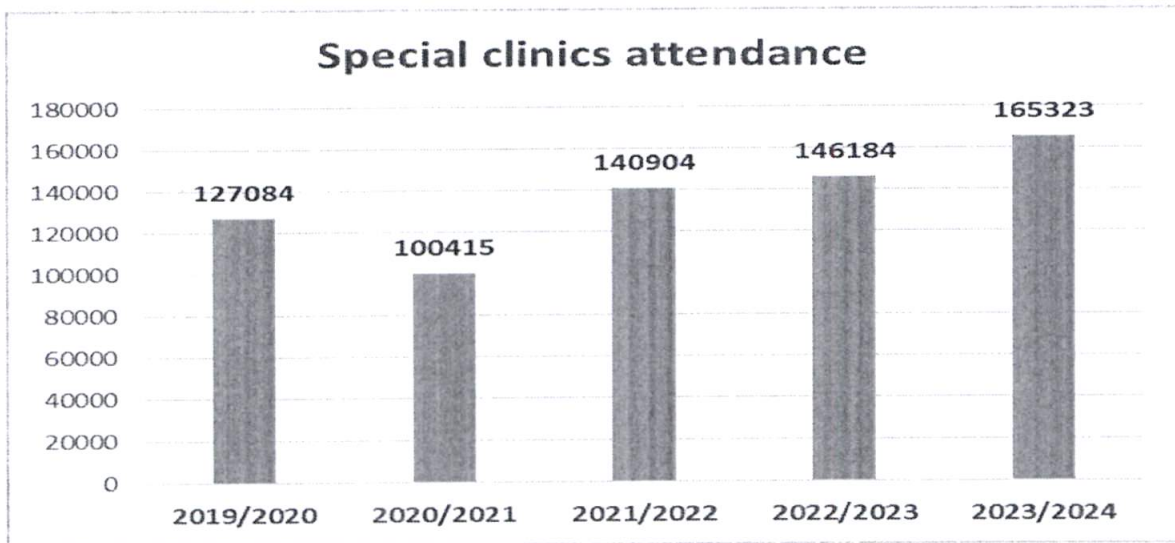
INDICATORS	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
OPD Casualty attendance	51,446	14,988	16,207	12,557	14,330
Overall outpatient & Inpatient Attendance	276,502	209,123	307,872	296,448	383,989
Special clinics attendance	127,084	100,415	140,904	146,184	131,408
Surgical Theatre Utilisation					
Minor surgeries operated	989	405	855	1601	743
Major surgeries Operated	2,887	1,621	3,613	4,158	4,075



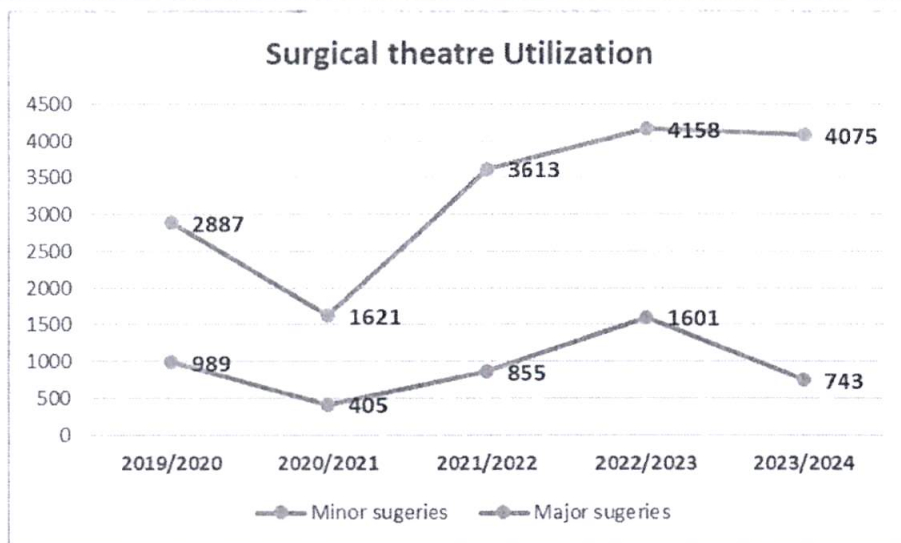
Outpatient and Inpatient attendance for 2020/2021 reduced due to health care workers industrial action in October, November & December and Covid -19 effect during initial month of financial year, where low numbers were reported. 2022/2023 the attendance slightly reduced due to election period tension then recovered in the reporting year.



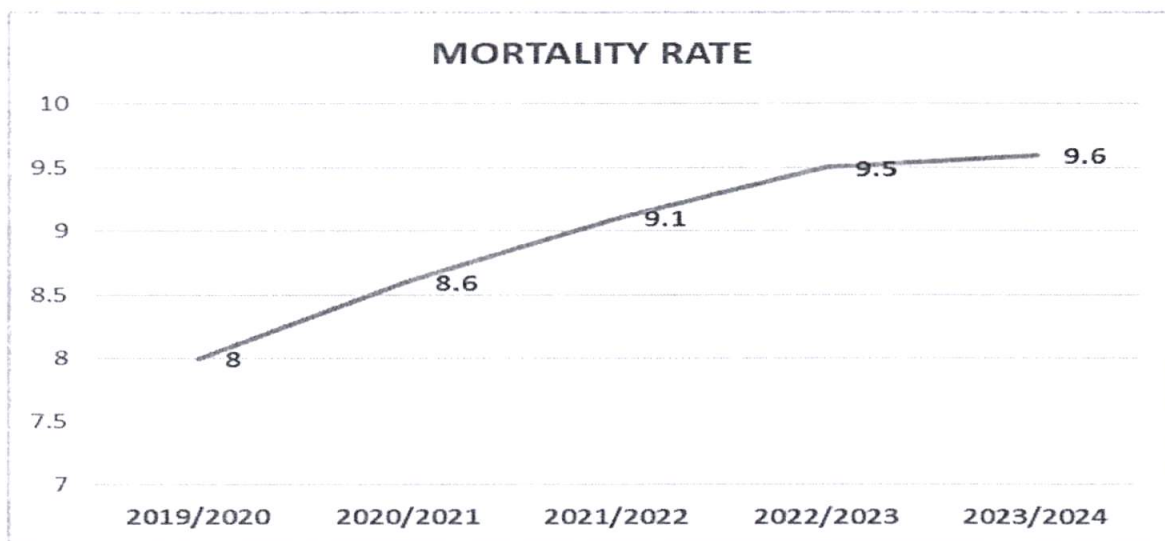
Casualty attendance for 2020/2021 reduced due to health care workers industrial action and covid -19 effect during initial month of financial year, where low numbers were reported. 2022/2023 the attendance slightly reduced (Month of August, 2022) due to election period tension. Where most people were reported to travel rural homes.

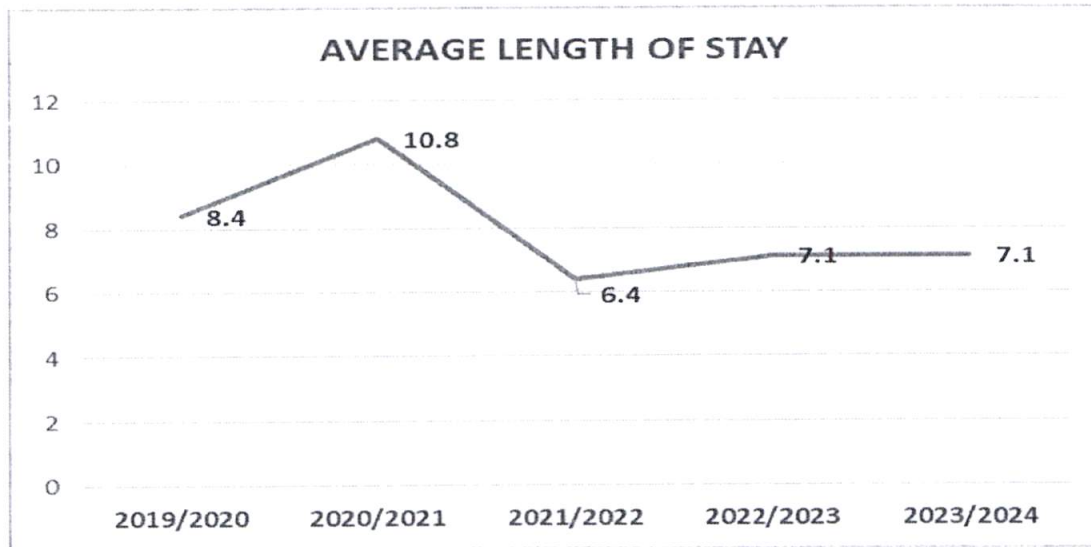
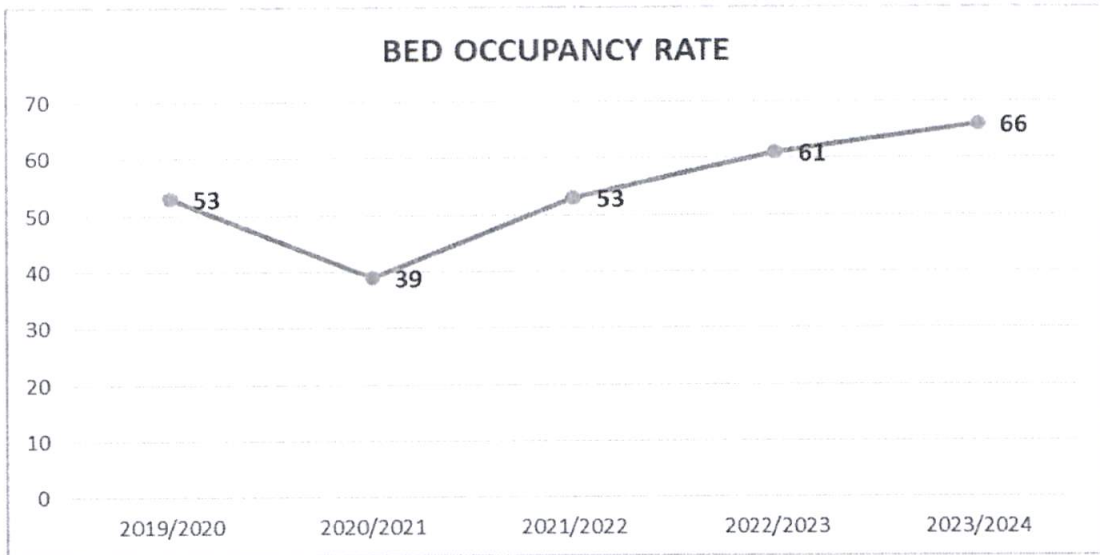


Special clinics attendance for 2020/2021 reduced due to 2 months health care workers industrial action and Covid-19 effect during initial month of financial year, where low numbers were reported, 2021/2022 and 2022/2023 the attendance has significantly increased based on continuous services delivery with no interruption of staff industrial action.



Surgical theatre utilization has increased in 2022/2023 due to increased numbers of surgical medical camp at our facility compared to the reporting year.





Dr. Iqbal Khandwalla

Chief Executive Officer/ Secretary to the Board

9. Environmental and Sustainability Reporting

As a level five public hospital, our main mandate is to provide high-quality healthcare services to the citizens of our country, ensuring their well-being and promoting the overall health of the community. In fulfilling this vital mission, we recognize the paramount importance of sustainability in healthcare delivery. Sustainability is achieved by maintaining our capacity to continue offering essential medical services to the citizens over the long-term, while simultaneously addressing environmental, social, and economic considerations.

The hospital management, including the accounting officer, is dedicated to incorporating sustainability principles into the hospital's strategy and operations. This entails aligning our efforts with international best practices, being cognizant of the impact of political and macroeconomic trends on our sustainability priorities, and acknowledging both key achievements and failures in our journey towards a more sustainable healthcare institution.

The hospital sustainability strategy is built on the understanding that healthcare services must be delivered in a manner that respects the health of the environment, the well-being of our communities, and the financial resilience of the institution.

The following pillars outline our approach to sustainability:

- a) **Patient-Centred Care:** Our commitment to sustainability begins with a focus on patient-centred care. We continuously strive to improve patient outcomes and experiences while optimizing the use of resources to minimize waste and enhance efficiency. Client experience and feedback is continually sought to inform decision making towards meeting and exceeding their expectations.
- b) **Stakeholder Engagement:** We believe that strong ties with the local community are essential for sustainable healthcare delivery. We engage with stakeholders to understand their healthcare needs and preferences, fostering a culture of inclusivity and trust.
- c) **Workforce Well-Being:** Our employees are at the heart of our hospital's success. We prioritize the physical and mental well-being of our staff, offering professional development opportunities and creating a supportive work environment to enhance job satisfaction and retention.
- d) **Financial Resilience:** To maintain our long-term sustainability, we focus on prudent financial management and revenue diversification. We explore funding sources beyond traditional channels and develop contingency plans to navigate through economic fluctuations.

i) Environmental performance

Safety of the environment at CGTRH is guided by standard operating procedures derived from existing international, national, County and institutional policies. They constitute a wide range of interventions designed to create and maintain an environment conducive to human health; reduce people's exposure to diseases by providing a clean environment in which to live; and measures to break the cycle of diseases.

The national policies were used to include the aspect of environmental safety in the CGTRH strategic plan and to derive activities each year that ensure maintenance of a clean and healthy environment for both healthcare workers and patients, to prevent spread of diseases.

This is a shared responsibility of all involved, spearheaded by the department of public health and sanitation within the hospital, Infection prevention and control unit, and Occupational health and safety, all of which are under the Directorate of quality standards and safety.

The institution has customised various SOPs touching on waste segregation, collection, transportation and environmentally safe treatment and disposal. Others include hand hygiene, use of protective gear, cleaning of various rooms and services, disinfection, decontamination, sterilisation, proper laundry practices, food safety, maintenance of external and internal environments, disposal of laboratory waste, pharmacy waste, waste from oncology units, among others.

The leadership has put measures in place to ensure consistent supply of water and commodities required for proper environmental safety and waste management.

All incoming staff and students are inducted on safety before they start services to ensure their own safety, safety of patients and other workers as well, in a bid to mitigate hospital acquired infections.

There are designated waste holding and disposal areas. Infectious waste is incinerated or autoclaved in the autoclave -shredder machine. Non-infectious waste is temporarily kept in the waste holding area and disposed of in collaboration with the department of environment in the county.

The reference documents used to institutionalize guidelines include: -National Policy on injection safety and medical waste management, 2007, National environmental sanitation and hygiene policy, 2007, Kenya Environmental Sanitation and Hygiene Policy 2016 – 2030

ii) Employee welfare

Hiring of employees at CGTRH is done at the County level, guided by the County Public Service Human Resource Manual, of May 2013. Recruitment is guided by the values and principles of the public service spelt out in Article 232 of the Constitution. 10 (2). They ensure that the staff appointed into the county public service has the necessary skills, knowledge and attitude to deliver efficient and effective services. (3) In the recruitment process, due consideration will be given to: - (i) appropriate organizational structure in each department; (ii) optimal staffing levels; (iii) schemes of service and career progression guideline.

CGTRH and the County Government at large promotes equality of opportunity in employment and will not discriminate directly or indirectly against an employee on the grounds of race, colour, sex, language, religion, disability, pregnancy, mental status, HIV status, and in respect of recruitment, training, promotion, terms and conditions of employment, termination of employment or any matters arising out of employment. It ensures that not more than two-thirds of vacant posts are filled by either gender in the county public service. It ensures that at least thirty percent of the vacant posts at entry level are filled by candidates who are not from the dominant ethnic community in the county.

Performance appraisal is based upon the principal of work planning, setting of agreed performance targets, feedback and reporting. It is linked to other human resource systems and processes including staff development, career progression, recruitment, placement, incentives and sanctions.

CGTRH Occupational health and safety is guided by the Occupational Safety and Health Act, No. 15 of 2007 and revised in 2010 which provides for the safety, health and welfare of workers and all persons lawfully present at workplaces. It is the responsibility of every employer to ensure the safety, health and

welfare of all employees at work working in his/her workplace. Regular risk assessments are done to ensure safety and preventive measures are regularly taken.

iii) Market place practices

The hospital has various activities and strategies used to manage procurement, financial transactions, and vendor relationships within the hospital's supply chain. While public hospitals operate with a focus on providing healthcare services to the community, there is still need to engage in market-driven practices to efficiently manage its resources and ensure the availability of necessary supplies and services. Some of the common marketplace practices that the institution adheres to include: -

- a) Implementing efficient procurement processes to source medical equipment, pharmaceuticals, and other supplies required for patient care. This involves identifying reliable suppliers, negotiating contracts, and ensuring compliance with procurement regulations.
- b) Vendor Selection: The hospital engages in a competitive bidding process to select vendors that offer the best value for money and meet the hospital's quality standards. Transparency and fairness in vendor selection are adhered to since they are essential in public procurement.
- c) Inventory Management: Inventory management control systems are in place to monitor stock levels, reduce wastage, and ensure the availability of essential medical supplies.
- d) Financial Management: Sound financial management is practised across board, with multidisciplinary effort from HMT, EEC, and HMB to monitor allocation of resources efficiently, track expenses, and manage the hospital's budget effectively, in accordance with public finance management guidelines.
- e) Compliance and Ethical Practices: CGTRH is keen on adhering to legal and ethical standards in all procurement activities, avoiding conflicts of interest, and promoting transparency in financial transactions.
- f) Market Research: The institution conducts market research to stay updated on the latest medical technologies, trends, and pricing to make informed procurement decisions.

10. Report of The Board of Management

The Board members submit their report together with the Audited Financial Statements for the year ended June 30, 2024, which show the state of the hospital's affairs.

Principal activities

The principal activity/mission/ mandate of the hospital is to offer specialised healthcare within the region and beyond.

Results

The results of the entity for the year ended June 30 2024 are set out on pages 1 to 23.

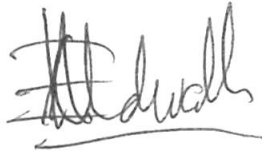
Board of Management

The members of the Board who served during the year are shown on page 5. During the year, ending 30th June 2024, the terms of service for all board members except the Chair and Secretary came to an end, resulting in the board not holding any meetings and no director was appointed with effect from 1st July 2023 to date.

Auditors

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

By Order of the Board



.....

Name

Secretary to the Board

11. Statement of Board of Management’s Responsibilities

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

The Board of Management is responsible for the preparation and presentation of the entity’s financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2024. In the fiscal year 2023/24, the terms of service for all board members except the Chair and Secretary came to an end, resulting in the board not holding any meetings. This responsibility includes:

- (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period,
- (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity,
- (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud,
- (iv) safeguarding the assets of the entity;
- (v) selecting and applying appropriate accounting policies, and
- (vi) Making accounting estimates that are reasonable in the circumstances.

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

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

Approval of the financial statements

The Hospital’s financial statements were approved by the Board on _____ and signed on its behalf by:

.....
Name:
Chairperson
Board of Management


.....
Name:
Accounting Officer

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000

Email: info@oagkenya.go.ke

Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON COAST GENERAL TEACHING AND REFERRAL HOSPITAL - MOMBASA COUNTY GOVERNMENT FOR THE YEAR ENDED 30 JUNE, 2024

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 Disclaimer of Opinion is issued when the Auditor-General is unable to obtain sufficient appropriate audit evidence to form an opinion on the financial statements. 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

Disclaimer of Opinion

I have audited the accompanying financial statements of Coast General Teaching and Referral Hospital – Mombasa County Government set out on pages 1 to 23, which comprise of the statement of financial position as at 30 June, 2024 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 do not express an opinion on the accompanying financial statements. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

1. Errors, Inaccuracies and Inconsistencies in Presentation and Disclosure of the Financial Statements

Review of the annual reports and financial statements for the year ended 30 June, 2024 revealed the following errors and omissions which were contrary to the guidelines and template prescribed by the Public Sector Accounting Standards Board:

- i. The financial statements amounts have not been rounded off to the nearest whole numbers as required.
- ii. The financial statements were selectively signed, with some statements lacking signatures of the designated accountable officers, thereby undermining the authenticity and completeness of the financial statements.
- iii. The statement of the Board of Management's responsibilities had not been customized to reflect the specific context and mandate of the Hospital, instead it contained generic wordings provided by the IPSAS reporting template.

In the circumstances, the accuracy, completeness and compliance of the financial statement with applicable reporting standards and framework could not be confirmed.

2. Unsupported Insurance Recoveries

The statement of financial performance and Note 9 to the financial statements reflect rendering of services of Kshs.1,273,910,116. The income includes Kshs.579,418,887 in respect of insurance recoveries which were not supported by a ledger, breakdown, or documentation.

In the circumstances, the accuracy and completeness of the statement of rendering of Kshs.1,273,531,116 could not be confirmed.

3. Inaccurate Statement of Changes in Net Assets

The statement of changes in net assets reflects prior year adjustment (inventory) of Kshs.379,738,720. However, the amounts were not supported by documents or referenced to the respective section in the financial statements by way of a note.

In the circumstances, the accuracy of the net assets balance of Kshs.1,751,757,630 could not be confirmed.

4. Variance Between Financial Statements and the Ledgers

The statement of financial performance and Note 16 to the financial statements reflects repairs and maintenance expenditure of Kshs.45,021,639. Comparison of the

financial statement and the ledger amounts revealed unexplained variances as tabulated below:

Details	Financial Statement (Kshs)	Ledger Kshs	Variance Kshs
Medical Equipment	21,374,408	14,229,370	7,145,038
Computer and accessories	2,993,090	2,922,890	70,200
Maintenance of civil works	16,088,877	15,718,866	370,011
Total	40,456,375	32,871,126	7,585,249

In the circumstances, the accuracy and completeness of the repairs and maintenance expenditure of Kshs.45,021,639 could not be confirmed.

5. Unsupported and Unconfirmed Revenue from Exchange Transactions

The statement of financial performance and Note 9 to the financial statements reflects medical service income of Kshs.1,273,910,116. However, the revenue was not supported by documents or detailed revenue schedules. Further, the reported amount of Kshs.1,273,910,116 differ with Kshs.1,273,531,116 reflected in Note 9 resulting in an unexplained variance of Kshs.379,000.

In the circumstances, the accuracy, completeness, and fair statement of revenue from exchange transactions of Kshs.1,273,910,116 could not be confirmed.

6. Unconfirmed Cash and Cash Equivalents

The statement of financial position and Note 19 to the financial statements reflects cash and cash equivalents of Kshs.336,037,622 held in eight (8) bank accounts, two (2) Safaricom pay bill accounts, and cash in hand. However, the balance was not supported by cash books and bank reconciliation statements for all eight (8) bank accounts and board of survey report for cash in hand balance of Kshs.2,621,029. Further, letter of authority to open the Pediatrics' Accident and Emergency project bank account holding Kshs.408,803 was not also provided for audit confirmation. In addition, the balance includes Kshs.3,461,433 in the KCB Mtongwe account which was not supported by bank statements, bank reconciliations statements, cash book and certificates of bank balance.

In the circumstances, the accuracy, completeness, and fair statement of cash and cash equivalents of Kshs.336,037,622 could not be confirmed.

7. Unsupported Inventory Balances

The statement of financial position and Note 21 to the financial statements reflect inventory balances totalling to Kshs.94,358,017. However, no stock registers, physical verification reports, or valuation schedules were provided to support the reported balance. Further, the Hospital Health Management System in place is not end to end control of management of pharmaceuticals and non-pharmaceuticals products. Our enquiries revealed that the system cannot manage stock-outs and detection of expired drugs and it was not linked to the procurement and requisitions.

In the circumstances, the accuracy, completeness, and fair statement of Inventory Balances of Kshs.94,358,017 could not be confirmed.

8. Long Outstanding Trade and Other Payables

The statement of financial position and Note 23 to the financial statements reflect trade and payables balance of Kshs.874,066,515. However, support schedules provided for audit indicated total outstanding payables of Kshs.71,188,175 resulting in unexplained variance of Kshs.802,878,340. Further, Management did not prepare an aging analysis for the accounts payables as required.

In the circumstances, the accuracy and completeness of the trade and other payables balance of Kshs.874,066,515 could not be confirmed.

9. Unsupported Expenditure

The statement of financial performance reflects total expenditure of Kshs.2,970,313,259 incurred during the year. However, review of the expenditure items revealed the following anomalies;

9.1. Unsupported Fuel and Lubricant Expenditure

The statement of financial performance and Note 17 to the financial statements reflect general expenses amounting to Kshs.282,492,772. Included in this amount is Kshs.4,344,600 expended on fuels and lubricants. The expenditure was not supported by updated fuel registers and corresponding work tickets. Further, Management presented only seven (7) payment vouchers totaling to Kshs.2,685,719 representing 20% of total expenditure leaving a balance of Kshs.1,658,881 unsupported.

9.2. Unsupported Employee Costs

The statement of financial performance and Note 13 to the financial statements reflect employee costs totalling to Kshs.1,701,686,966. The amount includes Kshs.1,235,524,308 paid directly by the County Government of Mombasa for permanent and pensionable employees under the Department of Public Health, who are deployed to the Hospital. However, the amount was not supported by schedules, Integrated Payroll and Personnel Database (IPPD) extracts, or any detailed cost breakdown to substantiate this expenditure.

9.3. Unsupported Internet Costs

The statement of financial performance and Note 17 to the financial statements reflects Kshs.282,492,772 in respect of general expenses. Included in the amount is Kshs.4,829,918 expended on internet costs. However, the payments were not supported by contract and Service Level Agreement for the supply of internet services between the service provider and the Hospital and detailed general ledger or breakdown supporting the expenditure was also not provided for audit confirmation.

9.4. Unconfirmed and Unsupported Medical Services Contracts Losses

The statement of financial performance and Note 18 to the financial statements reflects waivers and exemptions of Kshs.129,040,171. However, the committee

minutes, approvals for the waivers and exemptions, and ledgers were not provided for audit confirmation.

9.5. Unsupported and Non-Compliant Expenditures on Repairs, Maintenance

The statement of financial performance reflects repairs and maintenance expenditure of Kshs.45,021,639 as disclosed in Note 16 to the financial statements. Included in the amount is Kshs.16,088,877 incurred on maintenance of civil works. However, Management did not provide any payment vouchers to support the expenditure.

Further, the repairs and maintenance included an amount of Kshs.21,374,408 being medical equipment repair expenses. However, the amount includes unsupported expenditure of Kshs.11,881,836 which was not supported by payment vouchers.

9.6. Unsupported Staff Training Expenses

Note 17 to the financial statements reflects staff training expenses of Kshs.4,915,375 incurred during the year. The amount includes Kshs.1,240,100 which was not supported by payment vouchers, training needs assessment, training plan and attendance register.

9.7. Unsupported Depreciation and Amortization Expenses

The statement of financial performance and Note 15 to financial statements reflect depreciation and amortization expense of Kshs.195,098,928. However, the expenditure was not supported by depreciation policy and a schedules detailing how the amount was computed.

9.8. Unsupported Board of Management Expenses

The statement of financial performance and Note 14 to the financial statements reflect Board of Management expenses totalling to Kshs.825,000. However, the board was operating with only two (2) active members following the lapse of tenure of the other members. No documentation was provided to explain how the board incurred these expenditures in the absence of quorum to conduct board affairs.

In the circumstances, the accuracy and completeness of the total expenses of Kshs.2,970,313,259 could not be confirmed.

10. Inaccuracies, Omissions, and Incompleteness in Asset Register and Financial Disclosures

The statement of financial position and Note 22 to the financial statements reflects net balance of property, plant, and equipment of Kshs.1,807,637,718. However, review of the asset register and supporting records revealed the following;

10.1. Obsolete Equipment

Furniture, fittings, and equipment valued at Kshs.202,608,114 includes obsolete equipment with positive book values totaling to Kshs.2,049,280 and negative entries totaling to Kshs.32,002,542. Further, the Hospital's fixed asset register includes

several medical and laboratory equipment, motor vehicles, and ICT assets were either obsolete, damaged, or idle due to mechanical failure and technological advancement.

10.2. Unsupported Land Balance

The statement of financial position and Note 22 to the financial statements reflects property, plant, and equipment balance of Kshs.1,807,637,718. Included in the balance is Kshs.550,000,000 in respect to land which was not supported by land valuation certificate.

In the circumstances, the accuracy, completeness valuation and service potential. of property, plant and equipment balance of Kshs.1,807,637,718 could not be confirmed.

REPORT ON THE LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

I do not express a conclusion on the lawfulness and effectiveness in the use of public resources as required by Article 229(6) of the Constitution. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

1. Failure To Submit Financial Statements Within Statutory Timelines

The financial statements for the year ended 30 June, 2024 were submitted to the Office of the Auditor-General on 15 March, 2025, five and half months after the statutory deadline. This contravenes Section 164(4)(a) of the Public Finance Management Act, 2012, which requires County Government entities to submit financial statements to the Office of the Auditor-General within three (3) months after the end of the financial year.

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

2. Failure To Prepare and Submit Quarterly Financial Reports

Review of documents provided for audit revealed that Management did not prepare quarterly financial reports for the year ended 30 June, 2024. This was contrary to the requirements of Section 166(2) of the Public Finance Management Act, 2012, and Sections 64(1) and 64(4) of the Public Finance Management (County Governments) Regulations, 2015, which require preparation of quarterly financial reports in the prescribed format and their submission to the relevant authorities not later than the 15th day after the end of each quarter.

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

3. Failure to Transfer Revenue to the County Revenue Fund Account

The statement of financial performance reflects Kshs.1,288,519,635 as revenue from exchange transactions, which includes Kshs.1,273,910,116 collected from various

medical services by the Hospital. Audit review established that this revenue was retained and utilized at source without formal approval. This practice contravenes Regulation 81(1-3) of the Public Finance Management (County Governments) Regulations, 2015, which requires that all revenue raised or received by a County Government or its entities be paid into the County Revenue Fund (CRF) without undue delay. The failure to transfer these funds denies the County Treasury full oversight of revenue flows, undermines budgetary control, and weakens accountability over public resources.

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

4. Lack of Approved and Documented Budget for the Financial Year 2023/2024

The audit established that the Hospital's budget for the financial year 2023/2024 was not approved as required and departmental budgets were not prepared or provided to support the consolidation of the overall budget. No evidence was provided for audit to confirm that the final budget was derived from departmental submissions and approval by the Head of Finance in the budgeting process. This contravenes Section 125 (1) of the Public Finance Management Act, 2012, which requires County Government budgets to be part of an integrated development planning process, including long-term and medium-term planning.

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

5. Non-compliance with Data Protection Act

Management collects and manage patients' data using Funsoft Information Management System. The system captures sensitive patients' information such as name, phone number, health status and location. However, no certificate of registration with Data Commissioner was provided for audit confirmation as required under Section 18 (1) of the Data Protection Act, 2019 which states subject to subsection 2 no person shall act as a data controller or data processor unless registered with the office of the data protection commission.

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

6. Failure to Maintain Imprest Register

A review of imprest records and supporting documents revealed that the Hospital did not maintain an imprest register, contrary to Regulation 93(4) of the Public Finance Management (County Governments) Regulations, 2015, which requires that all temporary imprests be recorded in the imprest register, including the amounts applied for, and further requires that an applicant should have no outstanding imprests before new ones are issued.

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

7. Delay in Implementation and Completion of Utange Field Hospital Project

The statement of financial position and Note 22 to the financial statements reflect a balance of Kshs.1,807,637,718 under property, plant, and equipment, which includes

Kshs.255,182,517 being work in progress for the construction of the Utange Field Hospital. The project commenced on 26 July, 2021 with a contract period of eight (8) months, expected completion on 26 March, 2022 and a defects liability period of twelve months.

The progress report of 5 January, 2022 shows progress at 29.9% against planned 60%, and no updated reports were provided to show the current status. The contract price was varied upwards by Kshs.58,065,104 (24.7%) without approval as required. Further, payments to the contractor totaled Kshs.291,793,453 through fifteen interim certificates and retention, which does not match with the reported work in progress of Kshs.129,014,583 resulting in an unexplained variance of Kshs.162,778,870.

Physical verification carried out on 24 July, 2025 established that the project was incomplete, with several defects observed including peeling paint, leaking walls, unfinished generator and incinerator rooms, incomplete lifts, missing main doors to labour wards, and ongoing works on the incinerator and morgue. This is contrary to Section 149(2)(m) of the Public Finance Management Act, 2012 (County Governments) which requires that an accounting officer manages the assets of the entity to ensure value for money is realized in acquisition, use, or disposal.

In the circumstances, Management was in breach of the law and value for money may not be realized on the expenditure incurred so far.

8. Non-Compliance with Procurement and Asset Disposal Planning Requirements

Review of records revealed weaknesses in procurement planning at the Hospital. Although procurement worth Kshs.254,081,600 had been budgeted, the plan presented for audit was incomplete and non-compliant with the Public Procurement and Asset Disposal Act, 2015 and its Regulations. The plan was not approved by the Accounting Officer and lacked evidence that at least 30% of procurement was reserved for youth, women, persons with disabilities, and other disadvantaged groups, as required under Section 53(6) of the Act. Further, there was no confirmation that the segment of the procurement plan demonstrating preference and reservation schemes was submitted to the Public Procurement Regulatory Authority (PPRA) within sixty days of the financial year's commencement, contrary to Section 158(2).

In addition, the Hospital did not provide documentation to show that departmental procurement plans were submitted to the Accounting Officer before year-end, as required under Section 44(2)(c) of the Act and Regulation 40(3). The plan also failed to capture multi-year projects or demonstrate alignment with the medium-term budgetary framework, in breach of Section 53(7) and Regulation 41(c). Key details such as delivery schedules, completion timelines, and funding sources were omitted, contrary to Regulation 41(b), (d), (e), and (f).

It was further noted that there was no evidence that quarterly implementation reports were prepared and submitted to the County Executive Committee Member for Finance as required by Regulation 40(6). Additionally, no annual asset disposal plan was availed, contrary to Section 53(6) of the Act and Schedule 13 of the Regulations.

Management did not ensure that an annual consolidated procurement and asset disposal plan was prepared, approved by the Accounting Officer, and aligned with the budget process. The plan prepared should also incorporate preference and reservation schemes, multi-year projects, funding sources, implementation timelines, and regular reporting mechanisms, in line with the Act and Regulations.

In the circumstances, Management was in breach of the law

9. Unnecessary Legal Costs Due to Non-Compliance with Court Judgement

Review of administrative records revealed that the Hospital, jointly with the County Government of Mombasa failed to settle a legal obligation of Kshs.11,827,630 in a matter involving Veteran Pharmaceuticals, which had been finalized on 26 October, 2016. Owing to the Hospital's failure to honour the judgment on time, the outstanding amount attracted annual interest of 12% and had escalated to Kshs.20,833,479 as at the time of audit. This is contrary to the requirements of the Public Finance Management Act, 2012, the Public Finance Management (County Governments) Regulations, 2015, the Employment Act, 2007, and the Public Procurement and Asset Disposal Act, 2015, which require public entities to ensure that all expenditures are lawful, transparent, supported by adequate documentation, and fairly presented in the financial statements.

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

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

Conclusion

I do not express a conclusion on the effectiveness of internal controls, risk management and governance as required by Section 7(1)(a) of the Public Audit Act, 2015. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient and appropriate audit evidence to provide a basis for my audit conclusion.

1. Weak Revenue Controls and Safeguards

Review of the Hospital's revenue management systems and financial records revealed major weaknesses in internal controls and inadequate documentation in revenue collection. There was no segregation of duties within the revenue function, same officers were responsible for collecting revenue, authorizing expenditure, and recommending waivers and exemptions. This contravenes established internal control principles as stipulated under Regulation 63(1)(a) of the Public Finance Management (County Governments) Regulations, 2015 that mandates Accounting Officers to establish effective internal control systems for the proper collection, safeguarding, and utilization of public funds, including segregation of duties to reduce risks of fraud and misappropriation.

In the circumstances, the effectiveness of the Hospitals internal controls could not be confirmed.

2. Failure to Establish Internal Audit Unit and Audit Committee

The Hospital had not established an audit committee and internal audit function. This was contrary to Regulation 167(1) of the Public Finance Management (County Governments) Regulations, 2015 which requires County Government entities to establish audit committees in accordance with prescribed regulations to monitor the entities governance process, accountability process and control systems, offer objective advice on issues concerning risk, control, regulatory requirements and governance. Management explained that the audit function is the responsibility of the County Government of Mombasa. However, a review of internal control records and systems in the facility revealed that there was no internal audit assignment conducted during the year under review.

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

3. Governance and Compliance Deficiencies

Review of the board operations revealed that the Hospital's Board of Management had not developed or adopted a board charter, nor did it have an approved annual board work plan. This is contrary to Paragraph 1.9 of the Mwongozo Code of Governance for State Corporations which requires that board members develop an annual Board Work Plan, while Paragraph 1.11 mandates the development and adoption of a Board Charter to define the roles, responsibilities, and functions of the board. The absence of these key governance instruments means the board had no formally defined mandate outlining its roles, responsibilities, and oversight functions, including the review of Management's implementation of strategies, risk management, policy adherence, and quality assurance.

Further, the Hospital's Board did not conduct annual legal compliance audits or file quarterly compliance reports on statutory obligations during the year under review contrary to Mwongozo code of governance for State Corporations, Governance Parameter 8.4, on Legal compliance audit and reporting. The absence of these reports undermines assurance that the hospital complied with applicable legal, regulatory, and governance requirements.

In the circumstances, the effectiveness of overall governance could not be confirmed

4. Lack of Substantive ICT Strategic Steering Committee

The Hospital had not constituted either an IT Strategy Committee or an IT Steering Committee contrary to Section 6.2(a) of the IT Governance Standard ICTA.5.002:2019. As a result, there was no structured mechanism to ensure that ICT initiatives were strategically guided, prioritized, or aligned with the Hospital's broader objectives and the Third Medium Term Plan (MTP III) 2018–2022 under Kenya Vision 2030. The absence of these governance structures weakens oversight, reduces accountability, and risks misalignment of ICT investments with institutional and national priorities.

In the circumstances, the effectiveness of the IT controls and governance could not be confirmed.

5. Failure to Maintain Imprest Register

Review of imprest issuance and related documentation revealed that the Hospital did not maintain an imprest register, contrary to Regulation 93(4) of the Public Finance Management (County Governments) Regulations, 2015, which requires that all temporary imprests be recorded in the imprest register, including the amounts applied for, and further requires that an applicant should have no outstanding imprests before new ones are issued. In the absence of such a register, it was not possible to confirm whether applicants had unsettled imprests at the time of issuance, whether multiple imprests were issued concurrently to the same officer, or whether all imprests issued during the year had been surrendered at year-end.

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

Responsibilities of the Management and Board of Management

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

05 December, 2025

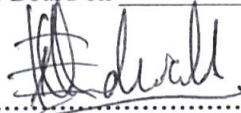
Coast General Teaching & Referral Hospital (Mombasa County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

2. Statement of Financial Performance for The Year Ended 30 June 2024

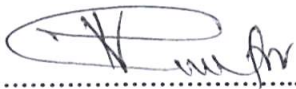
Description	Note	30-Jun-24 Kshs	30-Jun-23 Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	-	-
In-Kind Contributions from the County Government	7	1,235,524,308.00	1,620,545,195.00
Transfers from other Government Entities	8	31,866,760.00	-
Public Contributions & Donations		-	-
		1,267,391,068.00	1,620,545,195.00
Revenue from exchange transactions			
Rendering of Services- Medical Service Income	9	1,273,910,116.00	1,119,660,814.00
Revenue from Rent of Facilities	10	2,046,250.00	950,000.00
Finance /Interest Income		-	-
Miscellaneous Income	11	12,563,269.00	10,909,900.00
		1,288,519,635.00	1,131,520,714.00
Revenue from exchange transactions		1,288,519,635.00	1,131,520,714.00
Total revenue		2,555,910,703.00	2,752,065,909.00
Expenses			
Medical/Clinical costs	12	745,187,954.00	435,815,865.00
Employee costs	13	1,701,686,966.00	1,938,876,537.00
Board of Management Expenses	14	825,000.00	1,080,000.00
Depreciation and amortization expense	15	195,098,928.00	181,515,236.00
Repairs and maintenance	16	45,021,639.00	16,275,883.00
Grants and subsidies		-	-
General expenses	17	282,492,772.00	167,331,279.00
Finance costs		-	-
		2,970,313,259.00	2,740,894,800.00
Total expenses		2,970,313,259.00	2,740,894,800.00
Other gains/(losses)			
Gain/Loss on disposal of non-Current assets		-	-
Unrealized gain on fair value of investments		-	-
Medical services contracts Gains/Losses	18	129,040,171.00	51,277,882.00
		129,040,171.00	51,277,882.00
Total other gains/(losses)		129,040,171.00	51,277,882.00
Net Surplus / (Deficit) for the year		(543,442,727.00)	(40,106,773.00)

The Hospital's financial statements were approved by the Board on _____ and signed on its behalf by:

.....
Chairman
Board of Management



Chief Executive Officer



Head of Finance

ICPAK No: 10607

Coast General Teaching & Referral Hospital (Mombasa County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

3. Statement of Financial Position As At 30th June 2024

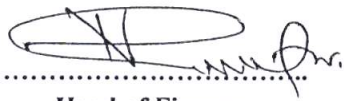
Description	Note	30-Jun-24 Kshs	30-Jun-23 Kshs
Assets			
Current assets			
Cash and cash equivalents	19	336,037,622.00	221,662,421.00
Receivables from exchange transactions	20	387,790,787.00	155,337,802.00
Inventories	21	94,358,018.00	94,358,018.00
Total Current Assets		818,186,427.00	471,358,241.00
Non-current assets			
Property, plant, and equipment	22	1,807,637,718.00	1,935,568,889.00
Total Non-current Assets		1,807,637,718.00	1,935,568,889.00
Total assets		2,625,824,145.00	2,406,927,130.00
Liabilities			
Current liabilities			
Trade and other payables	23	874,066,515.00	111,726,773.00
Refundable deposits from customers/Patients		-	-
Provisions		-	-
Social Benefits		-	-
Total Current Liabilities		874,066,515.00	111,726,773.00
Non-current liabilities			
Provisions		-	-
Social Benefits		-	-
Total Non-current liabilities		-	-
Total Liabilities		874,066,515.00	111,726,773.00
Net assets			
Revaluation reserve		-	-
Accumulated surplus/Deficit		1,751,757,630.00	2,295,200,357.00
		1,751,757,630.00	2,295,200,357.00
Total Net Assets and Liabilities		2,625,824,145.00	2,406,927,130.00

(The notes set out on pages 6 to 23 form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were approved by the Board on _____ and signed on its behalf by:

.....
Chairman
Board of Management


.....
Chief Executive Officer


.....
Head of Finance
ICPAK No: 10607

Coast General Teaching & Referral Hospital (Mombasa County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

5. Statement of Cash Flows for The Year Ended 30 June 2024

Description	Note	30-Jun-24 Kshs	30-Jun-23 Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government (Personal Emoluments)		-	-
Grants from donors and development partners		11,866,760.00	-
Transfers from other Government entities		-	-
Public contributions and donations		-	-
Rendering of services- Medical Service Income		499,072,058.00	648,398,228.00
Revenue from rent of facilities		2,046,250.00	950,000.00
Receivables		432,282,157.00	387,374,293.00
Miscellaneous receipts		12,563,269.00	10,909,900.00
Total Receipts		957,830,494.00	1,047,632,421.00
Payments			
Medical/Clinical costs		(745,187,954.00)	(435,815,865.00)
Employee costs		(466,162,658.00)	(318,331,342.00)
Board of Management Expenses		(825,000.00)	(1,080,000.00)
Repairs and maintenance		(45,021,639.00)	(16,275,883.00)
Payables		(391,175.00)	(141,423,693.00)
General Expenses		(282,492,772.00)	(167,331,279.00)
Finance Costs		-	-
Refunds paid out		-	-
Total Payments		(1,540,081,198.00)	(1,080,258,062.00)
Net cash flows from operating activities		(582,250,704.00)	(32,625,641.00)
Cash flows from investing activities			
Purchase of property, plant, equipment & intangible assets		(47,167,757.00)	(147,330,043.00)
Proceeds from the sale of property, plant, and equipment		-	-
Acquisition of investments		-	-
Net cash flows used in investing activities		(47,167,757.00)	(147,330,043.00)
Cash flows from financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Capital grants received		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		(629,418,461.00)	(179,955,684.00)
Cash and cash equivalents as at 1 July	19	221,662,421.00	401,618,105.00
Cash and cash equivalents as at 30 June	19	336,037,622.00	221,662,421.00

Coast General Teaching & Referral Hospital (Mombasa County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

4. Statement of Changes in Net Asset for The Year Ended 30 June 2024

Description	Revaluation Reserve	Accumulated Surplus/Deficit	Capital Fund	Total
As at July 1, 2023	-	2,715,045,849.00	-	2,715,045,849.00
Prior Year Adjustment (Gratuity)	-	-	-	-
Prior Year Adjustment (Inventory)	-	(379,738,719.00)	-	(379,738,719.00)
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	(40,106,773.00)	-	(40,106,773.00)
Capital/Development grants	-	-	-	-
As at June 30, 2023	-	2,295,200,357.00	-	2,295,200,357.00
At July 1, 2023	-	2,295,200,357.00	-	2,295,200,357.00
Prior Year Adjustment (Gratuity)	-	-	-	-
Prior Year Adjustment	-	-	-	-
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	(543,442,727.00)	-	(543,442,727.00)
Capital/Development grants	-	-	-	-
At June 30, 2024	-	1,751,757,630.00	-	1,751,757,630.00

Coast General Teaching & Referral Hospital (Mombasa County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

6. Statement of Comparison of Budget and Actual Amounts for Year Ended 30 Jun 2024

Description	Original Budget		Adjustments		Final Budget		Actual on Comparable Basis		Performance Difference		% of Utilisation f=d/c%
	a	Kshs	b	Kshs	c=(a+b)	Kshs	d	Kshs	e=(c-d)	Kshs	
Revenue											
In-Kind Contributions from the County Government	1,400,000,000.00		-		1,400,000,000.00		1,235,524,308.00	164,475,692.00	88.25%		
Grants from Donors & Development Partners	-		-		-		31,866,760.00	(31,866,760.00)	0.00%		
Rendering of services- Medical Service Income	1,521,576,230.00		-		1,521,576,230.00		1,273,910,116.00	247,666,114.00	83.72%		
Revenue from rent of facilities	-		-		-		2,046,250.00	(2,046,250.00)	0.00%		
Miscellaneous Receipts (Training)	-		-		-		12,563,269.00	(12,563,269.00)	0.00%		
Total income	2,921,576,230.00		-		2,921,576,230.00		2,555,910,703.00	365,665,527.00	87.48%		
Expenses											
Medical/Clinical costs	638,140,000.00		-		638,140,000.00		745,187,954.00	(107,047,954.00)	116.77%		
Employee costs	2,187,173,956.00		-		2,187,173,956.00		1,701,686,966.00	485,486,990.00	77.80%		
Remuneration of directors	3,350,000.00		-		3,350,000.00		825,000.00	2,525,000.00	24.63%		
Repairs and maintenance	56,500,000.00		-		56,500,000.00		45,021,639.00	11,478,361.00	0.00%		
General expenses	504,540,600.00		-		504,540,600.00		282,492,772.00	222,047,828.00	0.00%		
Surplus for the period	3,389,704,556.00		-		3,389,704,556.00		2,775,214,331.00	614,490,225.00	81.87%		
Capital expenditure	1,596,880,567.00		-		1,596,880,567.00		67,167,757.00	1,529,712,810.00	4.21%		

Budget notes

- i) Grants from donors and development partners represented Sponsorship to upgrade the paediatric accident and emergency unit and three month salaries for staff.
- ii) Variance in income In-Kind Contributions from the County Government was a result of staff movements not anticipated at the beginning of the financial year
- iii) Variance in income from Grants from Donors & Development Partners was a commitment of the prior year which crystallised in the reporting year
- iv) Variance in income from Rendering of services - Medical Service Income due to capacity unanticipated variations due equipment downtime for diagnostics lags in refill rates due to inconsistent payment from health insurance
- v) Variance in Medical/Clinical costs was as a result of price variations for commodities in the course of the year
- vi) Variance in Employee costs was as a result time lag in replacing staff leaving due to attrition
- vii) Variance in Remuneration of directors costs was as a result the board not being in place for the the whole financial year. At the close of the financial year only the chairs term was not lapsed

Coast General Teaching & Referral Hospital (Mombasa County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

7. Notes to the Financial Statements

1. General Information

Coast Province General Hospital was renamed to CGTRH in 2019 through Executive Order No.1/2019 alongside establishment of five outreach centres namely Mtongwe, Chaani, Vikwatani, Marimani, and Shika Adbu. In May 2021, through Executive Order No.1 of 2021. The hospital is wholly owned by the Mombasa County Government and is domiciled in (Mombasa County in Kenya. The principal activity/mission/ mandate of the hospital is to offer specialised healthcare within the region and beyond.

2. Statement of Compliance and Basis of Preparation

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

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the hospital. The financial statements have been prepared in accordance with the PFM Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

i. New and amended standards and interpretations in issue effective in the year ended 30.06.2023.

Standard	Effective date and impact
	Applicable: 1st January 2024
	The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an hospital's future cash flows.
IPSAS 41: Financial Instruments	IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an hospital's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
IPSAS 42: Social Benefits	Applicable: 1st January 2024
	The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting hospital provides in its financial statements about social benefits. The information provided should help users of the <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the hospital. (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the hospital's financial performance, financial position and cash flows.

Coast General Teaching & Referral Hospital (Mombasa County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

7. Notes to the Financial Statements

Applicable: 1st January 2024

- Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments
- a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.
 - b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.
 - c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.
- Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.

Applicable 1st January 2024

- *IPSAS 22 Disclosure of Financial Information about the General Government Sector*. Amendments to refer to the latest System of National Accounts (SNA 2008).
- Other improvements to IPSAS
 - *IPSAS 39: Employee Benefits*
Now deletes the term composite social security benefits as it is no longer defined in IPSAS.
 - *IPSAS 29: Financial instruments: Recognition and Measurement*
Standard no longer included in the 2024 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2024.

ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30.06.2023 .

Standard	Effective date and impact
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an hospital.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires:-</p> <ul style="list-style-type: none"> i. Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: ii. Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.

Coast General Teaching & Referral Hospital (Mombasa County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

4. Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

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

ii) Revenue from exchange transactions

Rendering of services

The hospital 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 hospital.

Interest income

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

Rental income

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

b. Budget information

The original budget for FY 2023/24 was approved by Board. 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 hospital upon receiving the respective approvals in order to conclude the final budget. The hospital's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

Coast General Teaching & Referral Hospital (Mombasa County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

Notes to the Financial Statements (Continued)

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 financial performance has been presented on page 30 of these financial statements.

c. Taxes

Sales tax/ Value Added Tax

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

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

d. Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a their useful lives (in years). Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

e. Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the hospital 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.

Coast General Teaching & Referral Hospital (Mombasa County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

Notes to the Financial Statements (Continued)

f. Leases

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

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

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

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

g. Intangible assets

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

h. Research and development costs

The hospital expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the hospital 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.

Coast General Teaching & Referral Hospital (Mombasa County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

Notes to the Financial Statements (Continued)

i. Financial instruments

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

A financial instrument is any contract that gives rise to a financial asset of one hospital and a financial liability or equity instrument of another hospital. At initial recognition, the hospital 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.

Classification of financial assets

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

Coast General Teaching & Referral Hospital (Mombasa County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

Notes to the Financial Statements (Continued)

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 hospital manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Trade and other receivables

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

Impairment

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

Financial liabilities Classification

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

j. 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

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

- 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.

Coast General Teaching & Referral Hospital (Mombasa County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

Notes to the Financial Statements (Continued)

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 hospital.

k. Provisions

Provisions are recognized when the hospital 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 hospital 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.

l. 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 hospital 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 hospital will incur in fulfilling the present obligations represented by the liability.

m. Contingent liabilities

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

n. Contingent assets

The hospital does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the hospital 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.

Coast General Teaching & Referral Hospital (Mombasa County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

Notes to the Financial Statements (Continued)

o. Nature and purpose of reserves

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

p. Changes in accounting policies and estimates

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

q. Employee benefits

Retirement benefit plans

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

r. Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

s. Borrowing costs

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

t. Related parties

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

u. Service concession arrangements

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

Coast General Teaching & Referral Hospital (Mombasa County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

Notes to the Financial Statements (Continued)

v. 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.

w. Comparative figures

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

x. 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, 2024.

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The hospital 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 hospital. 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 hospital.
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- The nature of the processes in which the asset is deployed.
- Availability of funding to replace the asset.
- Changes in the market in relation to the asset.

Provisions

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

*Coast General Teaching & Referral Hospital (Mombasa County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024*

Notes to Financial Statements Continued

6. Transfers from the County Government

Description	30-Jun-24 KShs	30-Jun-23 KShs
Unconditional grants		
Operational grant	-	-
Conditional grants		
Others	-	-
Total government grants & subsidies	-	-

6 b Transfers from The County Government

Name of the hospital sending the grant	Amount recognized to Statement of financial performance* KShs	Amount recognised in capital fund. KShs	Total grant income during the year KShs	Comparative Period KShs
Mombasa County Government	-	-	-	-
Total	-	-	-	-

7. Contributions in Kind from Mombasa County Government

Description	30-Jun-24 KShs	30-Jun-23 KShs
Salaries & Wages	1,235,524,308.00	1,620,545,195.00
Total	1,235,524,308.00	1,620,545,195.00

8. Grants From Donors and Development Partners

Description	30-Jun-24 KShs	30-Jun-23 KShs
Paediatric A & E	31,866,760.25	-
Total grants from development partners	31,866,760.25	-

This was support Yusuf & Fatma Meghji in collaboration with Mombasa County and the Equity Foundation to renovate Paediatric Accident & Emergency Unit and three month salaries for staff.

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

Name of the hospital sending the grant	Amount recognized to Statement of financial performance KShs	Amount recognised in capital fund. KShs	Total grant income during the year KShs	Comparative Period KShs
National Government Grants	-	-	-	-
JICA	31,866,760.00	-	31,866,760.00	-
Total	31,866,760.00	-	31,866,760.00	-

Coast General Teaching & Referral Hospital (Mombasa County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

Notes to Financial Statements Continued

9. Rendering of Services-Medical Service Income

Description	30-Jun-24 Kshs	30-Jun-23 Kshs
Insurance recoveries	579,418,887.00	471,262,586.00
Pharmaceuticals	122,726,522.00	133,208,721.00
Non-Pharmaceuticals	10,580,863.00	1,399,983.00
Laboratory	65,904,325.00	75,140,675.00
Radiology	44,778,981.00	60,677,777.00
Orthopedic and Trauma Technology	1,400,037.00	1,660,175.00
Theatre	20,718,824.00	29,571,524.00
Accident and Emergency Service	2,580,447.00	5,568,653.00
Public Health	94,980.00	81,858.00
Ear Nose and Throat service	1,331,985.00	1,619,670.00
Nutrition service	23,946,180.00	41,695,915.00
Cancer centre service	1,433,386.00	5,647,340.00
Dental services	8,360,256.00	10,351,950.00
Reproductive health	742,460.00	616,700.00
Paediatrics services	193,650.00	365,900.00
Farewell home services	29,681,769.00	29,226,105.00
Amenity	1,671,100.00	2,690,798.00
Health Records	14,249,484.00	18,470,809.00
Inpatient Services	52,770,881.00	81,800,003.00
ICU	17,097,124.00	16,174,219.00
Cardiac Clinic	7,639,795.00	8,174,442.00
Renal Unit	4,876,874.00	6,371,962.00
Cathlab	608,502.00	216,035.00
Outpatient Services	7,124,347.00	5,974,975.00
Physiotherapy	1,670,426.00	2,628,163.00
Clinics	5,109,637.00	5,421,274.00
Occupational Therapy	258,163.00	811,702.00
Other medical services income	135,664.00	81,000.00
Other medical services income (Mombasa Care-Under 5 Program)	85,568,423.00	15,000,000.00
Services concession income	115,471,748.00	51,277,882.00
Other medical services income (Utange)	13,785,290.00	5,415,104.00
Other medical services income (Mtongwe)	12,343,551.00	6,989,538.00
Other medical services income (Chaani)	9,841,469.00	12,434,572.00
Other medical services income (Vikwatani)	9,415,086.00	11,090,764.00
Other medical services income (Marimani)	-	542,040.00
Total revenue from the rendering of services	1,273,531,116.00	1,119,660,814.00

10. Revenue From Rent of Facilities

Description	30-Jun-24 Kshs	30-Jun-23 Kshs
Commercial property	2,046,250.00	950,000.00
Total Revenue from rent of facilities	2,046,250.00	950,000.00

Coast General Teaching & Referral Hospital (Mombasa County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

Notes to Financial Statements Continued

11. Miscellaneous Income

Description	30-Jun-24 KShs	30-Jun-23 KShs
Training	12,563,269.00	10,909,900.00
Total Miscellaneous income	12,563,269.00	10,909,900.00

12. Medical/ Clinical Costs

Description	30-Jun-24 Kshs	30-Jun-23 Kshs
Dental Costs/ Materials	5,914,900.00	590,490.00
Laboratory chemicals and reagents	90,384,273.00	55,017,195.00
Public health activities	-	16,812,591.00
Food and Ration	76,721,917.00	52,134,658.00
Uniform, clothing, and linen	4,691,096.00	3,299,400.00
Dressing and Non-Pharmaceuticals	274,881,041.00	141,659,748.00
Pharmaceutical supplies	224,579,968.00	105,771,437.00
Health information stationery	24,997,657.00	22,290,598.00
Sanitary and cleansing Materials	17,413,274.00	20,925,518.00
Purchase of Medical gases	3,535,439.00	1,051,710.00
X-Ray/Radiology supplies	21,141,354.00	15,594,660.00
Patients Travels	927,035.00	667,860.00
Total medical/ clinical costs	745,187,954.00	435,815,865.00

13. Employee Costs

Description	30-Jun-24 Kshs	30-Jun-23 Kshs
Salaries, Wages & Allowances	466,162,658.00	317,810,728.00
Salaries, Wages & Allowances Paid in Kind	1,235,524,308.00	1,620,545,195.00
Service gratuity	-	520,614.00
Employee costs	1,701,686,966.00	1,938,876,537.00

14. Board of Management Expenses

Description	30-Jun-24 Kshs	30-Jun-23 Kshs
Chairman's Honoraria	-	-
Sitting allowance	825,000.00	1,080,000.00
Total	825,000.00	1,080,000.00

15. Depreciation and Amortization Expense

Description	30-Jun-24 Kshs	30-Jun-23 Kshs
Property, plant and equipment	195,098,928.00	181,515,236.00
Investment property carried at cost	-	-
Total depreciation and amortization	195,098,928.00	181,515,236.00

Coast General Teaching & Referral Hospital (Mombasa County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

Notes to Financial Statements Continued

16. Repairs And Maintenance

Description	30-Jun-24 Kshs	30-Jun-23 Kshs
Property- Buildings	-	6,419,680.00
Medical equipment	21,374,408.00	4,659,915.00
Office equipment	-	64,375.00
Computers and accessories	2,993,090.00	2,191,510.00
Motor vehicle expenses	4,565,264.00	2,940,403.00
Maintenance of civil works	16,088,877.00	-
Total repairs and maintenance	45,021,639.00	16,275,883.00

17. General Expenses

Description	30-Jun-24 Kshs	30-Jun-23 Kshs
Advertising and publicity expenses	2,896,203.00	425,152.00
Catering expenses	1,104,034.00	1,132,291.00
Audit fees	-	-
Bank charges	708,045.00	359,624.00
Conferences and delegations	-	8,822,160.00
Contracted services	45,324,824.00	10,584,213.00
Electricity expenses	158,086,971.00	79,885,679.00
Fuel and Lubricants	4,344,600.00	3,987,000.00
Other Fuels	3,853,440.00	4,218,689.00
Insurance	1,294,799.00	1,291,783.00
ICT & Networking	2,117,454.00	-
Travel and accommodation allowance	15,195,828.00	5,602,547.00
Courier and postal services	32,115.00	94,240.00
Printing and stationery	544,383.00	1,642,000.00
Water and sewerage costs	15,562,341.00	13,076,290.00
Skills development levies	-	-
Telephone and mobile phone services	1,275,710.00	6,387,536.00
Internet expenses	4,829,918.00	1,272,580.00
Staff training and development	4,915,375.00	7,548,545.00
Subscriptions to professional bodies	424,944.00	-
Security	-	18,105,529.00
General Office Expenses	2,790,757.00	2,895,421.00
Other Utange Expenses	17,191,031.00	-
Total General Expenses	282,492,772.00	167,331,279.00

18. Medical Services Contracts Gains /Losses

Description	30-Jun-24 KShs	30-Jun-23 KShs
Waivers	115,471,748.00	45,048,914.00
Exemptions	13,568,423.00	6,228,968.00
Total Gain/Loss	129,040,171.00	51,277,882.00

Coast General Teaching & Referral Hospital (Mombasa County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2024

Notes to Financial Statements Continued

19. Cash And Cash Equivalents

Description	30-Jun-24 KShs	30-Jun-23 KShs
Current accounts	332,553,974.00	220,613,879.00
Cash in hand	2,621,029.00	1,048,542.00
Mobile money	862,619.00	-
Total cash and cash equivalents	336,037,622.00	221,662,421.00

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

Description	30-Jun-24 KShs	30-Jun-23 KShs
Financial institution		
a) Current account		
National Bank of Kenya - FIF	296,896,621.00	200,202,578.00
National Bank of Kenya - FM	293,259.00	(7,740,283.00)
National Bank of Kenya - A&E	408,803.00	-
Equity Bank - Covid Fund	16,611,046.00	16,611,046.00
KCB - Chaani	9,867,095.00	9,433,470.00
KCB - Vikwatani	4,780,477.00	3,480,154.00
KCB - Mtongwe	3,461,433.00	(1,608,326.00)
KCB - Marimani	235,240.00	235,240.00
Sub-Total	332,553,974.00	220,613,879.00
b) Others		
Cash in Hand	2,621,029.00	1,048,542.00
Paybill - Vikwatani	34,339.00	-
Paybill - Mtongwe	828,280.00	-
Sub-Total	3,483,648.00	1,048,542.00
Grand Total	336,037,622.00	221,662,421.00

20. Receivables From Exchange Transactions

Description	30-Jun-24 KShs	30-Jun-23 KShs
Medical services receivables NHIF	298,298,268.00	151,060,802.00
Medical services receivables U 5	66,000,000.00	-
Other exchange debtors	23,492,519.00	4,277,000.00
Less: impairment allowance	-	-
Total receivables	387,790,787.00	155,337,802.00

21. Inventories

Description	30-Jun-24 KShs	30-Jun-23 KShs
Inventories	94,358,018.00	94,358,018.00
Total	94,358,018.00	94,358,018.00

22. Property, Plant and Equipment

Description	Land	Buildings & Civil Works	Motor Vehicles	Furniture, Fittings & Office Equipment	ICT Equipment	Plant & Medical Equipment	Capital Work in Progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
Cost								
At 1 July 2022	550,000,000.00	750,000,000.00	18,213,500.00	336,321,458.00	1,330,000.00	434,487,891.00	126,167,934.00	2,216,520,783.00
Additions	-	-	-	2,329,440.00	-	15,986,020.00	129,014,583.00	147,330,043.00
Disposals	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-
At 30th Jun 2023	550,000,000.00	750,000,000.00	18,213,500.00	338,650,898.00	1,330,000.00	450,473,911.00	255,182,517.00	2,363,850,826.00
At 1 July 2023	550,000,000.00	750,000,000.00	18,213,500.00	338,650,898.00	1,330,000.00	450,473,911.00	255,182,517.00	2,363,850,826.00
Additions	-	20,000,000.00	-	3,237,915.00	4,444,000.00	39,485,842.00	-	67,167,757.00
Disposals	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-
At 30th Jun 2024	550,000,000.00	770,000,000.00	18,213,500.00	341,888,813.00	5,774,000.00	489,959,753.00	255,182,517.00	2,431,018,583.00
Depreciation and impairment								
Rate	0.00%	0.00%	20.00%	12.50%	30.00%	30.00%	0.00%	
At 1 July 2023	-	-	14,570,800.00	96,544,597.00	798,000.00	316,368,540.00	-	428,281,937.00
Depreciation for the year	-	-	3,642,700.00	42,736,102.00	1,732,200.00	146,987,926.00	-	195,098,928.00
Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
At 30 June 2024	-	-	18,213,500.00	139,280,699.00	2,530,200.00	463,356,466.00	-	623,380,865.00
Net book values								
At 30 th Jun 2023	550,000,000.00	750,000,000.00	3,642,700.00	242,106,301.00	532,000.00	134,105,371.00	255,182,517.00	1,935,568,889.00
At 30 th Jun 2024	550,000,000.00	770,000,000.00	-	202,608,114.00	3,243,800.00	26,603,287.00	255,182,517.00	1,807,637,718.01

Coast General Teaching & Referral Hospital (Mombasa County Government)
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Notes to the Financial Statements (Continued)

23. Trade and other Payables

Description	30-Jun-24 KShs	30-Jun-23 KShs
Trade payables	835,844,849.00	78,767,137.00
Employee Dues (Gratuity)	32,959,636.00	32,959,636.00
Audit fee	-	-
Deposits	5,262,030.00	-
Total trade and other payables	874,066,515.00	111,726,773.00

Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the total
Under one year	762,339,742.00	87.22%	17,770,460.00	15.91%
1-2 years	17,770,460.00	2.03%	-	0.00%
2-3 years	-	0.00%	-	0.00%
Over 3 years	93,956,313.00	10.75%	93,956,313.00	84.09%
Total	874,066,515.00	100.00%	111,726,773.00	100.00%

24. 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 company'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 company 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 company's management based on prior experience and their assessment of the current economic environment.

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

(ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the hospital's board of management who have built an appropriate liquidity risk management framework for the management of the 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 company 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.