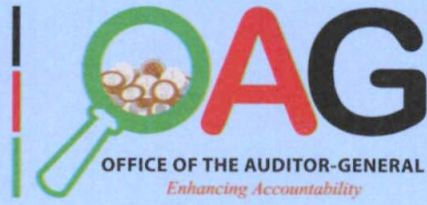


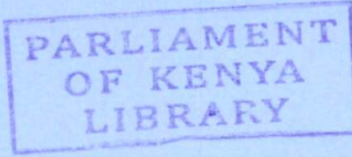
REPUBLIC OF KENYA



REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL  
Enhancing Accountability



**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**COAST GENERAL TEACHING AND  
REFERRAL HOSPITAL**

**FOR THE YEAR ENDED  
30 JUNE, 2022**

**MOMBASA COUNTY GOVERNMENT**

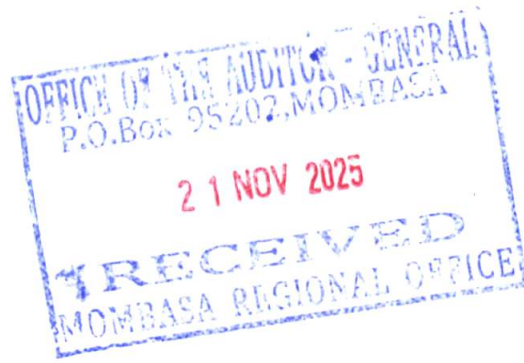
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COUNTY GOVERNMENT OF MOMBASA

# COAST GENERAL TEACHING & REFERRAL HOSPITAL

## LEVEL 5 HOSPITAL

(MOMBASA COUNTY GOVERNMENT)

### ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022

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

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*Coast General Teaching & Referral Hospital (Mombasa County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2022*

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**Table of Contents**

1. Acronyms & Glossary of Terms	ii
2. Key Entity Information and Management	iii
3. The Board of Management	vi
4. Key Management Team	x
5. Chairman's Statement	x
6. Report of The Chief Executive Officer	xii
7. Statement of Performance Against Predetermined Objectives	xiv
8. Corporate Governance Statement	xvii
9. Management Discussion and Analysis	xviii
10. Environmental And Sustainability Reporting	xxiii
11. Report of The Board of Management	xxvi
12. Statement of Board of Management's Responsibilities	xxvii
13. Report of the Independent Auditor (Office of the Auditor General)	xxviii
14. Statement of Financial Performance for The Year Ended 30 June 2022	1
15. Statement of Financial Position As At 30 June 2022	2
16. Statement of Changes in Net Asset for The Year Ended 30 June 2022	3
17. Statement of Cash Flows for The Year Ended 30 June 2022	4
18. Statement of Comparison of Budget and Actual Amounts for Year Ended 30 Jun 2022	5
19. Notes to the Financial Statements	6

***Coast General Teaching & Referral Hospital (Mombasa County Government)***  
***Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2022***

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**1. Acronyms & Glossary of Terms**

CSR	Corporate Social Responsibility
OSHA	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 700-bed capacity level 5 hospital established in 1908 as Coast Provincial General Hospital (CPGH) under Kenya Gazette Notice 11837 of 30<sup>th</sup> November, 2007, and is domiciled in Mombasa County. It 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 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 1.2 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 since 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 principal activity/mission/ mandate of the *hospital* is to offer specialised healthcare within the region and beyond.

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)

**Coast General Teaching & Referral Hospital (Mombasa County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2022**

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**(c) Key Management**

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

- County Department of Health
- 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 30<sup>th</sup> June 2022 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.	Head of Finance	Vincent Ouma
4.	Head of Supply Chain	Hassan Kitsao
5.	Head of Quality Assurance & Outreaches	Dr. Everlyne Sumbi
6.	Head of Support Services	Lilian Ngugi
7.	Head of Human Resource	Aziza Mohamed
8.	Director of Nursing department	Mrs. Elizabeth Kivuva

**(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 207 of the constitution of Kenya. It also approves the borrowings of the County Government in accordance of the constitution 212 of the Constitution of Kenya 2010.

**(ii) The Controller of budget**

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

*Coast General Teaching & Referral Hospital (Mombasa County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2022*

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(iii) County Executive Committee

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

(iv) Internal Audit Department

The internal Audit Department of the County Government of 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.		<p><b>AMINA T. S. SAID</b> <b>Chairperson, Hospital Management Board</b></p> <p><b>Key Qualifications:</b></p> <ul style="list-style-type: none"> <li>• International Law graduate with a genuine passion for serving her country.</li> <li>• Determined and committed to achieving high professional standards, embracing challenges.</li> <li>• Well-rounded, self-motivated, and enthusiastic individual with excellent interpersonal skills.</li> <li>• Experience in the public and private sector, dedicated to success.</li> <li>• Strong communicator, facilitator, reliable, trustworthy, and meticulous.</li> </ul> <p><b>Work Experience:</b></p> <ul style="list-style-type: none"> <li>• Short Term Consultant, World Bank Group – International Finance Corporation (IFC)</li> <li>• Chairperson, Coast General Teaching and Referral Hospital</li> <li>• Board Member, Coast General Provincial Hospital</li> <li>• Board Member, Export Processing Zone Authority</li> <li>• Corporate Law Practitioner, TSS Group of Companies</li> <li>• Pupilage, Muthoga Gaturu &amp; Company Advocates</li> <li>• Pupilage, Pandya &amp; Talati Advocates</li> </ul> <p>Born on 20th July 1976, Kenyan</p>
2.		<p><b>ZAINAB JAFFER</b> <b>Member Strategy &amp; Development Sub Committee</b></p> <p><b>Key Qualifications.</b></p> <p>A graduate with honors from the esteemed London School of Economics and Political Science, earning a Bachelor of Science Degree in Management with a focus on law.</p> <p><b>Work Experience</b></p> <ul style="list-style-type: none"> <li>• A highly accomplished Director at MJ Group, a leading African port service provider based in Kenya.</li> <li>• Oversees various companies within the MJ Group, specializing in bulk cargo handling in both liquid and dry states.</li> <li>• She was entrusted with the crucial task of implementing the Social Economic Development Initiative for Kenya (SEDIK), a program initiated by the Kenyan government to support the country's development goals as outlined in Kenya Vision 2030.</li> </ul>

**Coast General Teaching & Referral Hospital (Mombasa County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2022**

<p>3.</p>		<p><b>ROBERT ELIYA WAFULA</b></p> <p><b>Chair Audit Sub Committee, Member Quality &amp; Curative, Sub Committee</b></p> <p>Key Qualifications:</p> <ul style="list-style-type: none"> <li>• Pursuing a Doctor of Philosophy degree in Mission Studies at Kenya Methodist University.</li> <li>• Master of Arts in Mission Studies from Kenya Methodist University.</li> <li>• Bachelor's degree in Theology from Kenya Methodist University.</li> <li>• Diploma in Theology from Kenya Methodist University.</li> </ul> <p>Work Experience:</p> <ul style="list-style-type: none"> <li>• Pastor for more than 20 years, serving in various church ministerial capacities.</li> <li>• General Overseer of Shalom Miracle Church Ministry, overseeing multiple branches across Kenya.</li> <li>• Extensive work experience in pastoral leadership, preaching, and church administration.</li> </ul> <p>Date of Birth: 10.06.1972</p>
<p>4.</p>		<p><b>Dr. MERRY JENNIFER OTHIGO OTIENO M.D, PhD. (OBS/GYN)</b> <b>Chair Quality &amp; Curative Sub Committee, Member Audit &amp; Strategy &amp; Development Sub Committees</b></p> <p>Key Qualifications:</p> <ul style="list-style-type: none"> <li>• Doctor of Philosophy (PhD) in Medicine Obstetrics and Gynecology from the Council of Kiev State Advance Training Medical Institute, Kiev, Ukraine</li> <li>• Master of Medicine in Obstetrics and Gynaecology</li> <li>• BSC Honors Degree in Medicine</li> </ul> <p>Work Experience:</p> <ul style="list-style-type: none"> <li>• Reproductive Health Trainer.</li> <li>• Running a private clinic.</li> <li>• Deputy Director of Medical Services, Mombasa County, Kenya.</li> <li>• Internship Coordinator at Coast Provincial General Hospital.</li> <li>• Chief Administrator at Coast Provincial General Hospital.</li> <li>• Provincial Reproductive Health Coordinator, Coast Province, Kenya.</li> <li>• Consultant OBS/GYN at Coast Provincial General Hospital.</li> <li>• Medical Officer at Kakamega General Hospital.</li> </ul> <p>Date of Birth: 4th June 1954</p>
<p>5.</p>		<p><b>DR. KHADIJA SHIKELY</b> <b>Member Strategy &amp; Development, Finance, Audit, Quality &amp; Curative, Sub Committees.</b></p> <p>Key qualification</p> <ul style="list-style-type: none"> <li>• MBA (HCM) - (Health Care Management)</li> <li>• M SC. (Paeds) - Faculty of Medicine</li> <li>• M.B.CH. B Honours - Faculty of Medicine</li> <li>• The Virtual Leadership Development</li> </ul>

**Coast General Teaching & Referral Hospital (Mombasa County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2022**

	<ul style="list-style-type: none"> <li>• Leading High-performing Health Organization. leHHO</li> <li>• Corporate Governance</li> <li>• Health Systems Program - Improving Quality Health care in Health Systems</li> </ul> <p>Work experience</p> <ul style="list-style-type: none"> <li>• Chief Officer of Health – Department of Health Services, Mombasa County</li> <li>• County Director of Health, Department of Health Services, Mombasa County</li> <li>• Provincial Director of Medical Services, Coast Province Health Department</li> <li>• Chief Principal Lecturer, Kenya Medical Training College, Mombasa Campus</li> <li>• Senior Principal Lecturer, Kenya Medical Training College, Mombasa Campus</li> <li>• Assistant Director of Medical Services, Division of Child, Adolescent Health, Nairobi.</li> <li>• Chief Administrator, Coast Province General Hospital, Mombasa</li> <li>• Consultant Paediatrician in charge, Coast Province General Hospital, Mombasa</li> </ul> <p>Birth: 17th June 1960</p>
<p>6.</p>	<div data-bbox="284 792 587 1200" data-label="Image"> </div> <p>HELLEN WAMAITHA NJIRU Chair Finance Sub Committee, Member Strategy &amp; Development Sub Committee,</p> <ul style="list-style-type: none"> <li>• Masters and a Bachelor degree in Business Administration in addition to many professional training programs locally and abroad.</li> </ul> <p>Work Experience</p> <ul style="list-style-type: none"> <li>• Director – Business Growth, Equity Kenya Ltd, Mombasa Supreme &amp; Coast Region(2008 to date)</li> <li>• Branch Manager Absa Kenya Limited (Formerly Barclays Bank of Kenya)1988- 2008</li> <li>• Strategy and Corporate Governance</li> <li>• Leadership and Talent Management</li> <li>• Performance Management</li> </ul> <ul style="list-style-type: none"> <li>• Financial advisor</li> <li>• Bank operations</li> <li>• Networking/Client Relationship Management</li> <li>• Team Motivation &amp; Inspiration Management</li> <li>• Corporate Social Skills.</li> <li>• Teams coaching and mentorship.</li> </ul>
<p>7.</p>	<div data-bbox="284 1478 533 1787" data-label="Image"> </div> <p>PAULINE GACHIHI Chair Strategy &amp; Development Sub Committee, Member Finance and Quality &amp; Curative Sub Committees</p> <p>Key Qualifications</p> <ul style="list-style-type: none"> <li>• Bachelor of Business Administration- Marketing Option from Kenya Methodist University</li> <li>• Post Graduate Diploma from Chartered Institute of marketing CIM</li> <li>• Certified International Manager &amp; Coach (CIM),</li> <li>• Certified Sales Development trainer &amp; Coach</li> </ul>

**Coast General Teaching & Referral Hospital (Mombasa County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2022**

	<p>Work Experience</p> <ul style="list-style-type: none"> <li>• Over 15yrs experience and success in Corporate business development relationship Management from the Private sector mainly in the hospitality and logistics industry: current Regional Manager DHL Express Kenya</li> <li>• Experienced leadership of over 10 years in international community development organisation</li> <li>• Past president Rotary club of Bahari mombasa, and Current District Regional official in Rotary International District 9212 ( voluntary leadership)</li> <li>• Past Board of Management* Nyali golf and country club for 5 years (voluntary leadership)</li> <li>• Past Lady Captain Nyali Golf &amp; Country Club</li> </ul> <p>Age: 44 years old</p>
8.	<div data-bbox="284 719 539 981" style="float: left; margin-right: 10px;">  </div> <p>ASHA ABDI</p> <ul style="list-style-type: none"> <li>• Member Finance and Audit Sub Commit</li> <li>• County Chief Officer- Finance and Economic Planning</li> <li>• Ag. County Chief Officer- Trade, Tourism &amp; Investment</li> <li>• Bachelors of Economics</li> <li>• Master's in Project Planning &amp; Management</li> <li>• Born; 27/8/1988</li> </ul>
9.	<div data-bbox="284 1001 539 1317" style="float: left; margin-right: 10px;">  </div> <p>DR. IQBAL KHANDWALLA (General Surgeon)</p> <p>CEO &amp; Secretary to the Health Management Board, Member Finance, Strategy &amp; Development, Quality &amp; Curative, Sub Committees</p> <p><b>Key Qualifications:</b></p> <ul style="list-style-type: none"> <li>• Master of Surgery from Rajiv Gandhi University Banglore, India,</li> <li>• MBchB –University of Nairobi</li> <li>• Gastroscopy and colonoscopy training at Digestive Disease Centre-Bhatia</li> <li>• Laparoscopic Surgery Course-India</li> </ul> <ul style="list-style-type: none"> <li>• Fellowship in Minimal Access Surgery (EMAS) by World Association of Laparoscopic Surgeons-Delhi, India.</li> <li>• Certificate in Senior Management for Health Systems Strengthening,</li> <li>• Diploma in Leadership Development Programme under USAID and MSH</li> </ul> <p>Work Experience:</p> <ul style="list-style-type: none"> <li>• The Chief Executive Officer at Coast General Teaching &amp; Referral Hospital</li> <li>• Chief Administrator at Coast Provincial General Hospital</li> <li>• Medical Director and resident General Surgeon, Aga Khan Hospital</li> <li>• Consultant General Surgeon at Coast Province General Hospital</li> <li>• District Medical Services Officer, Central zone, Coast Province</li> <li>• Medical Superintendent and Consultant Surgeon- Kilifi District</li> </ul> <p>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. Everlyne Sumbi	Head of Quality Assurance & Outreaches
4.	Vincent Ouma	Head of Finance
5.	Hassan Kitsao	Head of Supply Chain
6.	Lilian Ngugi	Head of Support Services
7.	Aziza Mohamed	Head of Human Resource
8.	Mrs. Elizabeth Kivuva	Head of Nursing Department
9.	Dr. Vinesh Vaghela	Head of Internal Medicine Department
10.	Dr. Benjamin Okanga	Head of Surgery Department
11.	Dr. Nawal Aliyan	Head of Obstetrics & Gynaecology
12.	Dr. Nayirat Dor Mohamed	Head of Paediatrics Department
13.	Dr. Irene Muramba	Head of Pathology & Laboratory Department
14.	Dr. Valerie Ntoinya	Head of Radiology Department
15.	Dr. Rafida Ahmed	Head of Pharmacy Department
16.	Dr. Mirfat Shatry	Medical Superintendent Chaani Outreach Centre
17.	Dr. Khadija Sood	Medical Superintendent Vikwatani Outreach Centre
18.	Dr. Mbarak Mohamed	Medical Superintendent Mtongwe Outreach Centre
19.	Dr. Mohamed Dhiyebi	Medical Superintendent Marimani 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 activities include but not limited to: -

- Launch of a five-year strategic plan (2020-2024)
- Operationalization of Mtongwe and Marimani Outreach centres
- Operationalization of radiotherapy centre.
- Construction of a 10-bed prefabricated Covid 19 –ICU supported by JICA
- Initiation of construction of Utange field hospital
- Construction of maternal shelter
- Oxygen piping in all wards
- Renovation of haemophilia clinic
- Renovation of a child therapy room in GBVRC
- Renovation and equipping of microbiology laboratory.
- Start of additional postgraduate programs

***Coast General Teaching & Referral Hospital (Mombasa County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2022***

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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
- 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 demand for services rise with emerging global pandemics that require the hospital to claim its rightful place in the region as a centre of specialized referral health services, with a 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.

Key activities and successes include but not limited to: -

- The five-year strategic plan (2020-2024) was officially launched by H.E. the Governor of Mombasa County, Hassan Joho in October 2021
- Services officially began in Mtongwe and Marimani Outreach centres, ranging from outpatient, inpatient, maternity laboratory and pharmacy.
- The radiotherapy centre constructed and equipped by the National Government was officially launched H.E. The President of the Republic of Kenya, Uhuru Kenyatta
- The Japanese Government through JICA initiative supported with the start of construction and equipping of a 10-bed prefabricated Covid 19 –ICU
- Initiation of construction of Utange field hospital funded through Covid-19 received from National Government
- Construction of maternal shelter initiated with funds from CGTRH FIF
- Oxygen piping in all wards was done with funds from CGTRH
- Renovation of room and launch of haemophilia clinic was done supported by Kenya Haemophilia association
- Renovation of a child therapy room in GBVRC was done funded by ICRH
- Renovation and equipping of microbiology laboratory, and additional equipment donated by Fleming fund
- ESACOP and ECSACOG postgraduate programs were started with admissions of four registrars per class.

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 with reimbursement Ksh.5000 for normal delivery and caesarean section which does not meet the costs.

***Coast General Teaching & Referral Hospital (Mombasa County Government)***  
***Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2022***

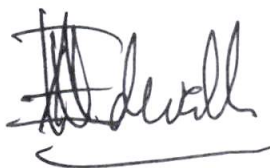
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- Slow remittances from NHIF for submitted claims leading to delays in payment of suppliers and purchase of consumables.
- Non remittances of conditional grant, causing delay in purchase of specialized equipment and development projects.
- Frequent staff unrests during the year affecting consistency of service delivery
- 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
- 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.



**Dr. Iqbal Khandwalla**

**Chief Executive Officer/ Secretary to the Board**

**Coast General Teaching & Referral Hospital (Mombasa County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2022**

**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 22-23. 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 2021/2022 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 Chaani and Vikwatani Outreaches and operationalize Mtongwe, Marimani and Shikaadabu centres	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	Radiotherapy centre operationalized  Diagnostics &. Interventional Cardiology (Cathlab) started  Interventional radiology started  Paediatric surgeon was hired and services started.  Gastroenterology services available  A neonatologist available. Mtongwe and Marimani outreach operationalized  Gynaecology services started  Minimal access surgical (laparoscopic) services started

**Coast General Teaching & Referral Hospital (Mombasa County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2022**

Strategic Pillar/ Theme /Issues	Objective	Key Performance Indicators	Activities	Achievements
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  The number of organizations partnered with	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 department	Training policy drafted Additional postgraduate courses started i.e., ECSACOP & ECSACOG
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 & 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 stock outs	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.

**Coast General Teaching & Referral Hospital (Mombasa County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2022**

Strategic Pillar/ Theme /Issues	Objective	Key Performance Indicators	Activities	Achievements
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.

## **8. 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 have 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.

### **c) Board Remuneration**

***Coast General Teaching & Referral Hospital (Mombasa County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2022***

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Non-Executive Members provide services to the hospital to which they are entitled to an allowance 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

**9. 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:-

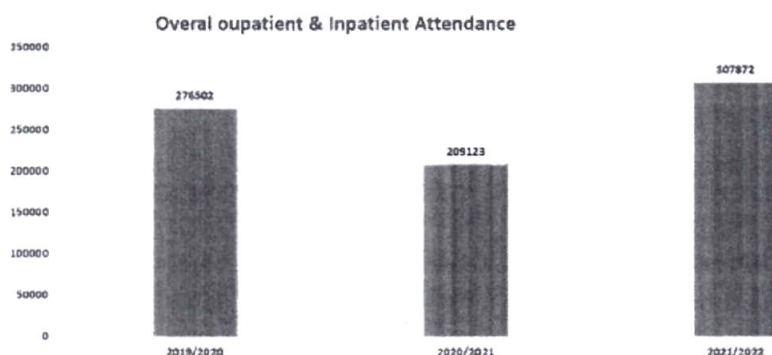
*Coast General Teaching & Referral Hospital (Mombasa County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2022*

**Clinical/Operational Performance**

**Summary Table**

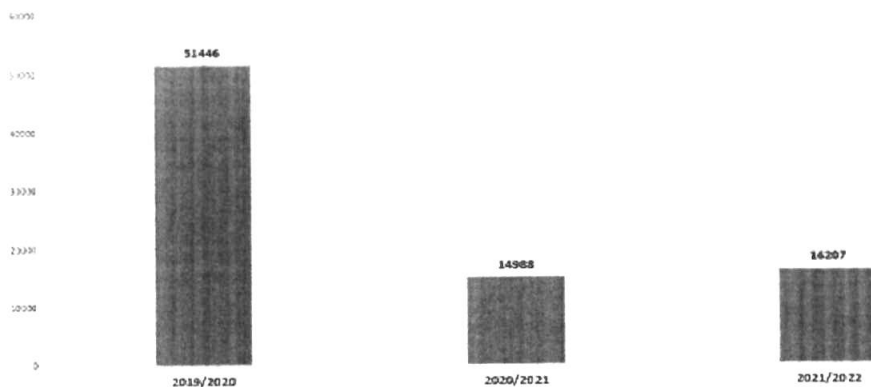
<b>WORKLOAD</b>			
<b>INDICATORS</b>	<b>2019/2020</b>	<b>2020/2021</b>	<b>2021/2022</b>
Overall outpatient & inpatient attendance	276,502.00	209,123.00	307,872.00
OPD Casualty attendance	51,446.00	14,988.00	16,207.00
Special clinics attendance	127,084.00	100,415.00	140,904.00
Bed Capacity	700	700	700
Mortality Rate		8.60	9.10
<b><i>Surgical theater utilisation</i></b>			
Minor surgeries operated	989.00	405.00	855.00
Major surgeries operated	2,887.00	1,621.00	3,613.00

**Workload**



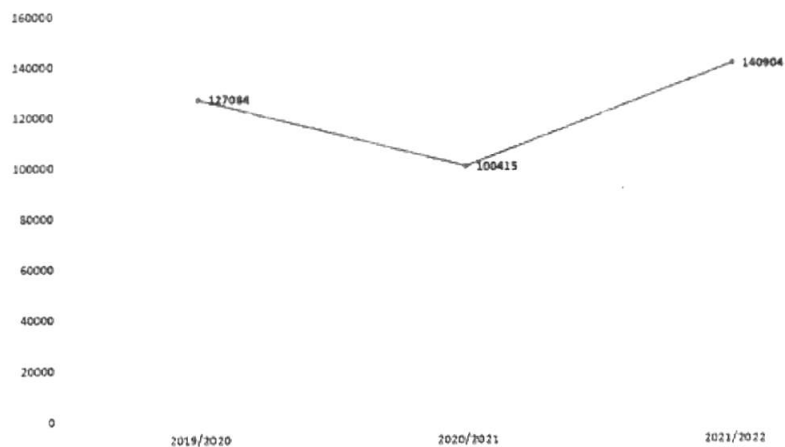
Outpatient and Inpatient attendance for 2020/2021 reduced due to health care workers industrial action in October, November & December and Covid -19 effect during initial month of financial year, where low numbers were reported.

## OPD Casualty attendance



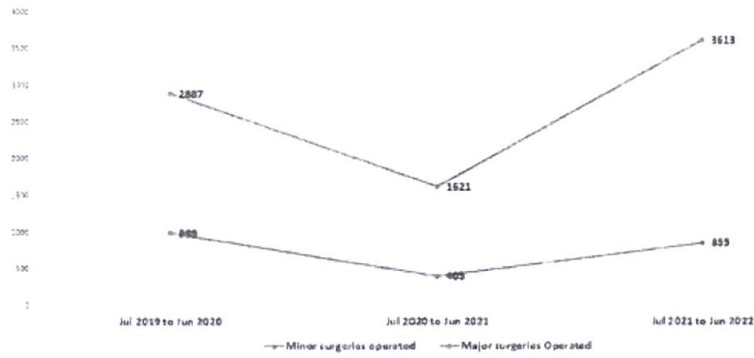
Casualty attendance for 2020/2021 reduced due to health care workers industrial action and Covid -19 effect during initial month of financial year, where low numbers were reported.

## Special clinics attendance

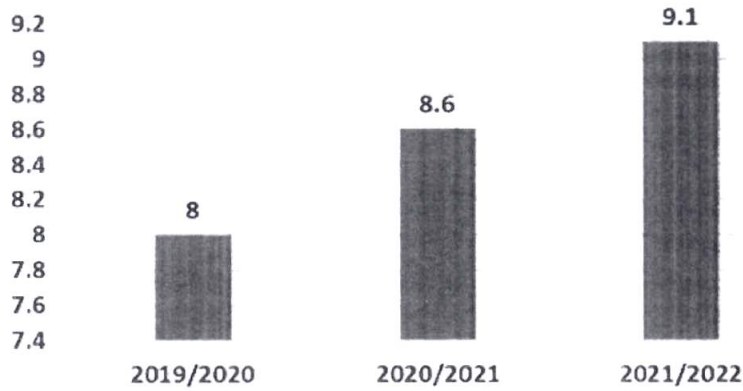


Special clinics attendance for 2020/2021 reduced due to 2 months health care workers industrial action and Covid-19 effect during initial month of financial year, where low numbers were reported.

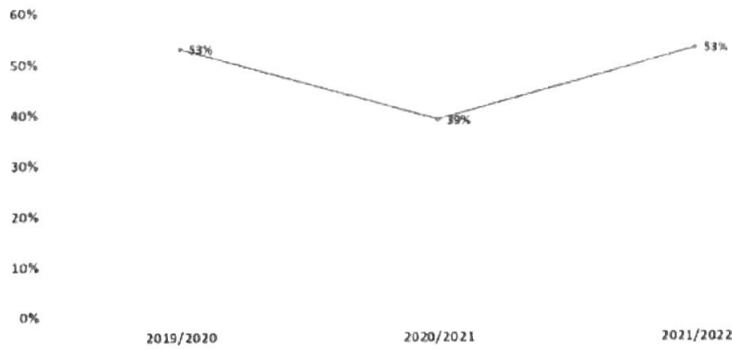
### Surgical theatre utilization



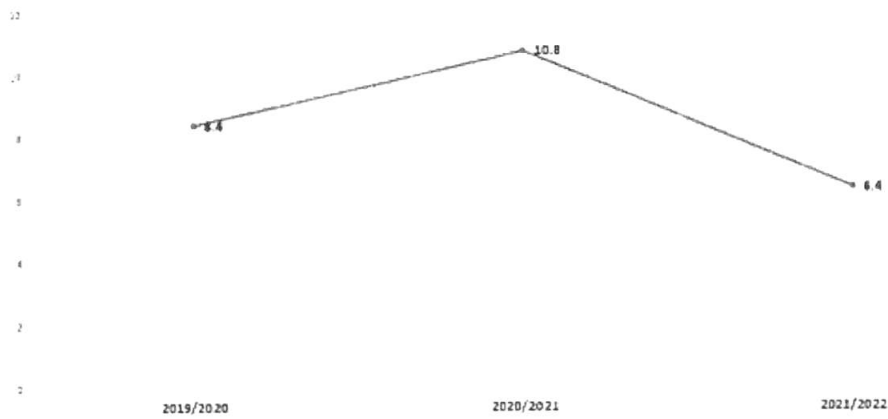
### Mortality rate



### Bed Occupancy Rate



### Average length of stay



**Dr. Iqbal Khandwalla**

**Chief Executive Officer/ Secretary to the Board**

## **10. 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.

***Coast General Teaching & Referral Hospital (Mombasa County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2022***

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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

*Coast General Teaching & Referral Hospital (Mombasa County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2022*

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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.

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

The Board members submit their report together with the Audited Financial Statements for the year ended June 30, 2022, 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 2022 are set out on pages 33 to 58.

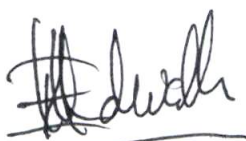
### **Board of Management**

The members of the Board who served during the year are shown on page xxx. During the year, ending 30<sup>th</sup> June 2022 no director retired/ resigned, and no director was appointed with effect from 1<sup>st</sup> July 2021 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**

## 12. Statement of Board of Management's Responsibilities

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

The Board of Management is responsible for the preparation and presentation of the *entity*'s financial statements, which give a true and fair view of the state of affairs of the *entity* for and as at the end of the financial year (period) ended on June 30, 2022. 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, 2022, 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

  
R. IQBAL KHANDWALA

# 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, 2022**

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### **PREAMBLE**

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

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

A 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 set out on pages 1 to 25, which comprise of the statement of financial position as at 30 June, 2022 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. Inaccurate Statement of Financial Position**

Review of the annual reports and financial statements for the year ended 30 June, 2022 revealed non-compliance with the Public Sector Accounting Standards Board reporting template. The statement of position does not include opening balance for financial assets and financial liabilities as required by reporting standards.

In the circumstances, the accuracy, completeness and valuation of balances reported in the statement of financial position could not be confirmed.

### **2. Inaccurate and Unsupported Revenue from Rendering of Services – Medical Service Income**

The statement of financial performance and Note 9 to the financial statements reflects total revenue from rendering of services of Kshs.861,946,663. However, the revenue in respect of sixteen (16) revenue streams totalling to Kshs.602,419,608 differed with ledger balances totalling to Kshs.521,033,030 resulting in unreconciled variance of Kshs.81,386,578.

In the circumstances, the accuracy and completeness of revenue from rendering of service of Kshs.861,946,663 could not be confirmed.

### **3. Unsupported Grants from Donor and Development Partners.**

Note 8 to the financial statements reflects grants from donors and development partners of Kshs.700,000,000. However, the revenue was not supported with documentation, such as donor agreements, delivery notes, updated asset registers and valuation reports.

Consequently, the accuracy, completeness, and existence of the reported donor-funded contributions of Kshs.700,000,000 could not be confirmed.

### **4. Unsupported Cash and Cash Equivalents**

The statement of financial position and Note 19 to the financial statements reflects cash and cash equivalents balance of Kshs.401,618,104. However, the balance was not supported by board of survey reports, bank reconciliation statements, certificates of bank balances for three (3) bank accounts and cash books.

In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.401,618,104 could not be confirmed.

### **5. Unsupported Insurance Recoveries**

The statement of financial performance and Note 9 to the financial statements reflect rendering of services – medical service income of Kshs.861,946,663 which includes

insurance recoveries of Kshs.315,451,671. However, the insurance recoveries income was not supported by ledgers, breakdown of amounts claimed, or any other documentation as required.

In the circumstances, the accuracy and completeness of insurance recoveries of Kshs.315,451,671 could not be confirmed.

## **6. Unsupported Inventory Balances**

The statement of financial position and Note 21 to the financial statements reflect inventories balance of Kshs.474,096,737. However, the balance was not supported by stock registers, physical verification reports and valuation schedules. Further, inventory records provided for audit were either incomplete or not reconciled to the general ledger and there were no records linking use of the items to specific patients or procedures. No inventory reconciliation was provided to account for stocks issued, used, expired or broken items.

In the circumstances, the accuracy, completeness and valuation of inventories balance of Kshs.474,096,737 could not be confirmed.

## **7. Inaccurate Trade and Other Payables Balance**

The statement of financial position and Note 23 to the financial statements reflect trade and payable balances totalling to Kshs.206,591,784. However, schedules provided for audit shows an outstanding payables balance of Kshs.302,153,920 resulting in an unexplained variance of Kshs.95,562,136.

In the circumstances, the accuracy and completeness of the trade and other payables balances of Kshs.206,591,784 could not be confirmed.

## **8. Unsupported Employee Costs**

The statement of financial performance and Note 13 to the financial statements reflect employee costs totalling to Kshs.1,960,656,804 which includes Kshs.1,684,715,240 paid directly by the County Government of Mombasa for permanent and pensionable employees under the Department of Public Health deployed to the Hospital. However, the expenditure was not supported by schedules, Integrated Payroll and Personnel Database (IPPD) extracts and employee list. Further, the balance of Kshs.275,941,564 incurred on casual employees was not supported by attendance registers to show the number of days worked and terms of engagement.

In the circumstances, the accuracy and completeness of employee costs of Kshs.1,960,656,804 could not be confirmed.

## **9. Unsupported Property, Plant and Equipment Balance.**

The statement of financial position and Note 22 to the financial statements reflects property, plant and equipment balance of Kshs.1,969,754,082 which includes additions for the year of Kshs.981,045,811. However, the balance was not supported

by documents including payment vouchers, contracts, delivery notes, stores receipt vouchers and certificates of work done.

In the circumstances, the accuracy, completeness and valuation of property, plant and equipment balance of Kshs.1,969,754,081 could not be confirmed.

#### **10. Unsupported Expenses**

The statement of financial performance reflects total expenses of Kshs.2,722,567,630 which includes medical/clinical costs of Kshs.416,304,346, board expenses of Kshs.3,923,500, repairs and maintenance of Kshs.16,570,823 and general expenses of Kshs.148,683,907 all totalling to Kshs.585,482,576. The amount includes unsupported expenditure in respect of medical/clinical costs Kshs.27,156,200, board expenses Kshs.235,000, repairs and maintenance Kshs.4,425,484 and general expenses of Kshs.63,716,230 all totalling to Kshs.95,532,914. The amounts were not supported by payment vouchers, approvals, invoices and procurement committee minutes.

In the circumstances, the accuracy and completeness of expenses totaling to Kshs.95,532,914 could not be confirmed.

#### **11. Unsupported Medical/Clinical Costs**

The statement of financial performance and Note 12 to the financial statements reflect Kshs.416,304,346 being medical/clinical costs. However, the amount includes unsupported expenditure of Kshs.70,998,829 incurred on laboratory chemical and reagents, purchase of medical gases and X-ray/radiology supplies. However, the expenditure was not supported by payment vouchers and supporting documents including delivery notes, stores receipts vouchers, invoices, procurement documents and approvals.

In the circumstances, the accuracy and completeness of medical/clinical costs totalling to Kshs.70,998,829 could not be confirmed.

#### **12. Unsupported and Inaccurate Property, Plant and Equipment Balance**

The statement of financial position and Note 22 to the financial statements reflects Kshs.1,969,754,082 in respect to property, plant, and equipment which includes motor vehicles valued at Kshs.7,285,400. The motor vehicles balance differs with Kshs.14,570,800 reflected in the asset register resulting in an unexplained variance of Kshs.7,285,400. The register also includes vehicles with nil book value but in use which have not been revalued for reporting purpose.

Further, Note 22 reflects furniture, fittings and office equipment balance of Kshs.282,108,224 which differs with the asset register balance of Kshs.118,581,486 resulting in an unexplained variance of Kshs.163,526,737. The balance further excludes assets valued at Kshs.2,049,280 and negative entries of Kshs.32,002,542 casting doubt on the accuracy of the reported balance. In addition, property, plant, and

equipment balance includes land valued at Kshs.550,000,000 which was not supported by land ownership documents.

In the circumstances, the accuracy, completeness and valuation of property, plant and equipment balance of Kshs.1,969,754,082 could not be confirmed.

### **13. Inaccurate Statement of Cash Flows**

The statement of cash flows reflects cash and cash equivalents of Kshs.401,618,104 as at 30 June, 2022. The balance includes opening cash and cash equivalents balance of Kshs.570,087,273 which was not supported or reported in the opening statements of financial position as required.

In the circumstances, the accuracy and completeness of cash and cash equivalents of Kshs.401,618,104 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. Non-compliance with the Reporting Template**

Review of the financial statements of the Hospital presented for audit revealed the following errors and inaccuracies:

- i. The reporting template prescribed numbering format for specific segments which had not been complied with. The numbering was inconsistently applied resulting in numbering errors across the financial statements and annual report.
- ii. The statement of financial position and the statement of financial performance was not signed by the chairman and chief executive officers as required.
- 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 containing generic wordings provided by the IPSAS reporting template.

In the circumstances, the financial statements have not been prepared in compliance with the template issued by the Public Sector Accounting Standards Board.

### **2. Late Submission of Financial Statements for Audit**

The financial statements for the year ended 30 June, 2022 was submitted to the Office of the Auditor-General on 29 November, 2024 which was two (2) years after the

statutory deadline thereby undermining statutory accountability and delaying the audit process. 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.

### **3. Avoidable Legal Expenses due to Non-Compliance with Court Orders**

Review of expenditure 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 a supplier 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 contrary to Section 149 (1) of the Public Finance Management Act, 2012 which requires the Accounting Officer to be accountable to the County Assembly for ensuring that the resources of the entity for which the officer is designated are used in a way that is lawful and authorised, effective, efficient, economical and transparent.

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

### **4. Failure to Transfer Revenue to the County Revenue Fund**

The statement of financial performance reflects Kshs.871,431,163 as revenue from exchange transactions, which includes Kshs.861,946,663 collected from various medical services by the Hospital. Review of documents provided for audit revealed that the revenue was retained and utilized at source without formal approval contrary to 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.

### **5. Lack of Approved of Budget for the Financial Year 2021/2022**

The statement of comparison of budget and actual amounts reflects total budgeted income and expenditure of Kshs.3,516,154,546 and Kshs.3,256,146,403. However, the budget provided for audit was neither approved nor signed. In addition, departmental budgets were not prepared to support the consolidated overall budget. No document was provided for audit confirmation that the final budget was derived from departmental submissions, involvement or 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.

Further, the statement does not include explanations on variances above the set threshold contrary to IPSAS 24 on presentation of budget information in financial statements, which requires entities to account for approved budget figures and explain variances between budgeted and actual performance.

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

#### **6. Delay in Implementation and Irregular Payment of Retention Money for Utange Field Hospital Project**

The statement of financial position and Note 22 to the financial statements reflect a balance of Kshs.1,969,754,081 under property, plant, and equipment, which includes Kshs.126,167,933 relating to 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 and expected completion date of 26 March, 2022 with defects liability period of twelve months. The progress report of 5 January, 2022 showed physical progress of 29.9% against a planned 60%, and no updated reports were provided thereafter. Further, the contract price was varied upwards by Kshs.58,065,104 (24.7%) however, no document approval was provided for audit confirmation.

Physical inspection conducted on 24 July, 2025 shows 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 exposing public funds to possible loss. 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 and Section 151(2)(h), which requires that final retention payments be made only upon full completion and proper closure of the contract.

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

#### **7. Non-Disclosure of Donated Drugs from KEMSA**

Review of documents provided for audit revealed that the Hospital received assorted drugs and medical supplies from KEMSA at no cost during the year. However, the donations were neither recognized as revenue nor disclosed in the notes to the financial statements, and no supporting documentation such as delivery notes, valuation records, or internal acknowledgements were maintained to confirm their receipt or utilization. This omission contravenes IPSAS 23 that requires donations of goods such as pharmaceuticals and medical supplies received at no cost be recognized as non-exchange revenue, with their fair value reliably measured and disclosed in the financial statements as revenue and either inventory or expense, depending on use.

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

## **8. Procurement and Contract Management Deficiencies**

Review of sampled contract for security services valued at Kshs.26,528,400 revealed lack of essential procurement documents, including the form of tender, conditions of contract, technical specifications, and schedules contrary to Section 95 of the Public Procurement and Asset Disposal Act, 2015, which requires proper documentation of prequalification and contract management processes, including evaluation reports, professional opinions, and approval by the Accounting Officer.

Further, review of ICT services revealed that the Hospital incurred Kshs.1,263,500 for internet provision without a signed contract or Service Level Agreements (SLAs) with the service providers. This contravenes Section 7.2 of ICTA.5.002:2019 on Service Level Management, which requires public entities to establish formal SLAs with ICT service providers. The absence of such agreements undermines accountability and limits the Hospital's ability to assess service delivery against agreed performance standards.

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

## **9. Breach of Data Protection Act**

Management collects and manages 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 was availed by the entity to indicate that Management was registered with the Data Commissioner as a data controller or data processor. This is contrary to Section 18 (1) of the Data Protection Act, 2019 which states subject to sub-section 2 no person shall act as the data controller or data processor unless registered with the office of the Data Protection Commissioner.

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**

Audit review of the Hospital's revenue management systems and financial records revealed major weaknesses in internal controls and inadequate documentation for significant income. There was no segregation of duties within the revenue function, as a single officer was 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 internal controls on revenue collection could not be confirmed.

## **2. Failure to Establish Internal Audit Unit and Audit Committee**

The Hospital has not established an audit committee and internal audit function 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. As a consequence, the operational efficiency, effective financial and non-financial performance could not be guaranteed.

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 or approved annual Board Work Plan 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, 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 and Steering Committees**

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 governance structures 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 for 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**

**02 December, 2025**


**Coast General Teaching & Referral Hospital (Mombasa County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2022**

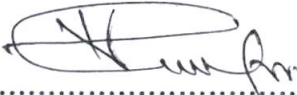
**14. Statement of Financial Performance for The Year Ended 30 June 2022**

Description	Note	30-Jun-22 Kshs	30-Jun-21 Kshs
<b>Revenue from non-e0change transactions</b>			
Transfers from the County Government	6	-	-
In-kind contributions from the County Government	7	1,684,715,240.00	-
Grants from donors and development partners	8	700,000,000.00	-
		<b>2,384,715,240.00</b>	-
<b>Revenue from e0change transactions</b>			
Rendering of services - Medical Service Income	9	861,946,663.00	-
Revenue from rent of facilities	10	278,000.00	-
Miscellaneous Income	11	9,206,500.00	-
		<b>871,431,163.00</b>	-
<b>Total revenue</b>		<b>3,256,146,403.00</b>	-
<b>Expenses</b>			
Medical/Clinical costs	12	416,304,345.50	-
Employee costs	13	1,960,656,803.75	-
Board of Management Expenses	14	3,923,500.00	-
Depreciation and amortization expense	15	176,428,249.59	-
Repairs and maintenance	16	16,570,823.31	-
General expenses	17	148,683,907.40	-
		<b>2,722,567,629.55</b>	-
<b>Other gains/(losses)</b>			
Medical services contracts Gains/Losses	18	67,504,543.00	-
		<b>67,504,543.00</b>	-
<b>Net Surplus / (Deficit) for the year</b>		<b>466,074,230.45</b>	-

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 30<sup>th</sup> June 2022**

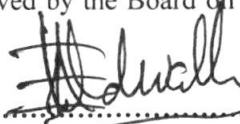
**15. Statement of Financial Position As At 30<sup>th</sup> June 2022**


Description	Note	30-Jun-22 Kshs	30-Jun-21 Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	19	401,618,103.58	-
Receivables from exchange transactions	20	76,168,709.00	-
Inventories	21	474,096,736.50	-
<b>Total Current Assets</b>		<b>951,883,549.08</b>	-
<b>Non-current assets</b>			
Property, plant, and equipment	22	1,969,754,081.60	-
<b>Total Non-current Assets</b>		<b>1,969,754,081.60</b>	-
<b>Total assets</b>		<b>2,921,637,630.68</b>	-
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	23	206,591,784.06	-
<b>Total Current Liabilities</b>		<b>206,591,784.06</b>	-
<b>Non-current liabilities</b>			
<b>Total Non-current liabilities</b>		-	-
<b>Total Liabilities</b>		<b>206,591,784.06</b>	-
<b>Net assets</b>			
Revaluation reserve		-	-
Accumulated surplus/Deficit		2,715,045,846.62	-
		-	-
		<b>2,715,045,846.62</b>	-
<b>Total Net Assets and Liabilities</b>		<b>2,921,637,630.68</b>	-

(The notes set out on pages 1 to 25 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 30<sup>th</sup> June 2022*

**16. Statement of Changes in Net Asset for The Year Ended 30 June 2022**

Description	Revaluation Reserve	Accumulated Surplus/Deficit	Capital Fund	Total
<b>As at July 1, 2020</b>	-	-	-	-
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	-	-	-
Capital/Development grants	-	-	-	-
<b>As at June 30, 2021</b>	-	-	-	-
<b>At July 1, 2021</b>	-	2,248,971,616.18	-	<b>2,248,971,616.18</b>
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	466,074,230.45	-	<b>466,074,230.45</b>
Capital/Development grants	-	-	-	-
<b>At June 30, 2022</b>	-	<b>2,715,045,846.62</b>	-	<b>2,715,045,846.62</b>

*Coast General Teaching & Referral Hospital (Mombasa County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2022*

**17. Statement of Cash Flows for The Year Ended 30 June 2022**

Description	Note	30-Jun-22 Kshs	30-Jun-21 Kshs
<b>Cashflows from Operating Activities</b>			
<b>Receipts</b>			
Transfers from the County Government		-	-
Rendering of services - Medical Service Income		794,442,120.00	-
Revenue from Rent of Facilities		278,000.00	-
NHIF Receivables		377,167,363.00	-
Miscellaneous Receipts		9,206,500.00	-
<b>Total Receipts</b>		<b>1,181,093,983.00</b>	-
<b>Payments</b>			
Medical/Clinical Costs		(416,304,345.50)	-
Employee Costs		(275,941,563.75)	-
Board of Management Expenses		(3,923,500.00)	-
Repairs and maintenance		(16,570,823.31)	-
Payables		(207,093,200.34)	-
General Expenses		(148,683,907.40)	-
<b>Total Payments</b>		<b>(1,068,517,340.30)</b>	-
<b>Net Cashflows from Operating Activities</b>		<b>112,576,642.70</b>	-
<b>Cashflows from Investing Activities</b>			
Purchase of Property, Plant, Equipment & Intangible Assets		(281,045,811.82)	-
Proceeds From the Sale of Property, Plant & Equipment		-	-
Acquisition of Investments		-	-
<b>Net Cashflows from Investing Activities</b>		<b>(281,045,811.82)</b>	-
<b>Cashflows from Financing Activities</b>			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Capital grants received		-	-
<b>Net Cashflows from Financing Activities</b>		<b>-</b>	-
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>		<b>(168,469,169.12)</b>	-
Cash and cash equivalents as at 1 July	18	570,087,272.70	-
<b>Cash &amp; Cash Equivalents As At 30 June</b>	<b>18</b>	<b>401,618,103.58</b>	-

*Coast General Teaching & Referral Hospital (Mombasa County Government)*  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2022

**18. Statement of Comparison of Budget and Actual Amounts for Year Ended 30 Jun 2022**

Description	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Performance Difference	% of Utilisation
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
<b>Revenue</b>						
Transfers from the County Government	1,684,715,240.00	-	1,684,715,240.00	1,684,715,240.00	-	100.00%
Grants from Donors & Development Partners	603,000,000.00	-	603,000,000.00	700,000,000.00	(97,000,000.00)	116.09%
Transfers from Other Government Entities	388,439,306.00	-	388,439,306.00	-	388,439,306.00	0.00%
Public Contributions & Donations	-	-	-	-	-	0.00%
Rendering of Services - Medical Service Income	839,722,000.00	-	839,722,000.00	861,946,663.00	(22,224,663.00)	102.65%
Revenue from Rent of Facilities	278,000.00	-	278,000.00	278,000.00	-	100.00%
Finance/Interest Income	-	-	-	-	-	0.00%
Miscellaneous Receipts (Training)	-	-	-	9,206,500.00	(9,206,500.00)	0.00%
<b>Total Income</b>	<b>3,516,154,546.00</b>	<b>-</b>	<b>3,516,154,546.00</b>	<b>3,256,146,403.00</b>	<b>260,008,143.00</b>	<b>92.61%</b>
<b>Expenses</b>						
Medical/Clinical Costs	380,000,000.00	-	380,000,000.00	416,304,345.50	(36,304,345.50)	109.55%
Employee Costs	1,601,000,000.00	-	1,601,000,000.00	1,606,941,563.75	(5,941,563.75)	100.37%
Remuneration of Directors	5,000,000.00	-	5,000,000.00	3,923,500.00	1,076,500.00	78.47%
Repairs & Maintenance	22,000,000.00	-	22,000,000.00	16,570,823.31	5,429,176.69	75.32%
Grants & Subsidies	-	-	-	-	-	0.00%
General Expenses	217,220,000.00	-	217,220,000.00	148,683,907.40	68,536,092.60	68.45%
Finance Costs	219,306.00	-	219,306.00	-	219,306.00	0.00%
<b>Surplus for the Period</b>	<b>1,290,715,240.00</b>	<b>-</b>	<b>1,290,715,240.00</b>	<b>5,448,570,542.96</b>	<b>(4,157,855,302.96)</b>	<b>422.14%</b>
<b>Capital Expenditure</b>	<b>937,000,000.00</b>	<b>-</b>	<b>937,000,000.00</b>	<b>981,045,811.82</b>	<b>(44,045,811.82)</b>	<b>104.70%</b>

Grants from donors and development partners represented Sponsorship for Cancer centre of 500m and 200m for CT Scan and MRI centre.

***Coast General Teaching & Referral Hospital (Mombasa County Government)***  
***Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2022***

**19. 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 Adabu. In May 2021, through Executive Order No.1 of 2021. The entity 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 entity's accounting policies.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *entity*. The financial statements have been prepared in accordance with the PFM Act, and 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***

**Applicable: 1<sup>st</sup> January 2023**

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 Entity's future cash flows.

IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:

**IPSAS 41:**

Financial Instruments

- 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 Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.

*Coast General Teaching & Referral Hospital (Mombasa County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2022*

*Notes to the Financial Statements Continued*

**IPSAS 42: Social Benefits**

*Applicable 1<sup>st</sup> January 2023*

The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The

- The nature of such social benefits provided by the Entity.
- The key features of the operation of those social benefit schemes; and
- The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.

*Applicable 1<sup>st</sup> January 2023*

Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments

- Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when
  - Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was
  - Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when
- 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 1<sup>st</sup> January 2023*

Other improvements to IPSAS

- IPSAS 22 Disclosure of Financial Information about the General Government Sector.*  
Amendments to refer to the latest System of National Accounts (SNA)
- 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 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.

*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 1<sup>st</sup> January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>

***Coast General Teaching & Referral Hospital (Mombasa County Government)***  
***Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2022***

***Notes to the Financial Statements Continued***

IPSAS 44: Non- ***Applicable 1<sup>st</sup> January 2025***

Current Assets Held The Standard requires:-

for Sale and

Discontinued

Operations

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.

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

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

#### **4. Summary of Significant Accounting Policies**

##### **a. Revenue recognition**

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

###### **Transfers from other Government entities**

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

##### **ii) Revenue from exchange transactions**

###### **Rendering of services**

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

###### **Sale of goods**

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

###### **Interest income**

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

###### **Rental income**

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

##### **b. Budget information**

The original budget for FY 2021/22 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 entity upon receiving the respective approvals in order to conclude the final budget. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

*Coast General Teaching & Referral Hospital (Mombasa County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2022*

*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.

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

**e. Property, plant and equipment**

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

*Coast General Teaching & Referral Hospital (Mombasa County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2022*

*Notes to the Financial Statements (Continued)*

**f. Leases**

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

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

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

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

**g. Intangible assets**

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

**h. Research and development costs**

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

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

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

*Coast General Teaching & Referral Hospital (Mombasa County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2022*

*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.

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

**Classification of financial assets**

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

**Subsequent measurement**

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

**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 30<sup>th</sup> June 2022*

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

**Trade and other receivables**

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

**Impairment**

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

**Financial liabilities Classification**

The entity 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 fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

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

***Coast General Teaching & Referral Hospital (Mombasa County Government)***  
***Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2022***

***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 entity.

**k. Provisions**

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

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

**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 entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

**m. Contingent liabilities**

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

**n. Contingent assets**

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

*Coast General Teaching & Referral Hospital (Mombasa County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2022*

*Notes to the Financial Statements (Continued)*

**o. Nature and purpose of reserves**

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

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

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

**q. Employee benefits**

**Retirement benefit plans**

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

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

**u. Service concession arrangements**

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

***Coast General Teaching & Referral Hospital (Mombasa County Government)***  
***Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2022***

***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, 2022.

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

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

**Estimates and assumptions.**

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

**Useful lives and residual values**

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

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

**Provisions**

Provisions were raised and management determined an estimate based on the information available. 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 30<sup>th</sup> June 2022**

**Notes to Financial Statements Continued**

**6. Transfers from the County Government**

Description	30-Jun-22 KShs	30-Jun-21 KShs
<b>Unconditional grants</b>		
Operational grant	-	-
	-	-
<b>Conditional grants</b>		
Others	-	-
<b>Total government grants and subsidies</b>	-	-

**6 b Transfers from The County Government**

Name of the Entity sending the grant	Amount recognized to Statement of financial performance* KShs	Amount recognised in capital fund KShs	Total grant income during the year KShs
Mombasa County Government	-	-	-
<b>Total</b>	-	-	-

**7. Contributions in Kind from Mombasa County Government**

Salaries & Wages	1,684,715,240.00	-	1,684,715,240.00	-
<b>Total</b>	<b>1,684,715,240.00</b>	-	<b>1,684,715,240.00</b>	-

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

Description	30-Jun-22 KShs	30-Jun-21 KShs
Cancer Centre Grant - National Government	500,000,000.00	-
MRI/C-Scan Centre Grant - National Government	200,000,000.00	-
<b>Total grants from development partners</b>	<b>700,000,000.00</b>	-

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

Name of the Entity 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	-	700,000,000.00	700,000,000.00	-
<b>Total</b>	-	<b>700,000,000.00</b>	<b>700,000,000.00</b>	-

*Coast General Teaching & Referral Hospital (Mombasa County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2022*

Notes to Financial Statements Continued

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

Description	30-Jun-22 Kshs	30-Jun-21 Kshs
Insurance recoveries	315,451,671.00	-
Pharmaceuticals	111,745,912.00	-
Non-Pharmaceuticals	36,855.00	-
Laboratory	59,736,670.00	-
Radiology	49,161,865.00	-
Orthopedic and Trauma Technology	1,524,276.00	-
Theatre	20,429,327.00	-
Accident and Emergency Service	3,392,216.00	-
Public Health	133,074.00	-
Ear Nose and Throat service	1,009,920.00	-
Nutrition service	21,990,638.00	-
Cancer centre service	856,800.00	-
Dental services	8,123,458.00	-
Reproductive health	1,496,669.00	-
Paediatrics services	102,400.00	-
Farewell home services	28,411,200.00	-
Amenity	16,945,713.00	-
Health Records	16,497,430.00	-
Inpatient Services	65,212,814.00	-
ICU	13,150,434.00	-
Cardiac Clinic	7,505,746.00	-
Renal Unit	4,840,619.00	-
Cathlab	4,543,549.00	-
Outpatient Services	4,137,538.00	-
Physiotherapy	1,943,835.00	-
Clinics	4,543,422.00	-
Occupational Therapy	490,723.00	-
Services concession income	67,504,543.00	-
Other medical services income	408,494.00	-
Other medical services income (Mtongwe)	3,688,230.00	-
Other medical services income (Chaani)	14,182,970.00	-
Other medical services income (Vikwatani)	12,417,087.00	-
Other medical services income (Marimani)	330,565.00	-
<b>Total revenue from the rendering of services</b>	<b>861,946,663.00</b>	<b>-</b>

**10. Revenue From Rent of Facilities**

Description	30-Jun-22 Kshs	30-Jun-21 Kshs
Commercial property	278,000.00	-
<b>Total Revenue from rent of facilities</b>	<b>278,000.00</b>	<b>-</b>

*Coast General Teaching & Referral Hospital (Mombasa County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2022*

**Notes to Financial Statements Continued**

**11. Miscellaneous Income**

Description	30-Jun-22 KShs	30-Jun-21 KShs
Training	9,206,500.00	-
<b>Total Miscellaneous income</b>	<b>9,206,500.00</b>	<b>-</b>

**12. Medical/ Clinical Costs**

Description	30-Jun-22 Kshs	30-Jun-21 Kshs
Dental costs/ materials	2,421,420.50	-
Laboratory chemicals and reagents	46,779,546.10	-
Food and Ration	46,882,865.00	-
Uniform, clothing, and linen	4,384,581.00	-
Dressing and Non-Pharmaceuticals	158,464,085.25	-
Pharmaceutical supplies	87,623,911.95	-
Health information stationery	17,360,572.30	-
Sanitary and cleansing Materials	27,639,815.80	-
Purchase of Medical gases	10,938,202.00	-
X-Ray/Radiology supplies	13,281,080.60	-
Patients Travels	528,265.00	-
<b>Total medical/ clinical costs</b>	<b>416,304,345.50</b>	<b>-</b>

**13. Employee Costs**

Description	30-Jun-22 Kshs	30-Jun-21 Kshs
Salaries, Wages & Allowances	275,941,563.75	-
Salaries, Wages & Allowances Paid in Kind	1,684,715,240.00	-
<b>Employee costs</b>	<b>1,960,656,803.75</b>	<b>-</b>

**14. Board of Management Expenses**

Description	30-Jun-22 Kshs	30-Jun-21 Kshs
Sitting allowance	3,923,500.00	-
<b>Total</b>	<b>3,923,500.00</b>	<b>-</b>

**15. Depreciation and Amortization Expense**

Description	30-Jun-22 Kshs	30-Jun-21 Kshs
Property, plant and equipment	176,428,249.59	-
<b>Total depreciation and amortization</b>	<b>176,428,249.59</b>	<b>-</b>

*Coast General Teaching & Referral Hospital (Mombasa County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2022*

**Notes to Financial Statements Continued**

**16. Repairs And Maintenance**

Description	30-Jun-22 Kshs	30-Jun-21 Kshs
Property- Buildings	7,429,611.00	-
Medical equipment	4,762,267.70	-
Computers and accessories	2,340,504.10	-
Motor vehicle expenses	2,038,440.51	-
<b>Total repairs and maintenance</b>	<b>16,570,823.31</b>	<b>-</b>

**17. General Expenses**

Description	30-Jun-22 Kshs	30-Jun-21 Kshs
Advertising and publicity expenses	68,440.00	-
Catering expenses	1,272,981.00	-
Bank charges	374,730.00	-
Conferences and delegations	3,933,650.00	-
Contracted services	5,069,331.00	-
Electricity expenses	59,431,907.00	-
Fuel and Lubricants	1,731,620.00	-
Other Fuels	2,964,900.00	-
Insurance	1,007,308.00	-
Travel and accommodation allowance	2,980,084.00	-
Courier and postal services	25,190.00	-
Printing and stationery	951,257.50	-
Water and sewerage costs	13,326,530.90	-
Telephone and mobile phone services	4,502,364.00	-
Internet expenses	1,263,500.00	-
Staff training and development	5,772,458.00	-
Subscriptions to newspapers periodical, magazi	16,859.00	-
Security	23,540,376.00	-
Other General Expenses	19,566,905.00	-
Miscellaneous Refunds	883,516.00	-
<b>Total General Expenses</b>	<b>148,683,907.40</b>	<b>-</b>

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

Description	30-Jun-22 KShs	30-Jun-21 KShs
Waivers	27,516,202.00	-
Exemptions	39,988,341.00	-
<b>Total Gain/Loss</b>	<b>67,504,543.00</b>	<b>-</b>

*Coast General Teaching & Referral Hospital (Mombasa County Government)*  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2022**

**Notes to Financial Statements Continued**

**19. Cash And Cash Equivalents**

Description	30-Jun-22 KShs	30-Jun-21 KShs
Current accounts	401,473,343.58	-
Cash in hand	144,760.00	-
Mobile money	-	-
<b>Total cash and cash equivalents</b>	<b>401,618,103.58</b>	<b>-</b>

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

Description	Account Number	30-Jun-22 KShs	30-Jun-21 KShs
<b>a) Current account</b>			
National Bank of Kenya - FIF	01001089054900	214,605,414.55	141,883,970.60
National Bank of Kenya - FM	01001089054600	23,050,968.60	3,352,911.20
Equity Bank - Covid Fund	1560280107223	148,847,881.60	414,337,369.70
KCB - Chaani	1267891734	9,140,574.20	6,452,563.50
KCB - Vikwatani	1267891327	5,828,504.63	4,060,457.70
<b>Sub-Total</b>		<b>401,473,343.58</b>	<b>570,087,272.70</b>
<b>b) Others</b>			
Cash in Hand		144,760.00	-
<b>Sub-Total</b>		<b>144,760.00</b>	<b>-</b>
<b>Grand Total</b>		<b>401,618,103.58</b>	<b>570,087,272.70</b>

**20. Receivables From Exchange Transactions**

Description	30-Jun-22 KShs	30-Jun-21 KShs
Medical services receivables	71,891,709.00	-
Other exchange debtors	4,277,000.00	-
<b>Total receivables</b>	<b>76,168,709.00</b>	<b>-</b>

**Analysis of Receivables From Exchange Transactions**

Description	30-Jun-22 KShs	%	30-Jun-21 KShs	%
Less than 1 year	64,185,423.00	%	-	%
Between 1- 2 years	11,983,286.00	%	-	%
<b>Total (a+b)</b>	<b>76,168,709.00</b>	<b>%</b>	<b>-</b>	<b>%</b>

**21. Inventories**

Description	30-Jun-22 KShs	30-Jun-21 KShs
Inventories	474,096,736.50	-
<b>Total</b>	<b>474,096,736.50</b>	<b>-</b>

*Coast General Teaching & Referral Hospital (Mombasa County Government)*  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2022**

**Notes to Financial Statements Continued**

**22. Property, Plant and Equipment**

Description	Land	Buildings & Civil Works	Motor Vehicles	IT/Office Equipment	ICT Equipment	Plant & Medical Equipment	Capital Work in Progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
<b>Cost</b>								
At 1 July 2020	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-
<b>At 30<sup>th</sup> Jun 2021</b>	-	-	-	-	-	-	-	-
At 1 July 2021	550,000,000.00	550,000,000.00	18,213,500.00	32,461,471.00	-	84,800,000.00	-	1,235,474,971.00
Additions	-	200,000,000.00	-	303,859,986.80	1,330,000.00	349,687,891.22	126,167,933.80	981,045,811.82
Disposals	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-
<b>At 30<sup>th</sup> Jun 2022</b>	550,000,000.00	750,000,000.00	18,213,500.00	336,321,457.80	1,330,000.00	434,487,891.22	126,167,933.80	2,216,520,782.82
<b>Depreciation and impairment</b>								
<b>Rate</b>	0.00%	0.00%	20.00%	12.50%	30.00%	30.00%	0.00%	
At 1 July 2021	-	-	7,285,400.00	12,173,051.63	-	50,880,000.00	-	70,338,451.63
Depreciation for the year	-	-	3,642,700.00	42,040,182.23	399,000.00	130,346,367.37	-	176,428,249.59
Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
<b>At 30 June 2022</b>	-	-	10,928,100.00	54,213,233.85	399,000.00	181,226,367.37	-	246,766,701.22
<b>Net book values</b>								
At 30 <sup>th</sup> Jun 2022 (previous)	550,000,000.00	550,000,000.00	10,928,100.00	20,288,419.38	-	33,920,000.00	-	1,165,136,519.38
At 30 <sup>th</sup> Jun 2022 (current)	550,000,000.00	750,000,000.00	7,285,400.00	282,108,223.95	931,000.00	253,261,523.85	126,167,933.80	1,969,754,081.60

*Coast General Teaching & Referral Hospital (Mombasa County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2022*

**Notes to Financial Statements Continued**

**23. Trade and other Payables**

Description	30-Jun-22 KShs	30-Jun-21 KShs		
Trade payables	173,632,146.96	-		
Employee Dues (Gratuity)	32,959,637.10	-		
Audit fee	-	-		
<b>Total trade and other payable:</b>	<b>206,591,784.06</b>	<b>-</b>		
<b>Ageing analysis:</b>	<b>Current FY</b>	<b>% of the Total</b>	<b>Comparative FY</b>	<b>% of the total</b>
Under one year	112,635,470.66	54.52%	-	%
Over 3 years	93,956,313.40	45.48%	-	%
<b>Total</b>	<b>206,591,784.06</b>	<b>100.00%</b>	<b>-</b>	<b>%</b>

**24. Financial Risk Management**

The entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The 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 entity's financial risk management objectives and policies are detailed below:

**(i) Credit risk**

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

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

The table below represents cash flows payable by the 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.

*Coast General Teaching & Referral Hospital (Mombasa County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2022*

**Notes to Financial Statements Continued**

**(iii) Market risk**

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

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

**a) Foreign currency risk**

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

**b) Interest rate risk**

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

**Management of interest rate risk**

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

**Sensitivity analysis**

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

**iv) Capital Risk Management**

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

***Coast General Teaching & Referral Hospital (Mombasa County Government)***  
***Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2022***

**Notes to Financial Statements Continued**

**25. Related Party Balances**

**Nature of related party relationships**

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

Mombasa County Government is the principal shareholder of the entity, holding 100% of the entity's equity interest. The National Government of Kenya has provided full guarantees to all long-term lenders of the entity, both domestic and e0ternal. The related parties include:

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

**26. Segment Information**

<b>Naration</b>	<b>Chaani</b>	<b>Vikwatani</b>	<b>Total</b>
Revenue	14,182,970.00	12,417,087.00	26,600,057.00
<b>Expenses</b>			
Medical Drugs	2,604,344.00	2,311,853.27	4,916,197.27
X-Ray	35,483.00	-	35,483.00
Printing & Publishing	70,200.00	324,615.00	394,815.00
Laboratory Materials, Supplies & Small Equipment	1,335,131.00	1,035,593.00	2,370,724.00
Maintenance Of Building	-	34,400.00	34,400.00
Sanitary & Cleaning	271,722.00	356,924.00	628,646.00
Non-Pharms	1,727,740.00	1,874,674.00	3,602,414.00
Water	326,028.50	92,250.00	418,278.50
Electricity	1,070,000.00	511,833.00	1,581,833.00
Food & Ration	583,483.00	718,187.00	1,301,670.00
Tel/Airtime	-	31,030.00	31,030.00
Internet	194,203.80	237,967.80	432,171.60
Casuals	201,255.00	133,102.00	334,357.00
Security	2,958,369.00	2,980,611.00	5,938,980.00
Training	117,000.00	6,000.00	123,000.00
<b>Total Expenses</b>	<b>11,494,959.30</b>	<b>10,649,040.07</b>	<b>22,143,999.37</b>
<b>Surplus</b>	<b>2,688,010.70</b>	<b>1,768,046.93</b>	<b>4,456,057.63</b>

Mtongwe and Marimani were in their first year of operations, their expenses were borne by the main

**27. Events after the Reporting Period**

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

**28. Ultimate and Holding Entity**

The entity is a Semi- Autonomous Government Agency under the Department of Health. Its ultimate parent is the County Government of Mombasa.

**29. Currency**

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