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REPORT

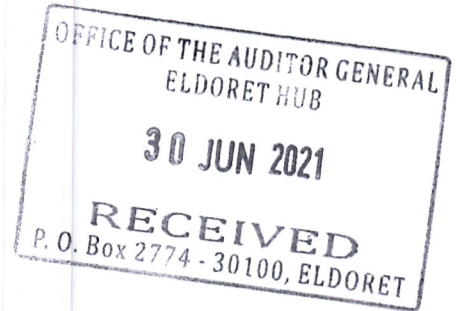
OF

THE AUDITOR-GENERAL

ON

**MOI TEACHING AND REFERRAL
HOSPITAL**

**FOR THE YEAR ENDED
30 JUNE, 2020**



An ISO 9001:2015 Certified Hospital



MOI TEACHING AND REFERRAL HOSPITAL

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

JUNE 30, 2020

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

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I. KEY INFORMATION AND MANAGEMENT

a) Background information

Moi Teaching and Referral Hospital (MTRH) was established under Legal Notice No.78 of 12th June 1998 of the State Corporations Act (Cap 446). At cabinet level, MTRH reports to the Cabinet Secretary for Health who is responsible for the general policy and strategic direction for healthcare in Kenya.

The Hospital was established in 1916 as a cottage hospital to cater for the Africans health care needs. It has grown tremendously to a fully-fledged Multi-Specialty referral facility with several inpatient and outpatient health care services. It also incorporates the Academic Model Providing Access to Healthcare (AMPATH), Centre for Assault Recovery-Eldoret (CAR-E), and Partners with Moi University (College of Health Sciences) and Regional Blood Transfusion Services (RBTS).

b) Principal activities

The Hospital's mandate is to:

- i) Receive patients on Referral from other Hospitals or Institutions within or outside Kenya for specialized health care;
- ii) Provide facilities for Medical education for the Moi University, and for research either directly or through other co-operating health institutions;
- iii) Provide facilities for education and training in Nursing and other health and allied professions;
- iv) Participate as a National Referral Hospital in National Health Planning.

c) Key Management

MTRH is managed under the following key organs:

1. Board of Directors
2. Chief Executive Officer (Accounting Officer)
3. Senior Management/Head of Directorates

d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2020 and who had direct fiduciary responsibility were:

Designation	Name	Professional Membership Number	Certification Body
1.Chief Executive Officer	Dr. Wilson K. Aruasa, EBS	A4530	KMPDB
2.Senior Director - Clinical Services	Dr. Philip Kirwa	A4215	KMPDB
3. Senior Director – Administration & Finance	Dr. Benjamin Tarus (PhD)	2471	ICPSK
4.Director, Finance	Mr. Mathews Birgen	3915	ICPAK
5.Manager, Finance	Mr. Thomas Ngetich	7617	ICPAK
6.Manager, Supply Chain	Mr. Bill Peter Saina	62672	KISM

e) **Fiduciary Oversight Arrangements**

To achieve corporate governance, MTRH has the following key fiduciary oversight arrangements to check and guide Senior Management in executing its roles.

1. Audit and Risk Committee of the Board

- The Hospital's operations are subjected to oversight by the Board Audit and Risk Committee, which meets quarterly to review the organizations risk preparedness, compliance to approved policies and business continuity plans.

2. National Assembly Departmental Committee on Health

- The Hospital is subject to oversight from National Assembly Departmental Committee on Health, on matters defined in the Hospital's Core mandate.

3. National Assembly Public Investments Committee

- The Hospital is subject to National Assembly Public Investments Committee

f) **Principal Place of Business**

Moi Teaching & Referral Hospital
Nandi Road
P. O. Box 3- 30100,
ELDORET, KENYA

g) **Contacts**

Tel: +254 722-201277, +254 722 209795
053-2033471/2/3/4
Fax: 053-2061749
Email address: ceo@mtrh.go.ke
Web site: www.mtrh.go.ke

h) **Bankers**

Kenya Commercial Bank Limited
Uganda Road Branch-Eldoret
P. O. Box 5197 - 30100,
ELDORET, KENYA.

i) **Independent Auditors**

Auditor General
Office of the Auditor General
Anniversary Towers, University Way
P. O. Box 30084 - 00100
NAIROBI, KENYA

j) **Principal Legal Adviser**

The Attorney General
State law office
Sheria House, Harambee Avenue
P.O. Box 40112 - 00100
NAIROBI, KENYA

II. BOARD OF DIRECTORS



Mr. Sitoyo Lopokoiyit
BOARD CHAIRMAN

Mr. Sitoyo Lopokoiyit holds a MSc. Information Technology, Management, and Organizational Change-University of Lancaster, UK. Bachelor of Commerce, Marketing Option -University of Nairobi
Director Financial Services – Safaricom (M-Pesa) 1st April 2018 - Date, Director M-Commerce & Vodacom Foundation Board Member 1st Oct 2015-31st March 2018, Head of Department Strategy & Business Development – Financial Services (M-Pesa) 1st July 2011-30th September 2015. Head of Total Solar Business, Toyota Kenya Jan 2011-July 2011, Diversification Manager, Toyota Kenya September 2009-December 2010. Business Advisor Consumer & Industrial, Retailing Relationship & Merchandise Manager, Field Trainer, East Africa- Chevron Kenya Ltd, Jan 2008-August 2009, Area Merchandising Executive Coordinator (East Africa, Egypt) Aug 2004-Jan 2008, Category Manager, Non Food Groceries Division, Uchumi Supermarket Ltd- Jan 2003-Aug 2004. Board Chair MTRH



Mr. Idle Mohamud Muhumed
Non-Executive Director

Mr. Idle Mohamud holds a degree from Moi University - Bachelor of Human Resource Management, NEP Technical Training Institute-Higher Diploma in Human Resources Management, Mombasa Polytechnic University College Diploma in Archives and Library Management, Frontier Institute of Professional and Management Studies.
Regional Director Northern Kenya, Human Resource Manager at Gulf Energy Limited
Board member, MTRH.



Dr. Dorah Malla
Non-Executive Director

Dr. Dorah Malla is Medical Doctor (Bachelor of Medicine and Bachelor of Surgery, University of Nairobi); Leadership Development Program, International Corporate Governance, Corporate Secretaries International Association; Effective Director, Strathmore University; Procurement Strategies and Policies- Crown Agents UK.
Senior Medical Officer- KNH; Intern- Armed Forces Memorial Hospital; Director, KPLC. Member Chairperson, Staff and Remuneration Committee. Member of Procurement Oversight Committee and ICT & Audit Committee of the Board. Member of Kenya Medical Association.
Board member, MTRH.



Dr. Janet Muriuki
Non-Executive Director

Dr. Janet Muriuki is a Medical Doctor (Bachelor of Medicine and Surgery, University of Nairobi) and a Public health specialist with a Master of Science in Public Health, Jomo Kenyatta University of Agriculture and Technology. She has over 15 years of experience in the health sector and is currently the Country Director - IntraHealth Kenya and Program Lead for USAID funded Human Resources for Health (HRH) Kenya Mechanism. Janet was previously the Technical Director/ Deputy Chief of Party of IntraHealth's HRH Kenya Mechanism, HRH Capacity Bridge & Capacity Kenya Projects. Earlier roles held include Janet Quality Improvement Advisor with Pathfinder International and prior as Service Delivery Specialist. She is board member of Moi Teaching & Referral Hospital and sits on the Jacaranda Health Global Advisory Board.



Mrs. Constantine Kandie
Non-Executive Director

Mrs Constantine Kandie is a seasoned Management Consultant, with over 15 years' experience in Governance, Strategic Management, and Leadership of diverse professionals and staff teams. CEO of The Leadership and Governance Advisory (LGA) Group. Technical Advisor, State Department for Trade. Director, CEO and Secretary to diverse boards for the following institutions; The Management University of Africa, KENYA Federation for Alternative Trade (KEFAT) and Kenya Institute of Management (KIM), The Eastern Africa Grain Council, Enterprise Mobilization and Investments, APSEA, The World Fair Trade Organization, Professional Women Empowered (ILO). Director at Kenya Revenue Authority for two terms and Chair of the KRA Board of Trustees. Board Member and Treasurer, Practical Action UK. Board Member, MTRH.



Dr. Mary Wangai, MD,
MPH, PGD
Alt. Principal Secretary,
Ministry of Health

Dr. Mary Wangai is a Medical Doctor (MD, MPH, PGD STI/HIV) and a registered medical practitioner and Public Health Specialist with expertise in strategic planning and managing Disease programs. She joined the Ministry of Health in 1988 and worked in various capacities for over the last 30 years. This has included working in the clinical setting, health administration at the regional and national level in the health sector, involved in leading the development and strengthening of health systems that were foundational for the establishment of National Anti-Retroviral Therapy and, Prevention of Mother to Child Transmission Programs. Board member MTRH.



Mark Ngecho Lugwisa
Alt. Director to CS / PS
The National Treasury.

Mr. Mark Lugwisa is a holder of Bachelor of Business Administration, Accounting option from Bugema Adventist University, School of Business, CPA Part II section 3. Has attended different short courses such as Senior Management course, Corporate Governance Course

He has worked in different capacity at The National Treasury & Planning for a period of 11 years. He is an Alternate Director to CS / PS, The National Treasury at MTRH Board, IDB Capital Bank Ltd Board, Hydrologist Board and National Employment Authority.

Board member, MTRH.



Dr. Jeremiah Ntaloi Ole
Koshal
Chairman, Moi University
Council.

PhD in Organizational Leadership; MBA in Management of Non-Profit Organizations; Bachelor of Commerce in Business Administration.

Chair, Moi University Council, Executive Director, Africa Center for Entrepreneurship and Leadership (ACEL) Nairobi January 2013-August 2016, Senior Lecturer, School of Management and Commerce, Strathmore University Nairobi January 2010-December 2012, currently a Resource Person & Evaluator of Leadership and Management Curricula, Kenya Commission for University Education (CUE), Adjunct Instructor with Development Associates International, Colorado Springs, USA. Board Member MTRH.





Dr. Wilson K. Aruasa, EBS
Chief Executive Officer/
Secretary to the Board

M.Med in Obs-Gynae, UoN; MBChB, Moi University; Global Executive Masters of Business Administration, USIU; Strategic Leadership Development Programme, KSG; Certificate in Monitoring and Evaluation, KIM; LeHHo, Strathmore University; Health Information Management, Regenstrief Institute Indiana University and several professional workshops, Training and Seminars.

CEO, MTRH; Honorary lecturer, Moi University School of Medicine; Member AMPATH Executive Committee and AMPATH Board, and Council Member, Kenya Medical Association (KMA)

III. MANAGEMENT TEAM

NAME	AREA OF RESPONSIBILITY
 <p>Dr. Wilson K. Aruasa, <i>EBS</i> M.Med in Obs-Gynae, (UoN) MBChB,(Moi University), MBA-Health Leadership and Management (USIU)</p>	<p>Chief Executive Officer</p>
 <p>Dr. Philip Kirwa MBChB, (UON) M.Med in Obs-Gynae (UON)</p>	<p>Senior Director-Clinical Services</p>



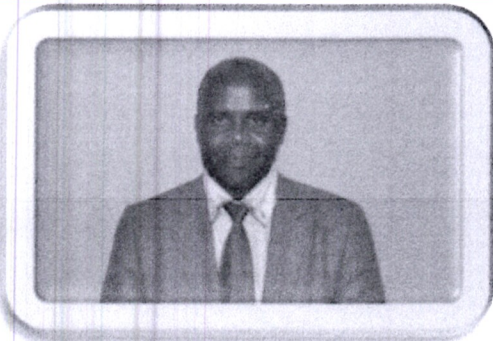
**Senior Director –
Administration & Finance**

Dr. Tarus B. Kipchumba (PhD)
PhD in Strategic Mgt (MU), MSc. HRD (MU), MBA
(JKUAT), BBM Accounting (MU), CPS(K).



Director, Finance

Mr. Mathews Birgen
MBA Finance (MU), BCOM (UON), CPA(K)



**Director, Nursing
Services.**

Mr. Titus Tarus
MScN, BScN



**Director, Pharmacy &
Nutrition**

Dr. Victor Maina
MBA, Moi University, B. Pharm (UON),



**Director, Human
Resource Management &
Development**

Ms. Ann Chemworsio
MBA, Human Resource Management (MU), B.ED
(MU), Post Graduate Diploma in Human Resource
Management, (KIM)



Director, Administration

Ms. Christine Chuani
MBA Strategic Management (MU), BSC. Public Health
(MU)



Dr. Stephen Ondigo
M.MED, MBChB.

Director, Private wings



Dr. Saratiel Nyabera
MBChB, M.MED.

Director, Surgery



Dr. Ezekiel Kimutai
MBChB, M.MED.

**Director, Diagnostic
Services**



Mr. Thomas Ngetich
MBA(MU), MBA-Health Leadership and Management
(USIU), BA-Economics (UON), CPA(K)

Manager, Finance



Mr. Bill Saina
MBA, B. COM

Manager, Supply Chain



Ms. Sylvia Nyariki
LLB

Head of Legal services

IV. BOARD CHAIRMAN'S STATEMENT



It is my pleasure to present the Annual Report and Financial Statements of Moi Teaching and Referral Hospital (MTRH) for the year ended 30th June 2020. Once again, MTRH has demonstrated its commitment to delivery of quality, timely, cost-effective and patient-centred specialized healthcare services to all Kenyans Citizens in the region. The Financial Year 2019/20 has been successful despite challenges among them, the Global COVID-19 pandemic and depressed macroeconomic environment. MTRH remained resilient and successfully delivered on its mandate while at the same time taking a leadership role as a National Referral Hospital in coordinating a uniform response to the COVID-19 pandemic in the 22 Counties within the North Rift, Western and Nyanza regions.

It is worth noting that the economic recovery measures instituted by the Government under the 'Big Four' plan have enabled achievement of critical milestones in manufacturing, universal healthcare, affordable housing and food security. MTRH continues to play a key role as one of the Country's Strategic Delivery Units in the Scale-up of Universal Health Coverage (UHC) to the remaining 43 Counties.

During the financial year ending 30th June 2020, MTRH continued to offer specialized medical care by attending to **412,971** outpatient clients compared to **404,138** in the year ending 30th June 2019, representing a **2.2%** increase. It also attended to **45,050** inpatients clients in the year under review compared to **46,536** in the period ending 30th June 2019, registering a **3.2%** decline on admissions, during the twelve months. The number of maternal deliveries for the period stood at **12,793** compared to **13,185** in the year ended 30th June 2019.

Towards positioning MTRH as a Multi-Speciality Hospital, continuous investment in infrastructural upgrades and purchase of modern medical equipment is a priority. Installation of Radiotherapy Equipment is currently ongoing with an expectation that radiotherapy services will commence by January 2021. Modernization of Medical Equipment is also ongoing to replace obsolete equipment and adopt new technologies. The implementation of the MTRH 2017-2022 strategy is on course as confirmed during the mid-term review conducted in the financial year under review. The Board and Management will continue following up efforts towards realization of the proposed 4,000-bed Multi-Speciality Hospital which will enable MTRH to adequately meet the service needs of the clientele in its catchment area and beyond.

In terms of Corporate Governance, the Board of Management carried out its mandate diligently and with focus to steer MTRH to achieve its mission. The Board of Management consist the right balance of skills, experience and backgrounds to

support and challenge the management team. The recent appointment of Dr. Mary Wangai as a board member has further strengthened the Board.

On behalf of the Board of management, I wish to extend my appreciation to His Excellency the President of The Republic of Kenya, all our stakeholders including The Ministry of Health, The National Treasury, and Development Partners for the continued support that has enabled MTRH to realize its mandate. I also wish to thank our strategic partners including County Governments, Moi University, AMPATH and our esteemed Suppliers who have partnered with us to enable MTRH achieve this impressive performance. I also wish to thank the Management and Staff of MTRH for their commitment and dedication that ensured the highest quality service delivery and improved performance this financial year.

Finally, I would like to express my sincere gratitude to my fellow Board Members, for their dedication and hard work during the year. I would also like to take this opportunity to applaud the Chief Executive Officer, Dr. Wilson Aruasa creating synergy and leading the management team and all staff to greater achievement.

I am confident that as a team, our commitment and dedication will make MTRH the leading Multi-Speciality Hospital for Healthcare, Training and Research in Africa.



MR. SITOYO LOPOKOIYIT
BOARD CHAIRMAN

V. REPORT OF THE CHIEF EXECUTIVE OFFICER

Introduction

The performance review for financial year 2019/2020 provides us another opportunity to reflect on the gains made and opportunities for improvement towards continuous provision of quality, timely, cost-effective and patient-centred specialized healthcare services. MTRH maintained steady growth throughout the year attributable to increased activity levels with a majority of the areas exceeding the targeted performance, despite global Covid-19 pandemic that affected the fourth Quarter of FY 2019/20.

Healthcare Delivery

In response to change in disease patterns marked by increasing burden of Non-Communicable (NCDs), MTRH has taken steps towards realization of the second strategic objective of the Kenya Health Sector Strategic Investment Plan (KHSSP) 2014-2018 that targets to halt and reverse the rising burden of non-communicable conditions. MTRH has established and operationalized the Cancer and Chronic Diseases Management Centre. Additionally, MTRH has made community level interventions through mentorship of staff at the referring facilities by MTRH Consultant Doctors, screening and treatment during disease outbreaks e.g malaria screening and treatment in Baringo County and during the landslide in West Pokot.

Universal Health Coverage

MTRH is dedicated to play its role in supporting the Government towards achieving Universal Health Coverage (UHC) and continues to implement strategic activities and flagship projects to accelerate scale up of this Government Agenda to the 22 Counties within its catchment area. MTRH is fully implementing the six (6) Strategic Pillars for the attainment of Universal Health Coverage that include provision of quality and highly specialized health care services; Continued availability of Health Products & Technologies (HPTs); Human Resources for Health (HRH) – Medical Outreaches/Movement of Specialists, Preceptorships, Internships; Community Service/Population Health, Health Information System (HIS) and Health Financing.

Response to the COVID-19 Pandemic

Through Executive Order No. 2/2020 of 28th February 2020, His Excellency the President of the Republic of Kenya issued directives on necessary measures to fortify Kenya's response mechanisms to the Coronavirus Outbreak guided by the World Health Organization guidelines. In response to this directive, MTRH set up a Multi-Disciplinary MTRH COVID-19 Response Team on 1st March 2020. This team is composed of various Heads of Department in the Hospital and Doctors and chaired by the Chief Executive Officer with a mandate to oversee MTRH's response to this emerging epidemic including Containment, Control, Mitigation Closure and preparedness should there be any other waves of the pandemic.

MTRH adopted thematic area approach in its response that focused on Structural Modifications / Renovations to create Isolation Centres, Human Resources, Training, Logistics and Supplies, Disease Surveillance, Laboratory and Testing, Triage & Care and Communication. These measures called for heavy resource investment that necessitated re-allocated of funds from operations to support COVID-19 control and treatment measures. Also in the year under review, MTRH received support from the Government through funding for 3 months contract for additional personnel to support the fight against COVID-19, Personal Protective Equipment from The Kenya COVID-19 Fund and KEMSA.

The COVID-19 pandemic impacted negatively on financial and operational performance of MTRH through reduction in patient numbers seeking care by 50%, leading to a drop in revenue generation by almost an equivalent percentage in the 4th quarter. It also led to inability of patients to clear their medical leading to increase in amounts waived thus affecting cash flow.

Additional budgetary requirements to mitigate the pandemic including Creation of isolation and quarantine spaces, Purchase of PPEs, Additional human resources, Training all health care workers, Disease surveillance, Testing consumables, Communication costs and hosting of NOREB meetings , Triage and care costs, Testing, screening and Counselling tents had an overall need for additional **Kshs.139 Million** in the budget.

MTRH became the leading testing and treatment centre in the region and the Coordinating Centre of response for the 22 counties in Western Kenya, Nyanza and North Rift region and particularly the North Rift Economic Block (NOREB) Counties. MTRH is playing a key role in the Economic Re-opening through deployment of the COVID-19 protocols, testing and treatment and the post-COVID-19 operational and improvement strategies.

MTRH 2017 – 2022 Strategy

MTRH continued with the implementation of the 2017 - 2022 strategy based on the key pillars identified to address long-term strategic imperatives. These include; To Improve Customer Experiences, to expand and improve services, to improve revenue generation, to improve processes and management systems, to maintain effective, dynamic and transformational leadership, to Promote Organizational and Work Culture, to enhance knowledge management, to create enabling environment for Healthcare Training Research, Development & Innovation, to strengthen human resource capacity and to strengthen strategic partnerships and alliances.

Investments

In recognition that availability of functional infrastructure is critical in the provision of quality health care services, MTRH has continued to invest in improving infrastructure and modernization of equipment, among them ongoing installation of the Radiotherapy Equipment, which will enable MTRH to fully offer cancer treatments including radiotherapy. To mitigate against obsolescence of equipment and to cope with rising complexity of Health care, MTRH invested **Kshs.375 Million** in the year under review towards purchase of new medical equipment and other infrastructure upgrade. The long-term solution of the aging infrastructure lies with construction and equipping of the Proposed 4,000-bed Multi-Speciality Hospital.

Human Resources

MTRH has continued to attract and retain highly skilled staffs that play a critical role in offering the highest accessible quality healthcare services and effective quality improvement. During the year, MTRH trained staff to improve on their skills and capacity build them, with a budget of **Ksh.43 Million** for Staff Training and Development and **Ksh. 10 Million** for Post Graduate Training for medical officers and employment of additional Medical Specialists to strengthen the human resources capacity. Staff Welfare enhanced through provision of a Comprehensive Medical Scheme for all staff and their dependants through a contract with NHIF at a cost of **Ksh.250 Million**, Group life insurance cover at **Ksh. 24 Million**, Group Personal Accident Cover at **Kshs. 5 Million**.

Significant support from the Government of Kenya to meet Health worker's demands including implementation of new basic pay review by Salaries and Remuneration Commission (SRC), other allowances for Doctors, Clinicians, Nurses and Paramedics. During the period under review, the Hospital's staff establishment stood at three thousand, seven hundred and twenty-one staff (**3,721**) all on Permanent and Pensionable Terms.

Financial Performance

MTRH has a robust financial management system that is based on the existing government financial management rules and regulations, Public Finance Management (PFM) Act 2012, International Public Sector Accounting Standards (IPSAS) and International Financial Reporting Standards (IFRS). MTRH complied with the reporting framework as per PFM Act 2012, by submitting all the quarterly reports and financial statements to The National Treasury and Planning.

The long term sustainability of MTRH operations will be determined by its continued ability to improve profitability and generate cashflow, and I am pleased to report that the MTRH continues to implement sound financial management policies and efficient utilization of funds, which ultimately enables the accomplishment of this objective.

During the year under review, MTRH realized a turnover of **Kshs. 11 billion** and a surplus of **Kshs. 132 million**.

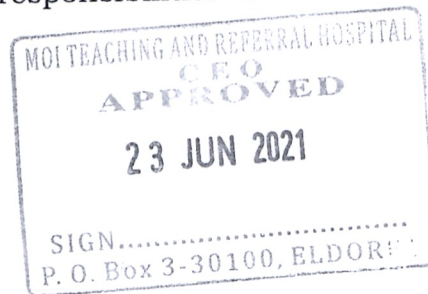
Partnerships and Collaborations

MTRH values both internal and external partners and linkages across the World. The Hospital undertook community outreaches and health promotions aimed at creating awareness in different health issues, which are paramount to improving healthcare delivery. Our partnership with the neighbouring counties and working with the communities continues to position MTRH as a Multi-Speciality Hospital of its kind. Besides routine patient care and management, the Hospital successfully conducted medical camps in the region in order to utilize highly skilled expertise from visiting doctors from collaborating institutions.

Appreciation

I take this opportunity to acknowledge the support of The Government of Kenya, and Development partners. Many thanks go to the Chairman and Members of the Board of Management for their strategic guidance and support. I wish to also register my appreciation to all stakeholders including our supplier's for supplying the goods and services required for patient care and the entire staff for their commitment to providing excellent services to our clients, and having played different roles and keeping us focused on our mandate. Let us all join hands and make a firm resolve to continue to play our individual and collective responsibilities towards building a healthy Kenya.

Date 23/06/2021
DR. WILSON K. ARUASA, **EBS**
CHIEF EXECUTIVE OFFICER



VI. CORPORATE GOVERNANCE

MTRH Board Charter

The MTRH Board of Management has a Board Charter that describes Board Members' responsibilities, the Board's functions & structures and ethical conduct. In addition to this, the Mwongozo Code of Governance for State Corporations governs Board operations.

1. Appointment and Induction of new Board Members

Appointment of Board members is as prescribed under the State Corporations Act CAP 446 vide Legal Notice No 78 of 1998 and 56 of 2002. The President appoints the Board Chair and the CEO. The Cabinet Secretary for Health appoints Four (4) Independent Board Members while six (6) Board Members are appointed in representative capacity for the Principal Secretary Ministry of Health, Principal Secretary Ministry of Higher Education Science and Technology, Principal Secretary the National Treasury, Director of Medical Services, Chair Moi University Council, and Vice Chancellor Moi University. The appointing authorities take into considerations skills mix in selection of Board Members to ensure persons with key specializations such as Finance, Legal, Health, etc are included in the Board.

2) Training of Board Members

During the year the audit committee of the Board attended the following training.

Committee	Training	Date	Attendance	Venue
Audit Committee	Audit	24 th -28 th February 2020	1.Mr.Idle Mohamud 2.Dr. Dorah Malla 3.Mr. Mark Lugwisa	Pride-Inn Mombasa

3) Board Performance Evaluation:

The Inspectorate of State Corporations (SCAC) conducts the MTRH Board evaluation on annual basis. The Board conducted the negotiation and signing of the Board Performance Contract for FY 2019/20 with the Cabinet Secretary, Ministry of Health.

4) Conflict of Interest:

Declaration of Conflict of Interest is a standing agenda in all meetings of the Board and its Committees. A register is maintained by the Institution to record all declarations made by board members.

5) Board Remuneration:

Remuneration of Board Members is as prescribed by the State Corporations Advisory Committee. Additionally, Medical and Accident Insurance Cover is

provided to Independent Board Members only. Benefits and allowances payable to Members of the Board are as outlined below;

Type of payment	Chairman	Member
Honoraria (per month)	Ksh. 80,000	-
Sitting allowance	Ksh. 20,000 (Gross)	Ksh. 20,000 (Gross)
Telephone allowance	Ksh. 7,000	-
Transport allowance/ mileage	AA rates	AA rates
Taxi Allowance (as necessary, per meeting)	Ksh. 4,000	Ksh. 4,000
Lunch allowance (in lieu)	Ksh. 2,000	Ksh. 2,000
Accommodation (as necessary, per meeting)	Ksh. 18,200	Ksh. 18,200

6) Board Meetings Attendance.

In the FY 2019/20, Board meetings held were strictly as per the Board Almanac for Committees and full Board. There were no Special Meetings.

7) Board Committees

The board had four standing committees during the year, which met regularly under the terms of reference set out by the board.

i) Finance and Strategy Committee

The Finance and Strategy committee is responsible for the Financial policies of the Hospital and also reviews the Hospital Annual Budget. The committee met regularly as per the board almanac and the members were;

- | | | |
|-------------------------------------|---|-------------|
| 1. Mrs. Constantine Kandie | - | Chairperson |
| 2. Mark Lugwisa | - | Member |
| 3. Dr. Mary Wangai | - | Member |
| 4. Dr. Wilson K. Aruasa, EBS | - | CEO |

ii) People Management Committee

The people management committee is responsible for reviewing Human resources requirements for the Hospital and formulating human resource policies. The committee met regularly as per the board almanac and the members were;

- | | | |
|-------------------------------------|---|-------------|
| 1. Dr. Dorah Malla | - | Chairperson |
| 2. Dr. Janet Muriuki | - | Member |
| 3. Dr. Mary Wangai | - | Member |
| 4. Prof. Simion Mining | - | Member |
| 5. Mr. Mark Lugwisa | - | Member |
| 6. Dr. Wilson K. Aruasa, EBS | - | CEO |

iii) Audit, Risk and Compliance Committee

The committee is responsible for compliance with relevant laws, procedures and standards, quality of financial reporting, oversight in internal control

systems and reviewing audit reports. The committee met regularly as per the board almanac and the members were;

- | | | |
|---------------------|---|-------------|
| 1. Mr. Idle Mohamud | - | Chairperson |
| 2. Dr. Dorah Malla | - | Member |
| 3. Mr. Mark Lugwisa | - | Member |
| 4. Mr. Eliud Cheres | - | Secretary |

iv) Hospital Operations and Standards Committee.

The Hospital Operations and Standards committee is responsible for reviewing Hospital operations and Standards, oversight the implementation of the strategic plans and quality standards of the Hospital. The committee met regularly as per the Board almanac and the members were;

- | | | |
|-------------------------------------|---|-------------|
| 1. Dr. Janet Muriuki | - | Chairperson |
| 2. Mr. Idle Mohamud | - | Member |
| 3. Constantine Kandie | - | Member |
| 4. Prof. Simon Mining | - | Member |
| 5. Dr. Wilson K. Aruasa, EBS | - | CEO |

8) Governance and Legal Audits

MTRH scheduled and conducted governance audit in the FY 2019/2020 FY. The recommendations from the legal audit are being implemented with a view to improve on compliance in all the legal aspects of the Hospital.



VII. MANAGEMENT DISCUSSIONS AND ANALYSIS

A) CLINICAL PERFORMANCE

During the financial year ending 30th June 2020, MTRH continued to offer specialized medical care by attending to **412,971** outpatient clients compared to **404,138** in the year ending 30th June 2019, representing a **2.2%** increase. It also attended to **45,050** inpatient clients in the year under review compared to **46,536** in the period ending 30th June 2019, registering a **3.2%** decline on admissions, during the twelve months. The number of maternal deliveries for the period stood at **12,793** compared to **13,185** in the year ended 30th June 2019.

1. Out Patient Department

The total number of outpatient clients for the year under review stood at **412,971** compared with **404,138** for FY 2018/19. The increase attributed to improved efficiency on service delivery as well as use of NHIF outpatient cover.

2. In-Patient Services

- Bed occupancy stood at 92.95% on average during the year, compared with 99.1% during the FY 2018/19. This is attributed to efficiencies in service delivery, especially the Theatres, and consistent Supplies.
- Average length of stay dropped by 3.1% to 7.49 days compared to 7.73 days in the FY 2018/19. This is due to improved efficiency and adoption of new strategies in patient care. Among the strategies deployed are;
 - Implementing the decongestion strategy.
 - Rapid Result Initiatives (RRI) adopted across the Hospital.
 - Effective Performance measurement and monitoring for improvement
 - Compliance with ISO standards.
 - Adherence to patient referral protocols.
 - Adopting of the 24hrs Theatre operations.
 - Enhanced billing system and 24hrs patient discharge process.
 - Availing adequate drugs and supplies.

a. Reproductive Health

A total of 13,185 deliveries were conducted compared to 12,793 in FY 2018/19, translating to 3.0% growth. This is attributed mainly to increased referrals from counties, in need of specialized maternity services and the support from the Government of Kenya through the Linda Mama Scheme, which has allowed mothers to deliver at MTRH without having to personally incur any cost. MTRH lauds HE. Excellency The President for the transformation lives through the success of this noble scheme.

b. Theatre Department

There was a general increase in theatre operations in the period attributed to huge capital investment in acquiring new and modernizing equipment at the Theatres and the 24-Hr theatre operations conducted at the Hospital.

c. Highly specialized services

MTRH has introduced highly specialized surgeries in the last few years. In the year under review, the following specialized surgeries were conducted;

(i) Open Heart Surgeries.

A total of 35 Open Heart Surgeries were conducted in the period. This is mainly attributed to the Hospital's continuous efforts on staff capacity building and mentorship, as well as capital investments in modern medical equipment and towards achieving MTRH a multi-speciality Hospital.

(ii) Kidney Transplants.

During the year under review MTRH managed to carry out 19 successful kidney Transplants.

(iii) Cornea Transplants

MTRH conducted eleven (11) Cornea Transplants in the period

A) CURRENT TRENDS IN THE HEALTH SECTOR

Full scale up of universal health care in Kenya (UHC)

- The Constitution of Kenya (COK), 2010 through the Bill of Rights recognizes health as a primary right and tasks the health sector with the responsibility to realize this right. Vision 2030 and the Kenya Health Policy 2015 – 2030 that aim to provide equitable and affordable health care of the highest standards to Kenyans are other key instruments that signal the government's commitment to ensure that Kenyans have access to quality, affordable health care.
- Universal Healthcare (UHC) is one of the key pillars of the current government to ensure that all people and communities in Kenya can access quality and effective health services they need, despite ability to pay.
- MTRH has mainstreamed the government commitment through the MTRH 2017 – 2022 Strategy by addressing the three (3) key issues of UHC; Population Coverage, Access to Quality Healthcare Services and Cost (Financial) Protection.
 - On coverage, MTRH has established Medical Camps and Community Outreaches, Partnerships and Collaborations with counties and other stakeholders, Developed and Implemented a Referral Strategy and modernised infrastructure.
 - On access to quality health care services, MTRH provides specialised patient-centred services through ensuring optimum availability of specialized healthcare personnel in all disciplines and provision of training for healthcare personnel for basic and post-basic courses.

Performance Management, Standards and Quality Assurance are considered key in achievement of positive health outcomes.

- On cost and financial protection, User Fees prices have been set considering affordability and collaborating with NHIF in promoting uptake of healthcare insurance.

Focus on Non-communicable diseases

- MTRH has established the Cancer and Chronic Diseases Management Centre to help focus on the increasing trend of non-communicable diseases, and currently finalising the installation of Radiotherapy equipment.
- MTRH is also in the process of acquiring Radiation Therapy equipment for Cancer cases as well as setting up a 4000-bed Multi-Speciality Hospital.
- In addition, through the Academic Model Providing Access to Healthcare, MTRH has established Primary Healthcare services in which community outreaches are conducted throughout the Hospital's catchment area for early diagnosis and treatment of non-communicable diseases.

Role of ICT in Health Care

- MTRH has adopted use of Telemedicine not only to support service provision within the Hospital, but also to establish linkages and collaboration with advanced international Hospitals abroad.
- MTRH has also embraced use of Integrated Health Management Information System (I-HMIS), use of Mobile money (M-PESA) and Agency Banking as a mode of settlement and keeping track of client's deposits. Mobile money has not only enhanced security and efficiency of money transfer but has also improved Revenue collection.

Devolution of HealthCare

- Under the Constitution of Kenya (COK) 2010, Primary health care is a devolved function to the counties. MTRH as a referral facility plays a big role in the referral mechanisms that ensures an effective referral system.
- The policy document on referrals is disseminated during Outreaches in order to streamline upward and downward referrals which will contribute towards decongestion and hence effective health care.
- MTRH also collaborates with counties within the North Rift and has signed MOUs with Uasin Gishu, Elgeyo Marakwet and Nandi counties for capacity building and for both upward and downward referrals. The Hospital however continues to receive more patients, some of whom could have been attended at the county hospitals.

B) CHALLENGES AND OPPORTUNITIES

a) Physical infrastructure and Equipment

The current bed capacity of the Hospital is overstretched while most of the medical equipment used in the Hospital are ageing and of obsolete technology. There is need for continuous investment to improve the physical infrastructure and modernization of equipment.

b) Health Care Insurance Cover

Most Kenyans have no form of health insurance cover and hence find it difficult to access health care when needed due to inability to pay. MTRH cannot deny medical care to Kenyans due to finances hence finds itself often waiving bills due. This affects hospital ability to offer optimal services. There's therefore need to scale up awareness to increase the uptake of health insurance especially NHIF cover among Kenyan citizens.

c) Linda Mama Programme

The Government implemented Free Maternity programme with effect from May 2013, where a package of Ksh. 17,000 is reimbursed per maternal delivery. Often the costs incurred in MTRH for this service exceed the reimbursable amount because most referred cases mostly have related complications that require specialized treatment including Intensive Care Unit (ICU) both for Mothers and Neonates. It is therefore necessary to reimburse ICU admissions at cost.

C) FINANCIAL PERFORMANCE

MTRH achieved a surplus of **Kshs. 132 Million** in the year under review out of which was ploughed back to support capital investment. Cost sharing income grew by 5% compared to that of previous financial year. The cost on Personnel Emoluments went up by 14% during the period.

Government recurrent and capital grants for the period were Kshs. 7,170,413,586 and Kshs. 451,250,000. However, the long outstanding salary grants of **Kshs.444 Million (Ksh.350 Million for June 2016 and Ksh.94 Million for June 2018)** is still pending disbursement.

D) CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

Clinical Outreaches

As a way of creating awareness on health seeking behavior and encourage early diagnosis and treatment, MTRH conducts clinical outreaches in the community within its catchment area of 22 Counties. It offers screening and free medical services during these outreaches. It is also an opportunity to provide mentorship to partnering county health facilities. MTRH conducted thirty nine outreaches, screened and offered medical services to over 7,000 members of public during the period under review as summarized below;

No.	DATE	ACTIVITY	VENUE
1	12/07/2019	Medical Camp North Gate School	Pioneer N/Gate School
2	13/07/2019	Medical Camp Bishop Muge ACK	Pioneer
3	31/7/2019	MTRH CEO Commissions Shoe4Africa Classrooms, Kuunga Mkono	MTRH
4	1/8/2019	MTRH CEO Commissions Pediatrics Mental Unit	MTRH
5	19/08/2019	Legal Aid Clinic	MTRH
6	28/08/2019	MTRH CEO chairs 16 th cycle of PC	MTRH
7	29/09/2019	MTRH Scales up Universal Health Coverage	MTRH
8	1/9/2019	Medical Coverage at Recruits Pass Out Parade	Moi Barracks-Eldoret
9	2/9/2019	Medical Camp Elgeyo Marakwet County	AIC Chebusie(EMC)
10	9/9/2019	MTRH supported Malaria upsurge in Baringo	Tirioko Ward Baringo County
11	17/09/2019	MTRH marks World Patient Day	MTRH
12	21/09/2019	Blood Donation	TAC Centre Grounds
13	29/09/2019	MTRH marks World Heart Day	MTRH
14	18-19 /10/ 2019	11 th Edition of Ndalat GAA Cross Country	Mosop Grounds
15	0610/2019	MTRH donated Anti-Malarial drugs to Elgeyo Marakwet County	Elgeyo Marakwet County

*Moi Teaching and Referral Hospital, Annual Report and
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No.	DATE	ACTIVITY	VENUE
16	22/10/2019	The Hospital released long term serving patient.	IVC Church Eldoret
17	22/10/2019	MTRH welcomed Interns from Ministry of Public Service&ICT Authority.	-
18	30/10/2019	MTRH assisted a boy from Turkana (Stephen Lowesit) who appealed for medical assistance.	Subira Ward
19	16/11/2019	Chebara Dam Conservation run.	Chebara
20	29-30/11/2019	Ziwa Farmers Road race.	Eldoret-Kachibora road
21	17/11/2019	Kass Marathon	MTRH
22	2/11/2019	Bishop Cornelius Korir Memorial Peace Cross Country.	Sports Club
23	25-27/11/2019	MTRH dispatched a multi-specialty team for Emergency Intervention landslides in West pokots.	West Pokot County
24	6/11/2019	MTRH received delegation of guests from Heiwan University, Egypt.	CEOs Boardroom
25	8/11/2019	Commissioning of the new MTRH Finance Department pool offices.	Old Cafeteria
26	13/11/2019	Vihiga Surgical Camp	Vihiga County Referral Hospital
27	15/11/2019	Safaricom Foundation Donation of Medical equipment to NBU	RMBH
28	21/11/2019	CEO appreciated MTRH choir for sterling performance	CEOs Boardroom
29	22/11/2019	Ag. Director General of Health pays a visit to CEO MTRH	CEOs Boardroom
30	29/11/2019	MTRH CHS holds its 9 th graduation ceremony.	MTRH-Graduation square.
31	1/12/2019	MTRH celebrates world AIDS	Gusii Stadium Kisii

*Moi Teaching and Referral Hospital, Annual Report and
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No.	DATE	ACTIVITY	VENUE
32	6/12/2019	MTRH CEO Chairs MTRH-AMPATH Suppliers Forum	MTRH Graduation square
33	16/12/2019	MTRH New Board members Induction	MTRH
34	17/12/2019	Commissioning of MTRH Projects supported by KCB	MTRH
35	18/12/2019	Commissioning of Solar water heating system at Medical Wards by MTRH CEO	MTRH
36	15/12/2019	MTRH Board signs 2019/2020 performance contract.	CEOs Boardroom
37	14/01/2020	Multi-disciplinary medical outreach	Samburu-Maralal
38	10/1/2020	Bomet County Benchmarking mission to the Hospital	CEO Boardroom
39	17/01/2020	Laikipia County Benchmarking mission to the Hospital	CEO Boardroom
40	17-21/02/2020	Multi-disciplinary medical outreach	Baringo Referral Hosp
41	2-4/03/2020	Multi-disciplinary Malaria control outreach	EMC Referral Hospital
42	4/3/2020	MTRH CEO receives joint Hospital Inspection teams from East Africa Region.	MTRH CEO Boardroom
43	9-10/03/2020	Hospital participated in Healthcare Convention 2020	Sarit Centre Expo Nairobi
44	18,26/03/2020	CEO receives NOREB Counties	MTRH CEO Boardroom
45	2,3,23/04/2020	CEO receives NOREB Counties and COG Chairman	MTRH CEO Boardroom
46	29/04/2020	Rift Valley Regional Commissioner visits patient recovering at MTRH.	MTRH CEO Boardroom
47	11/5/2020	MTRH discharged a boy suffering from Hodgkins Lymphoma after successful treatment.	Shoe4Africa
48	14/28/05/2020	MTRH had two meetings with NOREB Governors	MTRH CEO Boardroom

*Moi Teaching and Referral Hospital, Annual Report and
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No.	DATE	ACTIVITY	VENUE
49	27/05/2020	MTRH CEO cautions the general public on fake job offers.	Eldoret Police Headquarters
50	29/05/2020	MTRH launched COVID-19self screening tool	MTRH CEO Boardroom
51	18/06/2020	MTRH held two meetings with NOREB Governors.	Telemedicine conference centre.
52	11/6/2020	MTRH deploys frontline team to Busia County.	

Notes;

From the above outreaches conducted during the period, MTRH has realized the following positive outcomes in service provision;

- i) Early diagnosis, hence early treatment interventions to the patients thus reduction in the disease burden to the public.
- ii) Increased awareness to the general public on the services offered at MTRH
- iii) Capacity building and mentorship to the County Staff, and therefore reduction in the referrals.
- iv) Increased uptake on NHIF cover, hence reduced waivers for indigent patients
- v) Increased partnerships with the Counties, hence improved interventions on referrals protocols.

SECTION B:

Administrative

1. Statutory Payments

MTRH continues to comply with its statutory obligations when they fall due in all aspects. During the period, the Hospital underwent the Statutory Audit by the Office of Auditor General (OAG) in respect of Systems Audit for FY 2019/2020 and the Annual Report and Financial Statements for the FY 2018/2019. The Hospital remits all statutory deductions including PAYE, NHIF, HELB on time and as a VAT Withholding Agent remits VAT withheld alongside payments to suppliers. The Hospital also makes payments to its suppliers for goods and services on time. However, the Hospital had an outstanding Staff Pension Contributions amounting to **Kshs. 84 Million**, which Hospital paid in full in the month of June 2020, despite long outstanding June 2016 salary grant from MOH of Kshs.350 Million and Kshs.93 Million for June 2017.

1. Preparation of Annual Report and Financial Statements

In compliance with IPSAS, PFM Act and The National Treasury guidelines, MTRH prepares annual report and financial statements for all the financial years and submits for audit by the Office of the Auditor General.

SECTION C

4000 Bed Multi-Specialty Hospital

The proposed construction and equipping of the 4000-bed multi-specialty MTRH as envisaged under Medium Term Plan (MTP) III of Kenya Vision 2030 is on course having achieved relevant government approvals with the groundbreaking expected as soon as the Commercial Contract is signed.

SECTION D

MAJOR RISKS FACING THE MTRH

The Board of Management is committed to mitigate risks. It has put in place the Board Audit and Risk Committee, which monitors the risk management process and systems of internal control of the MTRH.

The main objective of risk management in MTRH is to establish an integrated and effective Risk Management Framework where important risks are identified, quantified and managed. The risk management process is implemented across the Hospital and supports the risk management process in all the directorates. The Hospital performs risk identification and puts in place key measures to mitigate these risks, as listed below.

Some of the Risks Identified and Mitigation Measures

Risk	Risk Analysis	Mitigation
1. Covid-19 Global Pandemic	The risk is a result of the novel corona virus that is a global pandemic that has disrupted normal operations of the Hospital and the Country	Measures have been put in place to mitigate the risks of the virus. These measures include; Setting up of MTRH COVID-19 Task Force, Establishing Isolation Centres for COVID-19 positive patients, adopting preventive measures as enumerated by the Government of Kenya, International Best Practice and those established by MTRH, putting in place necessary and trained HRH, Budget reallocations to focus mainly on COVID-19 mitigation measures, use of Emergency Relief Fund and additional appropriation from GOK for enhancing required personnel.
2. Clinical risks	All risks associated with the provision of clinical care resulting in undesired provision of clinical care or clinical outcomes.	Clinical Services risk analysis report for a detailed analysis of the strategies to manage and monitor clinical risks. A group-wide clinical risk register is implemented per department.
3. Poor Health Services	The risk relates to incidents of poor service or failure to respond effectively to complaints.	Patient customer satisfaction surveys, Complaints monitoring, Quality management systems and Continuous Training and capacity buildings of Human resources.
4. Human Resources Risks	Shortage of skilled labour, particularly shortage of qualified and experienced doctors and nursing staff.	Recruitment and retention strategies are in place. Extensive training and skills development programme.
5. Credit and Market Risks	Decline in the general economic and business environment, including all those factors that	MTRH has implemented systems to monitor developments in the economic and business environment of trends and early

Risk	Risk Analysis	Mitigation
	affect the Hospital's operations, customers, competitors, stakeholders, suppliers and industry stakeholders.	warning indicators. Business continuity Plan is in place.
6. Legal and regulatory Compliance	Failure to comply with laws and regulations may result in fines, prosecution or damage to reputation.	Hospital legal department in the different monitor regulatory developments and, where necessary, obtain expert legal advice for the effective implementation of compliance initiatives. Compliance risks are identified and assessed as part of departmental risk registers. The Ethics Committee also monitors compliance in the Hospital.
7. Technological Risks	Information systems security risk (including cyber risk) relates to the unauthorised access to information systems, failure of data integrity and confidentiality and availability risk relates to the instances where systems are not available for use by its intended users.	Comprehensive IT logical access, change and physical access controls. System design and architecture. Disaster recovery planning. Capacity build the ICT support Units to deal with emerging ICT challenges
8. Business Continuity Risks	Fire and allied perils, disease or pandemic outbreak or terror attacks may severely affect operations	All directorates have plans to deal with disasters and employ extensive fire-fighting and detection systems, and have comprehensive maintenance processes to reduce the risk. Comprehensive insurance to deal with financial impact of potential disasters is in place.

SECTION E

MATERIAL ARREARS IN STATUTORY/FINANCIAL OBLIGATIONS

1. Physical infrastructure and Equipment

The current bed capacity of the Hospital is overstretched while most of the medical equipment used in the Hospital are ageing and of obsolete technology. There is need for continuous investment to improve the physical infrastructure and modernization of equipment.

2. Health Care Insurance Cover

Most Kenyans have no form of health insurance cover and hence find it difficult to access health care when needed due to inability to pay. MTRH cannot deny medical care to Kenyans due to finances hence finds itself often waiving bills amounting to Kenya shillings 381 million in the period compared with 345 million in FY 2018/2019. This affects Hospital ability to offer optimal services. There's therefore need to scale up awareness to increase the uptake of health insurance especially NHIF cover among Kenyan citizens.

3. Linda Mama Programme

The Government implemented Free Maternity programme with effect from May 2013, where a package of Ksh. 17,500 is reimbursed per maternal delivery. Often the costs incurred in MTRH for this service exceed the reimbursable amount because most referred cases mostly have related complications that require specialized treatment including Intensive Care Unit (ICU) both for Mothers and Neonates. It is therefore necessary to reimburse ICU admissions at cost.

SECTION F

FINANCIAL PROBITY AND SERIOUS GOVERNANCE ISSUES

MTRH Board of Management recognizes the importance of corporate governance and as such, it carries out its mandate with Honesty, Integrity and Accountability.

The Board is responsible for overseeing the management of the Hospital and provides guidance and direction in order to attain corporate objectives. To achieve its objectives, the Board has constituted four committees, namely:

- i) Hospital Operations and Standards Committee;
- ii) Finance and Strategy Committee;
- iii) Audit, Risk and Compliance Committee
- iv) People Management Committee.

Each of the above committees handles matters relating to their areas and report back to the main board on status and necessary actionable recommendations.

There are no financial improbity or governance issues in the Hospital reported by Internal Audit Department, Board Audit Committee, Office of the Auditor General or any other National Government Agency providing oversight.

VIII. REPORT OF THE DIRECTORS

The Directors submit this report together with the financial statements for the year ended 30th June 2020, which show the state of the Hospital's affairs.

Principal activities

The principal activities of the Hospital include;

- i) Receive patients on Referral from other Hospitals or Institutions within or outside Kenya for specialized health care;
- ii) Provide facilities for Medical education for the Moi University, and for research either directly or through other co-operating health institutions;
- iii) Provide facilities for education and training in Nursing and other health and allied professions;
- iv) Participate as a National Referral Hospital in National Health Planning.

Results

The results of the Hospital for the year ended 30th June 2020 are set out on page 1 to page 42.

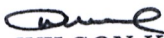
Directors

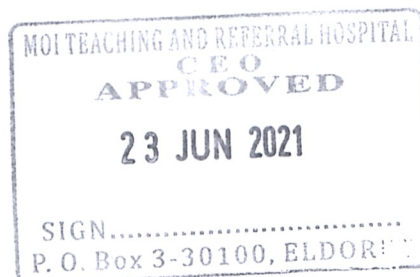
The members of the Board of Directors who served during the year are shown on page (v) to page (viii) of this report. During the year, Chairman of the Board director retired and new Chairman of the board appointed in the period.

Auditors

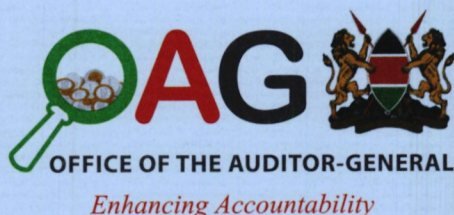
The Auditor General is responsible for the statutory audit of the MTRH in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board


DR. WILSON K. ARUASA, **EBS**
CHIEF EXECUTIVE OFFICER/SECRETARY TO THE BOARD
MOI TEACHING AND REFERRAL HOSPITAL
P.O. BOX 3 - 30100
ELDORET
DATE: 28/06/2021



REPUBLIC OF KENYA



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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON MOI TEACHING AND REFERRAL HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Moi Teaching and Referral Hospital set out on pages 1 to 39, which comprise the statement of financial position as at 30 June, 2020, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Moi Teaching and Referral Hospital as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the State Corporations Act (Cap 446) and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Variance in Revenue Collection and Invoicing

The statement of financial performance reflects revenue from exchange transactions of Kshs.3,355,020,975 which according to Notes 15.2 and 15.3 of the financial statements includes cost sharing amount of Kshs.2,512,062,987 and income generating unit amount of Kshs.767,261,210. An examination of the revenue schedule obtained from the Fun Soft system used in the collection and analysis of revenue collection in support of the revenue revealed that total invoices were at variance with the actual collection as shown below:

Ward	Invoice Amount as per the Fun Soft System Kshs.	Actual Collection as per the Fun Soft System Kshs.	Variance Kshs.
Nyayo Ward	647,258,726	6,466,474,283	(5,819,215,550)
Surgical	717,465,411	784,343,732	(66,878,320)
Riley Mother Wards	362,524,260	364,399,336	(1,875,076)
Shoe 4 Africa	209,573,844	215,018,664	(5,444,819)
Amenity	247,360,514	250,478,070	(3,117,556)
Memorial	367,830,470	328,240,634,902	(327,872,804,432)

The variances were not explained or reconciled. Consequently, the accuracy and completeness of the revenue from exchange transactions of Kshs.3,355,020,975 for the year ended 30 June, 2020 could not be confirmed.

1.1 Unsupported Out-Patient Cost Sharing Revenue

The cost sharing revenue of Kshs.2,512,062,987 as disclosed in Note 15.2 of the financial statements includes income totalling Kshs.446,154,772 from outpatient department - Kshs.204,509,895, dental department - Kshs. 9,290,266, oncology department - Kshs.208,686,278 and AMPATH - Kshs.23,668,333. However, monthly total figures in support of these revenue heads were not provided.

In the circumstances, the accuracy and completeness of the cost sharing revenue totalling Kshs.2,512,062,987 for the year ended 30 June, 2020 could not be confirmed.

2. Unsupported Medical Records and Accountable Documents

The statement of financial performance for the ended 30 June, 2020 reflects operational costs of Kshs.865,879,791 as disclosed in Note 17.4 to the financial statements, includes medical records and accountable documents figure of Kshs.20,582,960. However, tender documents for the award of Tender No. MTRH/T/C1/2016-2018 for supply of medical records were not provided for audit review.

Consequently, the completeness and accuracy of the expenditure relating to medical records and accountable documents of Kshs.865,879,791 for the year ended 30 June, 2020 could not be confirmed.

2.1 Unsupported Institutional Research Expenses

The operating costs of Kshs.865,879,791 also include institutional research expenses of Kshs.1,000,000 as disclosed under Note 17.4 to the financial statements. An audit review of the expenditure documents revealed that this amount was paid to Institutional Research and Ethics Committee (IREC) of the hospital vide payment

voucher No.84892 dated 22 July, 2019. However, no supporting documents were provided to show the purposes for which this expenditure was incurred.

In the circumstances, the accuracy and completeness of the operational costs of Kshs.865,897,791 for the year ended 30 June, 2020 could not be confirmed.

3. Anomalies in Cash and Cash Equivalents

The statement of financial position as at 30 June, 2020 reflects cash and cash equivalents balance of Kshs.708,389,960 which according to Note 18.1 of the financial statements, were held in six (6) bank accounts, two Mpesa accounts and petty cash. A review of the cash books provided by the institution in support of the balances revealed the following anomalies:

3.1. Cash balances totalling Kshs.1,247,240 reflected in three cash books were not included in the financial statements. Further, Mpesa cash books were not maintained

3.2. Non-communicable Diseases (NCD) project cash book was not provided and the balance of Kshs.75,231,905 disclosed in Note 18.1 for the bank account could not be confirmed.

3.3. Unexplained and unreconciled variances were noted between the balances disclosed in Note 18.1 to the financial statements and the cash book as indicated below:

Account	Balance as per Note 18.1 to the Financial Statements (Kshs.)	Balance as per Cash Book (Kshs.)	Variance (Kshs.)
Petty Cash	91,201	75	91.126
Main Account	438,663,589	700,703,912	(262,040,323)
Training Centre	1,490,678	1,617,522	(126,844)

Consequently, the accuracy, completeness and existence of cash and cash equivalents balance of Kshs.708,389,960 as at 30 June ,2020 could not be confirmed.

4. Long Outstanding Debts

The statement of financial position as at 30 June, 2020 reflects net debtors balance of Kshs.1,302,549,618 and as disclosed in Note 18.2 to the financial statements. The net debtors of Kshs.1,302,649,618 disclosed in Note 18.2 includes debtors totalling Kshs.741,875,870 related to 2018/2019 financial year and prior years for which no aging analysis was provided for audit.

Further, the Management did not provide correspondences from The National Treasury to support Ministry of Health grant debt totalling Kshs.444,609,989 for audit.

In the circumstances, the accuracy, completeness and recoverability of the net debtors totalling Kshs.1,320,549,618 could not be confirmed.

4.1 Unsupported Prepayments and Proposed Write-off

The net debtors balance of Kshs.1,302,549,618 disclosed in Note 18.2 to the financial statements include prepayments of Kshs.13,508,478 and proposed write off of Kshs.522,046,162. However, supporting documents for prepayments and proposed write-off amounting to Kshs.2,567,689 and Kshs.444,878,751, respectively were not provided for audit review as detailed below:

Details	Amount (Kshs)
Prepayments	
Group Personal Accident Cover	1,567,689
Fuel and Gas	1,000,000
Sub Total	2,567,689
Proposed write-off	
Identity cards	280,386,289
Commitment Letters	126,270,093
Logbooks	4,692,834
Title deeds	33,529,535
Sub-total	444,878,751
Grand Total	447,446,440

Consequently, the accuracy and completeness of the trade and other receivables of Kshs.1,302,549,618 could not be confirmed.

4.2 Irregular Extension of Credit Services

Disclosed in Note 18.2 to the financial statements are net debtors of Kshs.1,302,549,618 which includes individual clients' debtors balance of Kshs.142,411,851. A review of the individual clients' debtors' ledger revealed that the hospital extended credit services during financial year 2019/2020 to individual clients totalling Kshs.2,452,560 against commitment letters as securities contrary to the credit policy manual of 2016 and board resolution.

Consequently, the accuracy, completeness and recovery of the net debtors of Kshs.1,320,549,618 as at 30 June, 2020 could not be confirmed.

4.3 Irregular Salary Advance to Interns

The net debtors of Kshs.1,302,549,618 as at 30 June, 2020 includes salary advance balance of Kshs.4,205,989 out of which Kshs. 930,000 was advanced to interns in the

financial year 2019/2020 and prior year. A review of the documents provided revealed that the interns who were paid salary advance had been contracted by the hospital for less than twelve (12) months. This contravenes the human resource policy.

Further, out of the total amount advanced, Kshs.890,000 had been outstanding for more than twelve (12) months. The Management did not provide evidence of the efforts made to recover the amount advanced as required by the policy. Therefore, the hospital might not recover the amount of Kshs.930,000 advanced to interns.

Consequently, the completeness, regularity and recoverability of the salary advance of Kshs. 4,205,989 included in the net debtors of Kshs.1,320,549,618 could not be confirmed.

4.4 Lack of Policy on Provision for Doubtful Debts

Disclosed in Note 17.6 and the statement of financial performance is provision for doubtful debts of Kshs.35,508,439. However, review of the accounting policies as stated in the financial statements revealed that the Management has not put in place any policy on the provision for doubtful debts.

Consequently, the completeness of the provision for doubtful debts of Kshs.35,508,439 for the year ended 30 June, 2020 could not be confirmed.

5. Unsigned Stock Take Report Containing Expired Drugs

The statement of the financial position as at 30 June, 2020 reflects inventories balance of Kshs.356,222,655 and as disclosed in Note 18.3 of the financial statements. An review of stock take report provided in support of the inventory figure revealed that expired drugs valued at Kshs.4,543,237 were included in the inventories. Further, the stock take report provided was not signed by the respective officers who participated in the stock take exercise

Consequently, the accuracy of the inventories balance of Kshs.356,222,655 as at 30 June, 2020 could not be confirmed.

6. Undisclosed and Unaccounted for Radiotherapy Equipment

The statement of financial position as at 30 June, 2020 reflects property, plant and equipment balance of Kshs.2,510,567,120 and as disclosed in Note 14. The National Hospital Insurance Fund (NHIF) advanced Kshs.312,669,869 loan to Moi Teaching and Referral Hospital (MTRH) for purchase of radiotherapy equipment with additional legal fee of Kshs.68,800,240 charged to the loan. However, the legal fees were disputed by Hospital as per the correspondence provided for audit.

As at the time of audit, the items listed below had been received:

No.	Item Received as per Delivery Notes	Quantity	Date
1	MP1 Farmer chamber holder	1	01/12/2020
2	Dosimetry		09/03/2020
3	Quality Assurance/Quality Control Phacom	1	27/04/2021
4	Immobilization devices		23/03/2020
5	Digital simulator		30/08/2020
6	Linear Accelerator	1	26/09/2020
7	CT Simulator	1	20/08/2020
8	Lead glass	1,000	19/08/2020
9	Mobile C-Arm x-ray unit for Brachytherapy		
10	Flexitron System HDR		

However, it was not possible, to confirm the actual number of items that were to be delivered together with their respective values. Further, the items that were received within the year were not disclosed in the property, plant and equipment (PPE) movement schedule.

In the circumstances, the accuracy and completeness of property, plant and equipment balance of Kshs.2,510,567,120 as at 30 June, 2020 could not be confirmed.

6.1 Unsupported Disposal of Motor Vehicles

The statement of financial position as at 30 June, 2020 reflects property, plant and equipment balance of Kshs.2,510,567,120 which includes motor vehicles of Kshs.28,027,742 A review of procurement records revealed that motor vehicles with a total value of Kshs.12,753,391 and as disclosed in Note 14 were disposed-off through donation and sale to the respective bidders. However, no records for motor vehicles KAY 238U and KAL 384U with a total value of Kshs.5,135,565 were availed for audit review. In addition, although a motor vehicle registration number KAK 592P was donated to Rift Valley Technical Training Institute. However, transfer to the Institute was not done since the log book was still in the name of Uasin Gishu Memorial Hospital/NIC Bank.

In the circumstances, the accuracy and completeness of property, plant and equipment balance of 2,510,567,120 for the year ended 30 June, 2020 could not be confirmed.

7. Unsupported National Hospital Insurance Fund Loan

As previously reported, the financial statements of Moi Teaching and Referral Hospital reflects a balance of Kshs.87,557,456 under current assets reported as National Hospital Insurance Fund (NHIF) Loan and as disclosed in Note 18.4 to the financial statements.

During the year under review, an amount of Kshs.36,229,963 was paid to NHIF as loan repayment by the Hospital for which about 90% of the parts of the equipment had been received as at the time of audit in May, 2021.

In addition, the financial statements of NHIF for the year ended 30 June, 2020 reflects an unquoted investment of a loan advanced to MTRH of Kshs.312,669,869 with a legal fee of Kshs.68,800,240 and an accrued interest of Kshs.10,395,817, which has not been reflected as loan recovery of Kshs.87,557,456 and a loan balance of Kshs.314,192,699 as at 30 June, 2020. The financial statements of MTRH however reflects NHIF loan of Kshs.87,557,456 but treated as a current asset without a corresponding disclosure of a long term outstanding loan due to NHIF.

Consequently, the accuracy and completeness of the NHIF loan of Kshs.87,557,456 and the undisclosed outstanding loan balance could not be confirmed.

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Other Matter

Budgetary Control and Performance

During the year under review, Moi Teaching and Referral Hospital had a total expenditure budget of Kshs.10,670,621,673 comprising recurrent budget of Kshs.10,219,371,673 and capital budget of Kshs.451,250,000 as reflected in the statement of comparison of budget and actual amounts for the year ended 30 June, 2020. However, the following anomalies have been noted:

The statement of comparison of budget and actual amounts does not reflect full details or a breakdown of the capital budget amount including name of projects, adjustments, unspent balances brought forward and final budget figures for the capital projects.

Explanations on variances between the budgeted and actual amounts of more than 10%, changes between original and final budget figures and reconciliation between figures in the statement of financial performance and actual budget were not provided

contrary to the reporting guidelines issued by the Public Sector Accounting Standards Board.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Staff on Acting Capacity Confirmed without Interviews

A review of personnel records for the year under audit, revealed that fifteen (15) officers in various departments had been acting for more than six (6) months contrary to Section 34(3) of the Public Service Commission Act, 2017 and Part 4.4.5 of Moi Teaching and Referral Hospital Human Resource Policy and Procedures Manual of 2018.

Further, out of the fifteen (15) officers who were acting in the vacant senior positions, nine (9) were later appointed/confirmed by promotion. However, no evidence of internal advertisement and interviews conducted as required under Part 2.32.3 of Moi Teaching and Referral Hospital Human Resource Policy and Procedures Manual of 2018 were provided for audit .

The Management was therefore in breach of the law.

1.1. Non-Compliance with Law on Ethnic Composition

A review of personnel records and staff establishment for the year ended 30 June, 2020 revealed that MTRH had fourteen (14) senior management employees out of which eleven (11) or 79% came from the dominant community. Out of 3,726 employees in other cadres, 2,589 or 69% came from dominant community. Further, the Hospital recruited 113 new employees during the year under audit out of which 72 or 64% came from also the dominant ethnic community in the county.

The Management failed to comply with the provisions of Section 7(1) and (2) of the National Cohesion and Integration Act 2008, Article 232 (1)(h) of the Constitution of Kenya and Part 2.14.9 of Moi Teaching and Referral Hospital Human Resource Policy and Procedures Manual 2018.

The Management was therefore in breach of the law.

1.2. Failure to Comply with a Third of Basic Pay Rule

A review of the payroll of the Hospital for the year ended 30 June, 2020 revealed that a number of employees between the twenty-four (24) and five hundred and forty-four (544) in any particular month, earned a net salary of less than a third (1/3) of the basic salary contrary to Section C.1(3) of the Public Service Commission (PSC) Human Resource Policies, 2016 as summarized below;

Salary Month	Jan 2020	Feb-2020	March 2020	April-2020	May 2020	June 2020
Number of employees whose net salary was less than one third of their basic salary.	24	542	544	164	226	255
Total number of employees as per payroll	3654	3659	3658	3686	3686	3721

The Management has not given explanation for failure to comply with the policy.

In the circumstances, the Hospital contravened Section C.1(3) of the Public Service Commission (PSC) Human Resource Policies, 2016 as this may expose the staff to pecuniary embarrassment.

1.3. Payment of Salaries to Staff Beyond Sixty(60) Years

The Hospital paid gross salaries totalling Kshs.6,250,952 from January, 2020 to June, 2020) to four (4) employees who had attained mandatory retirement age of 60 years and continued to draw salaries without the requisite Authority.

The Management was therefore in breach of law.

2. Unapproved and Irregular Medical Officers Post Graduate Training

The statement of financial performance reflects administrative costs of Kshs.449,030,014 which as disclosed in Note 17.3 to the financial statements, includes Kshs.9,661,674 and Kshs.44,134,119 for medical officers post graduate training and staff development respectively, in the year ended 30 June, 2020. The following anomalies were noted:

2.1. There were no approvals from the Human Resource Management and Advisory Committees (HRMAC) for sampled training for seventeen (17) employees whose total fees and other payments amounted to Kshs.6,964,151.

2.2. A total of twenty (20) employees who were sponsored to attend various courses who had signed bonds amounting to Kshs.76,066,404.70 had defaulted to

repay Kshs.74,656,405.70 for their respective bonded amounts. Further, ten (10) employees with outstanding bond of Kshs.4,926,389.00 were under litigation

2.3. Some employees were paid per diem and mileage allowances totalling Kshs.160,000 and Kshs.27,343, respectively despite full board payments of residential training fees to Kenya school of Government by the Hospital for the various trainings which they attended during the year.

Consequently, the regularity of administrative costs of Kshs.449,030,014 could not be confirmed.

3. Anomalies in Course Administration and Subscriptions

The statement of financial performance for the year ended 30 June, 2020 reflects operational costs of Kshs.865,879,791 which includes course administration and subscription fee of Kshs.8,549,368. Included in the latter is an expenditure of Kshs.1,003,000 incurred on training of students undertaking Higher Diploma in Nursing on basic life support and advanced cardiac life support services. However, the following anomalies were observed:

3.1. There was no competitive bidding during identification of the service providers, yet advance payment was made for the services without an existing contract between the service provider and the Hospital. In addition, no security bond was provided by the service provider that would cushion the Hospital from breach of the terms of advance.

3.2. The payment voucher indicated that the payment was made to an individual employee and not the firm (Mediplus) which had been contracted to provide the services.

3.3. A detailed training program for basic life support and advanced cardiac life support was not provided for audit review and the basic life support training expenditure was only supported with attendance register for one day.

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

3.4. Anomalies in Award of Tenders for Maintenance of Building and Stations

The operational costs of Kshs. 865,879,791 for the year ended 30 June, 2020 includes maintenance of building and stations expenditure of Kshs. 73,801,617. Included in the expenditure are payments for supply of hardware and electrical items totalling Kshs.16,929,743. However, the firms which were awarded the contracts did not meet the tender award requirements under contract numbers MTRH/T/15/2018-2019 and MTRH/DP/11/2018-2019:

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

3.5 Unsupported Supply of Hospital Linen

The operational costs of Kshs.865,879,791 also includes hospital linen expenditure of Kshs.4,432,930. However, tender documents relating to Tender No. MTRH/T/D11/2016-2018 for supply of hospital linen were not provided for audit .

As a result, the regularity of the expenditure of Kshs.865,879,791 on operational costs could not be confirmed.

3.6 Anomalies in Police Allowances

The operational costs of Kshs.865,879,791 also includes contracted professional services expenditure of Kshs.18,709,466. Included in this amount are payments totalling Kshs.8,156,878 made to police officers stationed at the hospital as special duty allowances out of which Kshs.2,328,834.76 was PAYE. A review of the related payment vouchers and supporting documents revealed that the Hospital hired police officers using private rates on a public utility which is described under the Kenya Gazette Notice No. 955 dated 29 December, 2006 as a public good and interest where the Inspector General could deploy police officers.

The payments were being made to individual police officers instead to the National Police Service. Further, the police officers were paid untaxed allowances and the resulting taxes of Kshs.2,328,843.76 were borne by the institution. Also, no board minutes approving the payments were provided for audit.

Consequently, the regularity of the expenditure of Kshs.865,879,791 incurred operational costs could not be confirmed.

3.7 Unsupported Patient Refunds

The operational costs of Kshs.865,879,791 also includes patient refunds/ deposit refunds of Kshs.12,808,927. However, the refunds made during the year were not supported by any documented policy guidelines by the Management.

In the circumstances the regularity of the patients refunds totalling Kshs.865,879,792 made during the year could not be confirmed.

4. Avoidable Mileage Allowance

The statement of financial performance for the year ended 30 June, 2020 reflects board expenses of Kshs.11,434,299 which includes board sitting allowances of Kshs.10,390,299. A review of the records relating to this expenditure revealed payment of mileage allowances totalling Kshs.556,268 to one board member who claimed to have travelled from Mandera to Eldoret and back by road on a personal vehicle. A cost-effective means of transport through air transport would have cost approximately Kshs.150,000 for a return ticket, thereby occasioning a saving of Kshs.406,268.

Consequently, regularity and value for money for the expenditure of board expenses of Kshs.11,434,299 could not be confirmed.

4.2 Irregular Procurement of Air Ticketing Services

The board sitting allowances of Kshs.10,390,299 for the year ended 30 June, 2020 includes payments totalling Kshs.929,770 which were made to one firm for provision of air ticketing services to board members on various dates. An review of the institution's list of registered suppliers for the service revealed that four (4) suppliers were listed to offer air ticketing, tour and travel services.

The Hospital, however, procured the services from only one supplier directly without obtaining quotations from the other three registered suppliers contrary to Section 106 (2) of the Public Procurement and asset Disposal Act, 2015.

In the circumstances, the regularity and value for money for the expenditure of Kshs.10,390,299 could not be confirmed.

5. Unsupported and Unapproved Waivers and Exemptions

The statement of financial performance for the year ended 30 June, 2020 reflects waivers and exemptions of Kshs.371,573,303 and as disclosed in Note 17.7 to the financial statements. A review of schedules and documents provided in support of the waivers and exemptions revealed that the waivers have been increasing for the last five years. The waiver of Kshs.390,076,568 in the year under review and whose supporting schedule reflects a total of twelve thousand four hundred and four (12,404) waiver cases, represented a 13 % increase from the previous year.

The Hospital Management Information System reflects a figure of Kshs.373,767,879 instead of Kshs.390,076,568 in respect of waivers for the year 2019/2020, resulting to unexplained variance of Kshs.16,308,689.

The Chief Executive Officer(CEO) approved waivers of more than the authorized limit of Kshs.100,000 amounting to Kshs.207,450,902 which required approval of the Cabinet Secretary contrary to Regulation 148(6) of the Public Finance Management (National Government), 2015. Further, CEO approved waivers of Kshs.182,625,666 which did not exceed Kshs. 100,000 at any one incidence as required by regulation 148(5) of the of the Public Finance Management (National Governments), 2015. However, there was no evidence indicating that the report of the waivers was submitted to the National Treasury and the Auditor-General as required under the regulations.

The schedule provided in support of the waivers and exemptions were incomplete and did not include information such as invoice and waiver form numbers against the waiver beneficiaries' names.

In the circumstances, the regularity of the waivers and exemptions of Kshs.371,573,303 for the year ended 30 June 2020 could not be confirmed.

6. Anomalies in Supply of White/Whole Meal Bread

The statement of financial performance reflects expenditure of Kshs.1,409,651,606 on use of goods and services for the year ended 30 June, 2020 which includes Kshs.136,993,760 relating to food and ration. Included in this amount are payments totalling Kshs.8,169,422 made to a bakery for supply of white/whole meal bread of 800 grams. A review of the quotation documents revealed that the following anomalies:

Quotations were sent to seven (7) firms and were responsive but none of them was in the list of registered suppliers for the provision of foodstuff perishables (White/Whole Meal Bread 800 grams) for the years 2018 to 2020. The bakery that was awarded the tender, being the lowest bidder was not in the list of registered suppliers for provision of foodstuff perishables (White/Whole Meal Bread 800 grams) for the years 2018 to 2020.

The procurement record for recommendation of award of 2018-2019 was dated 18/04/2016. The tender number quoted in the Local Purchase Orders (LPOs) for the Bakery was not for supply of bread.

Therefore, the regularity and validity of payments of Kshs. 1,409,651,606 on use of goods and services could not be confirmed.

7. Irregular Purchase of Rice from National Cereals and Produce Board (NCPB)

The use of goods and services of Kshs. 1,406,651,606 s reflected in the statement of financial performance and as disclosed in Note.....includes food and ration expenditure of Kshs.136,993,760 for the year ended 30 June, 2020.This amount includes purchase of rice from NCPB through imprests drawn in the names of two officers vide warrant numbers 23621 and 23268 each of Kshs.1,657,500. However, a review of the payment vouchers, surrender documents, invoices, official receipts and professional opinion for quotation no. MTRH/DP/248/2019-2020 dated 08 November, 2019, revealed the following anomalies:

- (i) The imprest surrender for imprest warrant number 23268 had no official receipt from National Cereals and Produce Board. The imprest holder used invoice number 082734 to surrender the imprest which is the same invoice whose copy was used in surrender of imprest warrant number 23621.
- (ii) The imprest surrender for imprest warrant number 23621 had an official receipt from National Cereals and Produce Board. However, the descriptions of the goods receipted did not match the invoices attached.

- (iii) Tender documents were not prepared and issued for the tender number MTRH/DP/248/2019-2020 which is contrary to Section 104(a) of the Public Procurement and Disposal Act, 2015.
- (iv) An ad hoc evaluation committee was not formed which is contrary to Section 104(b) of the Public Procurement and Disposal Act, 2015.
- (v) The Local Purchase Order attached were not endorsed by National Cereals and Produce Board (NCPB).
- (vi) Whereas the two payments totalling Kshs.3,315,000 were made directly to NCPB, it was not clear why an impression was created that these were imprests issued to staff and payment vouchers prepared in the names of the staff instead of NCPB as the payee.

Therefore, the regularity of the use of goods and services of Kshs.1,406,651,606 could not be confirmed

8. Anomalies in Provision of Hotel Services

The use of goods and services expenditure of Kshs.1,409,651,606 for the year ended 30 June, 2020 also include cafeteria supplies expenditure of Kshs.6,847,012. Included in this amount are payments totalling Kshs.3,022,650 made to a restaurant for provision of hotel services. However, a review of the list of the registered suppliers for 2018-2020, quotations number MTRH/044/2018-2019, procurement report number 1/575/2018-2019 dated 21/01/2018 revealed following anomalies:

- (i) Quotations were sent to eight (8) firms and five (5) firms responded. However, all the firms were not in the list of registered suppliers for provision of services.
- (ii) A Restaurant was sent quotation number B5 which was however submitted by another Restaurant, the firm that was finally awarded the contract.
- (iii) The hospital does not have a list of registered suppliers for provision of hotel services.

In the circumstance, the regularity of use of goods and services expenditure of Kshs.1,409,651,606 could not be confirmed.

9. Anomalies in Supply of Food Staff

The food and ration expenditure of Kshs.136,993,760 for the year ended 30 June, 2020 also include payments totalling Kshs.9,392,156 made to a Company Limited for delivery of chicken broilers, gizzards and eggs. A review of the tender advertisement of 26 June, 2018 and tender evaluation committee minutes for tender number MTRH/T/12/2018-2019 revealed the following anomalies:

- (i) Tender No. MTRH/T/12/2018-2019 was for supply and delivery of foodstuff(poultry) only for the financial year 2018-2019. However, the same tender was used to award the supplier tenders for the financial year 2019-2020 though the supplier was not among the listed firms for the financial year 2019-2020.
- (ii) According to the tender evaluation committee minutes, the winning Company submitted all the requirements in the mandatory stage. However, a review of the bid documents revealed that the firm had attached a Tax Compliance Certificate which expired on 15/08/2017 and did not submit a valid trade license/single business permit as stated in the tender requirements.

Therefore, the regularity and value for money for use of goods and services expenditure of Kshs.1,409,651,606 could not be confirmed.

10. Anomalies in Supply of Human Drugs

The use of goods and services expenditure of Kshs.1,409,651,606 for the year ended 30 June, 2020 includes expenditure of Kshs.772,048,451 on drugs, out of which Kshs.54,711,882 was paid to a firm for supply of human drugs. However, a review of the tender evaluation committee minutes for tender number MTRH/T/25/2018-2020 revealed the following anomalies:

- (i) Whereas the tender evaluation committee minutes indicated that the firm submitted all the requirements in the mandatory stage, a review of the tender documents submitted revealed that the firm submitted audited accounts for 2015 and 2016 while the tender document required audited accounts for 2016 and 2017.
- (ii) The firm did not attach bank statements as required in the tender.

Therefore, the regularity and value for money for of the use of goods and services expenditure of Kshs.1,409,651,606 could not be confirmed.

11. Anomalies in Supply of X-Ray Materials

The use of goods and services expenditure of Kshs. 1,409,651,606 for the year ended 30 June, 2020 includes radiology and imaging/x-ray supplies figure of Kshs.44,959,498. Included in this amount are payments totalling Kshs.12,626,312 made to a firm for supply of x-ray materials. However, a review of the tender advertisement of 26 June, 2018 and tender evaluation committee minutes for tender number MTRH/T/27/2018-2020 revealed the following anomalies:

- (i) Tender evaluation committee minutes revealed that a supply firm submitted all the requirements in the mandatory stage. However, an audit review revealed that the firm submitted audited accounts for 2015 and 2016 whereas the tender document indicated audited accounts for 2016 and 2017. Further, the firm did

not attach six months' bank statements preceding tender opening as required by the tender document.

- (ii) The Manufacturer's Authorization letter from a manufacturing firm Ref: Tender Ref Number: MTRH/T/27/2018-2020 for supply and delivery of x-ray materials was dated 07 September 2017 while the advertisement was made on 26 June, 2018 on my.gov newsletter and the manufacturer's letter referred to the tender.

Therefore, the regularity and value for money for use of goods and services expenditure of Kshs. 1,409,651,606 could not be confirmed.

12. Irregular Supply of X-Ray Materials

The use of goods and services expenditure of Kshs. 1,409,651,606 for the year ended 30 June, 2020 includes radiology and imaging/ x-ray supplies expenditure of Kshs.44,959,498 for the year ended 30 June, 2020 which further includes payments totalling Kshs. 5,264,950 made to a firm for supply of x-ray materials. However, audit review of the documents in support of the expenditure which includes tender award process documents such as approval letter and professional opinion revealed the following:

- (i) The tendering process was not followed. Only purchase requisitions were raised and whose approvals were done by the Manager, Supply Chain and the Chief Executive Officer and items single sourced.
- (ii) Tender documents were not issued contrary to Section 104(a) of the Public Procurement and Assets Disposal Act, 2015.
- (iii) An ad hoc evaluation committee was not formed contrary to Section 104(b) of the Public Procurement and Disposal Act, 2015.
- (iv) There was no written contract agreement contrary to Section 104(d) of the Public Procurement and Disposal Act, 2015.
- (v) The Management did not provide a copy of notification to the Public Procurement and Regulatory Authority of the Direct Procurement contrary to regulation 62(2) of the Public Procurement and Assets Disposal Regulations, 2006.
- (vi) The Management did not negotiate on the prices contrary to regulation 62(3) of the Public Procurement and Assets Disposal Regulations, 2006.

Therefore, the regularity and value for money for of the use of goods and services expenditure of Kshs.1,409,651,606 could not be confirmed.

13. Anomalies in Supply of Renal Unit Consumables

The use of goods and services expenditure of Kshs.1,409,651,606 for the year ended 30 June, 2020 includes an amount of Kshs.6,704,750 in respect of renal consumables. Included in this expenditure are two payments totalling Kshs.1,440,000 made through invoice numbers 831 and 968 for Kshs.480,000 and 960,000, respectively and payment voucher numbers 139802 and 139805 to a Supplies Company

A review of the tender advertisement of 28 June, 2018 and tender evaluation committee minute for Tender No. MTRH/T/29/2018-2020 revealed the following:

- (i) The tender evaluation committee minutes indicated that the Company submitted all the requirements in the mandatory stage. However, a scrutiny of the bid documents submitted by the firm revealed that the firm only submitted an e-Return Acknowledgement Receipt dated 28 June, 2018 for submission of tax returns but did not attach a tax compliance certificate which was a requirement for the tender.
- (ii) The bank statements for the last 6 months preceding tender opening date was to be provided as a requirement for the tender. The firm only provided 5 months (January-May 2018) and did not therefore satisfy the tender condition.
- (iii) The Company should have been disqualified as required by Section 47(2) and 48(1) of the Public Procurement and Disposal Regulations 2006 since they had not met the mandatory requirements in the preliminary evaluation stage.

Therefore, the regularity of use of goods and services expenditure of Kshs.1,409,651,606 for the year ended 30 June, 2020 could not be confirmed.

14. Anomalies in Supply, Delivery, Installation and Commissioning of Medical Equipment (Autoclave Machine)

The Management entered into a contract with a company to supply Autoclave Machine at a contract sum cost of Ksh.7,485,821 under contract No. MTRH/63/2018-2019. However, the following anomalies were noted:

- (i) The contract was signed on 20 June, 2019 over two months after the expiry of tender validity period of 120 days stated in the tender bids' contrary to Section 135 (3) of the Public Procurement and Asset Disposal Act, 2015.
- (ii) Local purchase order number 34662 was raised and committed in the vote book on 10 June, 2019 and eventually approved on 12 June, 2019 eight days before the contract was signed on 20 June, 2019 in contravention of procurement procedures.

- (iii) According to the evaluation's minutes of 26 April, 2019, a professional opinion provided by the head of supplies chain indicated that there existed material variances in terms of prices provided by the bidders and as such there was need to request all bidders to resubmit the documents they had not submitted. There was no confirmation from the records provided indicating whether the documents were resubmitted or not by the bidders.
- (iv) It was noted that the evaluation minutes of 6 May, 2019 which awarded the contract to supply of autoclave machine was an attachment of minutes of 26 April, 2019 which had deferred awarding of the contract awaiting resubmission of the missing documents. Therefore, it was not clear how the bid was awarded yet the evaluation team did not approve or append their signatures in each page of the minutes as required by the procurement procedures. As such, it could not be confirmed whether due process was followed in awarding the contract.

Therefore, the regularity of the use of goods and services expenditure of Kshs.1,409,651,606 could not be confirmed.

15. Anomalies in Network Upgrade

A firm was contracted to upgrade the institution network at a contract sum of Kshs.142,997,388 and was to be undertaken in two phases of Kshs.70,637,028 and Kshs.72,360,359.66 for phase one and two, respectively. However, the following anomalies were noted:

- (i) The contract was signed on 3 December, 2019 two months after the expiry of 120 days' tender validity period stated in the tender bids which is contrary to Section 135 (3) of the Public Procurement and Asset Disposal Act, 2015.
- (ii) The performance bond of Kshs.7,149,869.40 dated 13 December, 2019 from a Bank provided by the bidder expired on 13 December, 2020 and the same was not renewed.
- (iii) The network upgrade works was charged under recurrent vote which had a budget figure of Kshs.110,145,365 whereas, the works are of capital in nature and no capital budget was provided to support the works.

In the circumstance, the regularity of the use of goods and services expenditure of Kshs.1,409,651,606 could not be confirmed.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Incomplete Ledgers and Stock Take Reports

The stores ledgers and stock take report were incomplete, unreconciled and not signed. In the absence of complete records and reconciliations, stocks may get lost through theft and pilferages. Further, there were weak physical controls of access to stores and damages of stock could also be possible due to poor storage.

Consequently, the accuracy and completeness of the inventories records of the hospital could not be confirmed.

2. Information and Communication Technology (ICT)

A review of the Information and Communication Technology (ICT) of the I Hospital revealed that the Organization did not have in place an approved IT Continuity Plan and Disaster Recovery Plan (DRP). Such plans are vital in effective and efficient management of the entity's IT resources.

Further, some of the procedures and functions in finance, accounting and supply chain departments are manually performed since the hospital is yet to embrace information communication technology in all its operational areas.

Consequently, organizational objectives may not be achieved and it may not be possible to optimize the utilization of the IT resources.

3. Lack of Operationalization of Fun-Soft HMIS System

As similarly reported in the previous year's audit, the Management used the Fun-Soft system for billing and invoicing patients during the year under review. However, the following anomalies were noted:

- (i) The hospital has not operationalized all the modules in the system in all of its operations despite being in use for over ten years.

- (ii) In some instances, the Management issued manual invoices mainly from the private wing to patients instead of the Fun-soft HMIS. The reasons provided were that the Fun-soft HMIS invoices were un-reliable, an argument that is untenable especially after the system audit report by the Ministry of ICT in 2017 found out the system to be sound and functional. Further, these manual invoices were purely based on the information sourced from Fun-soft HMIS. This was also the case whereby the Hospital uses Quick Books for in-patient billing for the Private Wings. Data in Quick Books was simply recaptured from Fun-soft HMIS.

Consequently, it was not possible to confirm the effectiveness and efficiency of the system installed.

4. Weaknesses in Internal Audit Function & Audit, Risk and Compliance Committee

. There were three members of the board who were are members of Audit, Risk and Compliance Committee with the deputy manager- Internal Audit as a secretary to the committee. However, none of the members of the committee had qualifications and expertise in audit, financial management or accounting or experience and knowledge in risk management or was a member of a professional body in good standing as required by mwongozo code. Further, no evidence was provided to show that the position of Head of Internal Audit had been filled either in an acting capacity or on a permanent basis by a manager

Consequently, in the absence of a substantive internal audit department head and committee members with relevant qualifications, expertise and experience exposes the institution to weaknesses in the internal control system and risks in the operations of the entire Hospital.

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

Responsibilities of Management and the Board of Directors

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 control 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 control, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Hospital's ability to continue to sustain its services, disclosing, as applicable, matters

related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Hospital or to cease operations.

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

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

The Board of Directors is responsible for overseeing the financial reporting process, reviewing the effectiveness of how the entity 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

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. 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 and weakness 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 addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, 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 accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit

Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of noncompliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Hospital's policies and procedures may deteriorate.


As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Hospital's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Hospital to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Hospital to express an opinion on the financial statements.

- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

15 February, 2022

Moi Teaching and Referral Hospital, Annual Report and Financial Statements for the year ended June 30th 2020

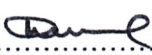
IX. STATEMENT OF FINANCIAL PERFORMANCE

	Notes	2019/2020	2018/2019
Revenue from Non-Exchange Transactions			
Government grant	15.1	7,320,147,670	6,773,344,144
		7,320,147,670	6,773,344,144
Revenue from Exchange Transactions			
Cost Sharing	15.2	2,512,062,987	2,291,564,868
Income Generating Unit	15.3	767,261,210	895,622,148
Other Income	15.4	75,696,779	22,951,161
		3,355,020,975	3,210,138,177
Total Revenue		10,675,168,646	9,983,482,321
EXPENDITURE			
Use of Good and Services	16.1	1,409,651,606	1,018,434,608
Personal Emoluments	17.1	7,224,783,060	6,762,074,025
Depreciation	17.2	174,151,765	155,353,497
Administrative cost	17.3	449,030,014	401,239,811
Operational cost	17.4	865,879,791	617,652,768
Board Expenses	17.5	11,434,299	10,675,347
Provision for doubtful debts	17.6	35,508,439	187,364,041
Waivers and Exemptions	17.7	371,573,303	354,745,063
Provision for Audit fee	17.8	1,160,000	1,160,000
Total Costs		10,543,172,277	9,508,699,161
Net Surplus/ (Loss)		131,996,369	474,783,160
Revenue reserves b/f		307,786,073	(166,997,087)
Revenue reserves c/f		439,782,442	307,786,073


The notes set out on pages 8 to 42 form an integral part of the Financial Statements

SIGNED
MR. SITOYO LOPOKOIYIT
BOARD CHAIRMAN

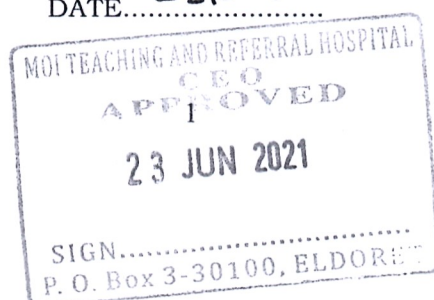
DATE.....


DR. WILSON K. ARUASA, **EBS**
CHIEF EXECUTIVE OFFICER

DATE 23/06/2021


MATHEWS BIRGEN
ICPAK NO. 3915
DIRECTOR, FINANCE

DATE 23/06/2021



X.

STATEMENT OF FINANCIAL POSITION

		2019/2020	2018/2019
		As at 30 June	As at 30 June
	Notes	KSHS.	KSHS.
CURRENT ASSETS			
Cash and Cash Equivalents	18.1	708,389,960	435,341,186
Debtors	18.2	1,302,549,618	1,117,305,819
Inventories	18.3	356,222,655	329,210,713
NHIF Loan	18.4	87,557,456	51,327,493
		<u>2,454,719,688</u>	<u>1,933,185,211</u>
Non-Current Assets			
Property, Plant and Equipment	14.1	2,510,567,120	2,235,404,667
Project cost	14.2	-	30,712,237
		<u>2,510,567,120</u>	<u>2,266,116,904</u>
		<u>4,965,286,808</u>	<u>4,199,302,115</u>
TOTAL ASSETS			
CURRENT LIABILITIES			
Trade and other Payables	19.1	582,193,589	492,438,687
Prepaid fees	19.2	6,062,069	8,455,420
Unremitted Salary Obligations	19.3	365,712,430	447,473,449
Finance Lease	19.4	6,795,836	9,157,756
		<u>960,763,924</u>	<u>957,525,312</u>
		<u>4,004,522,884</u>	<u>3,241,776,810</u>
NET ASSETS			
FINANCED BY			
CAPITAL RESERVES	20.1	3,564,740,441	2,933,990,737
REVENUE RESERVES	20.2	439,782,442	307,786,073
		<u>4,004,522,883</u>	<u>3,241,776,810</u>
TOTAL			

XI. STATEMENT OF CHANGES IN NET ASSETS

	CAPITAL RESERVES	REVENUE RESERVES	TOTAL
Balance as at 30th June 2018	2,903,990,737	(166,997,090)	2,736,993,647
Capital Grants for the Period	30,000,000	-	30,000,000
Donations	-	-	-
Surplus (Deficit) for the Period	-	474,783,160	474,783,160
BALANCE AS AT 30TH JUNE 2019	2,933,990,737	307,786,070	3,241,776,807
Balance as at 1st July 2019	2,933,990,737	307,786,070	3,241,776,807
Capital Grants for the Period	451,250,000	-	451,250,000
Donations	179,499,704	-	179,499,704
Surplus (Deficit) for the Period	-	131,996,369	131,996,369
BALANCE AS AT 30TH JUNE 2020	3,564,740,441	439,782,439	4,004,522,880
BALANCE AS AT 30TH JUNE 2019	2,933,990,737	307,786,070	3,241,776,807

XII. STATEMENT OF CASH FLOWS

CASH FLOW FROM OPERATING ACTIVITIES.	NOT E	2020	2019
		KSHS.	KSHS.
Surplus/Deficit	I S	131,996,369	474,783,160
Add:			
Depreciation of Assets	17.2	174,151,765	155,353,497
Gain/ Loss on Disposal	17.4	384,737	(505,443)
		174,536,503	154,848,054
Operating Profit Before Working Capital Changes		306,532,871	629,631,214
Working capital changes:			
Change in Trade and other Receivables	18.2	(185,243,799)	122,536,631
Change in Stock	18.3	(27,011,942)	(58,500,419)
NHIF Loan	18.4	(36,229,963)	(51,327,493)
Change in Trade and other Payables	19.1	89,754,902	(53,094,257)
Prepaid Fees	19.2	(2,393,351)	3,851,261
Unremitted Salary Obligations	19.3	(81,761,019)	(84,554,938)
KCB Finance Lease	19.4	(2,361,920)	(2,147,200)
		(245,247,092)	(123,236,415)
Net Cash In/Outflow from Operating Activities.		61,285,780	506,394,799
2. CASH FLOW FROM INVESTING ACTIVITIES.			
Purchase of Fixed Assets	14.1	(418,986,719)	(274,407,766)
Proceed from Asset Disposed	14.2	-	535,511
Net Cash used in investing activities		(418,986,719)	(273,872,255)
3. CASH FLOW FROM FINANCING ACTIVITIES			
Government Grants- Capital	20.1	451,250,000	30,000,000
Donations	20.1	179,499,704	-
		630,749,704	30,000,000
Change in Cash and Cash Equivalents. (ii)		273,048,765	262,522,544
Cash and Cash Equivalent at the beginning of the year (i)	18.1	435,341,192	172,818,647
Cash and Cash Equivalent (ii) + (i)	18.1	708,389,957	435,341,192

*Moi Teaching and Referral Hospital, Annual Report and
Financial Statements for the year ended June 30th 2020*

XIII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Code	Expenditure Item	Original Budget 2019/20	Adjustment	Final Budget	Actual Vote book Exp	Financial Statement	Performance Difference	%
	Revenue							
A	GoK GRANTS							
1	Recurrent Grants	6,342,588,976	635,000,000	6,977,588,976	6,977,588,886	6,977,588,886	-	0%
2	Conditional Grant						-	
	a)UHC Pilot	-	150,000,000	150,000,000	150,000,000	150,000,000	-	0%
	b) Recruitment of additional Staff for COVID-19 Containment and Suppression	-	42,824,700	42,824,700	42,824,700	42,824,700	-	0%
	Sub-total	6,342,588,976	827,824,700	7,170,413,676	7,170,413,586	7,170,413,586	-	0%
3	Capital Grant	451,250,000		451,250,000	451,250,000	451,250,000	-	0%
	Sub-Total	451,250,000	-	451,250,000	451,250,000	451,250,000	-	0%
	Total GOK Grants	6,793,838,976	827,824,700	7,621,663,676	7,621,663,586	7,621,663,586	-	0%
B	A.I.A							
4	Cost Sharing	2,916,598,435	109,209,008	3,025,807,443	3,279,324,197	3,279,324,197	-	0%
5	Other Income	23,150,557		23,150,557	75,696,779	75,696,779	-	0%
	Total A.I.A	2,939,748,992	109,209,008	3,048,958,000	3,355,020,975	3,355,020,975	-	0%
	Total Revenue	9,733,587,968	937,033,708	10,670,621,676	10,976,684,561	10,976,684,561	-	0%
C	DONOR FUNDED PROJECTS							
	a) Case Study on Integrated Delivery of Selected NCD	150,000,000	-	150,000,000	149,734,084	149,734,084	-	0%
	b) East Africa Public Health Laboratories Project (Construction of BSL II Lab, Isolation Ward, Incinerator House)	134,475,193	-	134,475,193	134,475,193	134,475,193	-	0%
	c) Isolation Unit (Isolation Beds)	7,563,586	-	7,563,586	7,563,586	7,563,586	-	0%
	TOTAL DONOR FUNDS	292,038,778	-	292,038,778	291,772,863	291,772,863	-	0%
	GRAND TOTAL	10,025,626,746	937,033,708	10,962,660,454	11,268,457,424	11,268,457,424	-	0%
	Expenditure							
010	Personnel Emoluments	6,312,588,976	927,824,700	7,240,413,676	7,220,743,539	7,224,783,060	(4,039,522)	100%
020	Purchase of Drugs	667,078,718	70,598,513	737,677,231	732,720,300	772,048,451	(39,328,152)	99%
025	Renal Consumables	36,000,000	-	36,000,000	21,765,654	6,704,750	15,060,904	60%
035	Disaster/ Emergency Response	30,000,000	-	30,000,000	26,879,319	34,395,966	(7,516,647)	90%
036	Disaster/ Emergency Response (internally generated funds)	-	55,000,000	55,000,000	17,082,606	-	-	31%
040	Dressings/theatre supplies	251,350,214	15,000,000	266,350,214	235,178,326	229,290,199	5,888,127	88%
045	Dental Supplies	12,238,600	(7,000,000)	5,238,600	4,667,225	5,175,945	(508,720)	89%

*Moi Teaching and Referral Hospital, Annual Report and
Financial Statements for the year ended June 30th 2020*

Code	Expenditure Item	Original Budget 2019/20	Adjustment	Final Budget	Actual Vote book Exp	Financial Statement	Performance Difference	%
050	Food & Ration	168,147,595	15,000,000	183,147,595	156,420,000	136,993,760	19,426,240	85%
060	Doctors' Fees	237,372,400	30,000,000	267,372,400	259,722,024	281,195,756	(21,473,732)	97%
070	Lab reagents/chemicals	135,226,965	6,500,000	141,726,965	138,497,646	141,810,970	(3,313,324)	98%
090	Cleansing materials	55,749,684	(1,500,000)	54,249,684	51,342,286	49,332,847	2,009,440	95%
095	Admission Packs	11,395,204	(4,000,000)	7,395,204	4,402,000	7,257,000	(2,855,000)	60%
100	Hospital Linen	4,000,000	-	4,000,000	952,500	4,432,930	(3,480,430)	24%
110	X-ray/ Radiology supplies	45,269,691	6,500,000	51,769,691	41,756,862	44,959,498	(3,202,636)	81%
120	Oxygen	75,600,000	(12,000,000)	63,600,000	49,632,810	64,179,788	(14,546,977)	78%
130	Supplies for Production	-	-	-	-	1,326,300	(1,326,300)	0%
140	Fuel & Gas	17,947,707	(2,000,000)	15,947,707	12,497,219	11,498,681	998,538	78%
150	Uniforms for patients	9,101,734	-	9,101,734	6,113,943	3,677,370	2,436,573	67%
160	Materials for Specialized units	21,372,574	(6,000,000)	15,372,574	7,984,290	6,919,499	1,064,791	52%
170	Mortuary supplies	2,784,423	-	2,784,423	1,634,613	1,651,695	(17,082)	59%
180	Course Administration and subscription fees	11,174,306	(3,000,000)	8,174,306	7,129,918	8,549,368	(1,419,450)	87%
190	Cafeteria supplies	6,000,000	1,000,000	7,000,000	7,022,767	6,847,012	175,754	100%
200	Library services	5,660,140	(2,000,000)	3,660,140	3,026,468	3,175,519	(149,051)	83%
210	Maintenance of building & station	64,766,295	(15,000,000)	49,766,295	35,392,626	73,801,617	(38,408,991)	71%
220	Maintenance plant & equipment	36,431,827	5,000,000	41,431,827	39,477,336	32,986,351	6,490,985	95%
230	Electricity Expenses	70,701,188	8,500,000	79,201,188	78,779,819	78,783,253	(3,434)	99%
240	Stationery	16,706,410	3,000,000	19,706,410	20,758,359	14,933,309	5,825,050	105%
250	Water & Conservancy	41,389,398	5,000,000	46,389,398	45,489,819	45,846,714	(356,895)	98%
260	Transport Operating Expenses	13,469,900	(5,000,000)	8,469,900	7,314,020	6,550,473	763,547	86%
270	Printing of Accountable documents, Medical Records and HRIS and stationery	26,175,983	(5,000,000)	21,175,983	17,134,475	20,582,960	(3,448,485)	81%
280	Telephone expenses	7,335,079	1,500,000	8,835,079	8,729,662	8,341,862	387,800	99%
290	Plant and Equipment Insurance policy	6,600,000	(6,600,000)	-	-	-	-	-
300	Rents & Rates	2,407,775	-	2,407,775	1,834,153	1,834,153	0	76%
310	Bank charges	9,277,482	15,000,000	24,277,482	22,040,357	22,212,388	(172,031)	91%
320	Postal Charges	1,127,426	-	1,127,426	1,327,204	352,479	974,725	118%
330	Motor Vehicle Insurance	3,466,650	-	3,466,650	2,424,929	2,295,465	129,464	70%
340	Patient Traveling Expenses	133,100	-	133,100	121,360	124,268	(2,908)	91%
345	Issue Based Committees	2,915,000	(2,000,000)	915,000	406,835	951,165	(544,330)	44%
350	Staff uniforms & protective gear	7,667,418	(4,000,000)	3,667,418	3,470,471	1,430,100	2,040,371	95%
355	Occupational Health Safety	8,826,586	-	8,826,586	6,591,631	8,754,532	(2,162,901)	75%

*Moi Teaching and Referral Hospital, Annual Report and
Financial Statements for the year ended June 30th 2020*

Code	Expenditure Item	Original Budget 2019/20	Adjustment	Final Budget	Actual Vote book Exp	Financial Statement	Performance Difference	%
360	Traveling and Accommodation	56,394,355	(20,000,000)	36,394,355	33,759,303	42,931,160	(9,171,857)	93%
365	Universal Health Coverage	-	10,000,000	10,000,000	3,975,042	1,385,262	2,589,780	40%
370	Board Expenses	20,909,015	(3,600,000)	17,309,015	11,079,510	11,434,299	(354,789)	64%
380	Computerization	110,145,365	(12,000,000)	98,145,365	86,773,549	2,141,383	84,632,166	88%
390	Comprehensive Group Personal accident cover	8,800,000	(4,000,000)	4,800,000	4,214,101	8,428,929	(4,214,829)	88%
395	Group Life Insurance Cover	23,000,000	13,700,000	36,700,000	36,669,075	25,835,098	10,833,978	100%
400	Staff development & training	51,783,530	(15,000,000)	36,783,530	36,492,636	44,134,119	(7,641,484)	99%
401	Medical Officers Post-Graduate Training	15,000,000	(4,500,000)	10,500,000	10,002,064	9,661,674	340,390	95%
405	Health Research, Development & Innovation	12,000,000	(8,500,000)	3,500,000	3,587,504	2,852,284	735,220	103%
410	Advertising & Publicity	11,776,200	(2,500,000)	9,276,200	8,609,696	12,463,276	(3,853,580)	93%
415	Hospital Security services	2,406,410	715,256	3,121,666	2,498,670	1,597,393	901,277	80%
420	Contracted Professional Services	31,805,487	(10,000,000)	21,805,487	21,325,043	18,709,466	2,615,577	98%
430	ISO	10,832,159	(9,000,000)	1,832,159	1,507,086	2,034,096	(527,010)	82%
440	Office Equipment	15,061,386	(9,500,000)	5,561,386	4,715,503	-	4,715,503	85%
460	External Traveling & Allowance	16,215,256	(16,215,256)	0	-	-	-	0%
470	Internet Expenses	6,790,921	(3,000,000)	3,790,921	2,220,045	2,443,395	(223,351)	59%
480	Staff Medical Scheme	207,389,505	42,610,492	249,999,997	250,150,817	250,103,825	46,992	100%
490	Corporate Social Responsibility	3,520,000	(2,500,000)	1,020,000	965,620	1,690,895	(725,275)	95%
500	IREC	1,000,000	-	1,000,000	1,000,000	1,000,000	-	100%
510	Cash in transit insurance	-	-	-	-	-	-	0%
520	Continuous Professional Development	847,000	-	847,000	-	-	-	0%
530	Contribution	220,000,000	(100,000,000)	120,000,000	68,596,125	-	68,596,125	57%
545	Purchase of Medical Appliances	20,000,000	-	20,000,000	18,043,449	-	18,043,449	90%
550	C. A.R.E.	1,204,930	-	1,204,930	708,300	585,800	122,500	59%
560	Capital Expenditure	451,250,000	-	451,250,000	168,131,228	-	168,131,228	37%
	TOTALS	9,733,587,968	937,033,705	10,670,621,673	10,073,489,738	9,805,419,805	597,131,935	94%

XIV. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Moi Teaching and Referral Hospital was established under Legal Notice No.78 of 12th June 1998 of the State Corporations Act (Cap 446). MTRH is wholly owned by the Government of Kenya and is domiciled in Kenya.

Principal activities

The Hospital mandate is to:

- Receive patients on Referral from other Hospitals or Institutions within or outside Kenya for specialized health care;
- Provide facilities for Medical education for the Moi University, and for research either directly or through other co-operating health institutions;
- Provide facilities for education and training in Nursing and other health and allied professions;
- Participate as a National Referral Hospital in National Health Planning.

For Kenyan Companies Act reporting purposes, the balance sheet is represented by the statement of financial position and the profit and loss account by the statement of statements of Financial performance.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Moi Teaching and Referral Hospital.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations 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. Relevant new standards and amendments to published standards effective for the year ended 30 June 2020

Standard	Impact
IPSAS 40: Public Sector Combinations	Applicable: 1st January 2019 The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations.

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2020

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1st January 2022: 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: <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • 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.
IPSAS 42:	Applicable: 1st January 2022

Standard	Effective date and impact:
Social Benefits	<p>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 information provided should help users of the financial statements and general purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows. <p>Moi Teaching and Referral Hospital provide medical services and participate in medical comps, medical outreaches and emergency and disaster responses in case of any disaster. The standards will improve on social responsibility of MTRH.</p>
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2022:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. <p>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.</p>
Other Improvements to IPSAS	<p>Applicable: 1st January 2021:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment.

Standard	Effective date and impact:
	<p>Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved</p> <p>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets.</p> <p>Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs).</p> <p>Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard</p>

i. Early adoption of standards

MTRH did not early-adopt any new or amended standards in year 2020.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

The entity recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

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. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

Rendering of services

The entity recognizes revenue from rendering of services by reference to the service offered to the clients for out patient services and upon discharge of inpatients clients when the outcome of the transaction can be estimated reliably.

Sale of goods

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

Interest income

The Moi Teaching and Referral Hospital does not earned interest income.

Dividends

The government owns the Moi Teaching and Referral Hospital and no dividends earned.

Rental income

Moi Teaching and Referral Hospital has no lease rental earnings.

b) Budget information

The Hospital board of management in June 2019 approved the original budget for FY 2019-2020. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the budget committee. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations of Kshs 937 million on the 2019-2020 budget following the Hospital board of management approval.

The Moi Teaching and Referral Hospital 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 accrual basis on actual commitment. The amounts in the financial statements were recast from the accrual actual basis to the accrual commitment basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section statement of comparison of budget and actual amounts of these financial statements.

c) Taxes

Current income tax

Moi Teaching and Referral Hospital do not earn current income tax

Deferred tax

Moi Teaching and Referral Hospital do not earn Deferred income tax

Sales tax

Moi Teaching and Referral Hospital do not earn sale income tax

d) Investment property

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

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial

recognition, investment properties are measured using the cost model and are depreciated over a 30-year period.

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 were made to or from investment property only when there is a change in use.

e) Property, plant and equipment

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

Depreciation method used in depreciating Hospital assets is reducing balance.

f) Leases

Finance leases are leases that transfer substantially all of the 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
- How 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.

i) Financial instruments

Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or a entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may

- The debtors or an entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

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 labor and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

After initial recognition, inventory is measured at the lower of 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 of cost and 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 MTRH 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 MTRH 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.

i) Provision for Bad Debts

Bad debts include trade and other receivables value the organisation is not certain that the debt holder will meet its obligations when it falls due. From experience, the Hospital has realised that the debt secured by National Identification Cards and Commitment Letters are not paid by the debtors. The Hospital has therefore made provisions for this category of debts at 100% of the outstanding amounts. The Hospital has also realized debt secured by Tittles Deeds and Motor Vehicle Log Books are not recoverable by 50% of all current debts and 100% on debt over six years (6). The Hospital has made a provision for this category of debtors. The Hospital has also made a provision for bad debts for corporate clients based on the assessment of going concern of the client companies and recoverability of the debt and has therefore made a provision.

a) Proposed for Write-offs of Bad Debts

Bad Debt Write-offs is debt the organisation has realized the debtor will not be able to pay in future for various reasons. The Hospital has analysed this category and will submit a proposal to the Cabinet Secretary of the National Treasury and Planning for write-off of bad debtors totalling to Kshs. **522,046,162** accumulated since the inception of the Hospital as follows;

- 100% write off of debts secured with Identity Cards – Kshs.
280,386,289

- 100% Write-off of debts secured with commitment letters – Kshs. 126,270,093
- Write-off of debts secured with Title Deeds that is older than 6 years – Kshs.33,529,535
- Write-off of debts secured with Logbooks that is older than 6 years – Kshs.4,692,834
- Write-off of Corporate Debts aged over six (6) years amounting to Kshs. 59,410,944
- Write-off in financial year 2008 of Kshs. 17,756,467

l) Contingent liabilities

MTRH 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.

m) Contingent assets

MTRH 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.

n) Nature and purpose of reserves

Moi teaching and Referral Hospital revenue reserves is cumulative surplus or deficit over the years and the purpose is to be used in purchase of plant and equipment.

o) Changes in accounting policies and estimates

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

p) Employee benefits

Retirement benefit plans

MTRH provides retirement benefits for its employees and senior management. Defined contribution plans are post employment benefit plans under which an entity pays fixed contributions into Moi Teaching and Referral Hospital Staff Pension Scheme, 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 proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

q) 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.

r) 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.

s) Related parties

MTRH 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 and senior managers.

Moi Teaching and Referral Hospital is related to

- i) The National Government; -National Treasury
- ii) The Parent Ministry- Ministry of Health
- iii) Board of Directors;
- iv) Key Management;

t) Service concession arrangements

MTRH 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, MTRH 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, MTRH also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

u) 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 authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

v) Comparative figures

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

w) 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, 2020.

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. MTRH 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 MTRH. 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 MTRH, 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 and 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 i.e Provision for Audit fees at last financial year actual amount incurred.

6. FINANCIAL RISK MANAGEMENT

MTRH activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The MTRH overall risk management programme focuses on 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 entity

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

MTRH 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 and as well as trade and other receivables.

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 MTRH 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:

	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2020				
Receivables from exchange transactions	444,609,989	-	444,609,989	-
Receivables from non - exchange transactions	1,752,795,282	-	1,752,795,282	891,564,358
Cash in Hand and Bank	708,298,759	708,298,759	-	-
Total	2,905,704,030	708,298,759	2,197,405,271	891,564,358
At 30 June 2019				
Receivables from exchange transactions	457,110,001	-	457,110,001	-
Receivables from non - exchange transactions	1,516,251,737	-	1,516,251,737	856,055,919
Bank balances	435,341,186	435,341,186	-	-
Total	2,408,702,924	435,341,186	1,973,361,738	856,055,919

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 entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The entity has significant concentration of credit risk on amounts due from Individual Trade and other Receivables.

The board of directors sets MTRH 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 MTRH directors, who have built an appropriate liquidity risk management framework for the management of MTRH short, medium and long-term funding and liquidity management requirements. MTRH manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by MTRH 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.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2020				
Trade payables	71,029,379	107,388,941	363,999,971	542,418,291
MTRH NCD Project Cost	37,455,298			37,455,298
CHS School Fees Pre-paid	6,062,069	-	-	6,062,069
Provisions	2,320,000	-	-	2,320,000
Deferred income	-	-	-	-
Employee benefit obligation	361,706,197	-	-	361,706,197
Total	478,572,943	107,388,941	363,999,971	949,961,855
At 30 June 2019				
Trade payables	491,278,687	-	-	491,278,687
MTRH NCD Project Cost	-			
CHS School Fees Pre-paid	8,455,420	-	-	8,455,420
Provisions	1,160,000	-	-	1,160,000
Deferred income	-	-	-	-
Employee benefit obligation	440,598,544	-	-	440,598,544
Total	941,492,651	-	-	941,492,651

(iii) Market risk

The board 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.

MTRH 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 MTRH exposure to market risks or the manner in which it manages and measures the risk.

a) Foreign currency risk

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

The MTRH manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments. In the past two financial years MTRH have no any commercial transaction.

Foreign currency sensitivity analysis

MTRH statement of comprehensive income on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant and there was no transaction of the same in the year.

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. MTRH interest rate risk arises from bank deposits and MTRH has no bank deposit hence not exposed to this Risk

Management of interest rate risk

To manage the interest rate risk, management will endeavour to bank with institutions that offer favourable interest rates when MTRH will need to deposit.

Sensitivity analysis

MTRH has not exposed to interest rate exposure risk hence MTRH has not done the sensitivity analysis.

Fair value of financial assets and liabilities

a) Financial instruments measured at fair value

MTRH has no financial instruments in its operation.

iv) Capital Risk Management

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

	2019-2020	2018-2019
	Kshs	Kshs
Revaluation reserve	-	-
Retained earnings	446,657,348	314,660,976
Capital reserve	3,541,750,901	2,933,990,737
Total funds	3,988,408,249	3,248,651,713
Total borrowings	953,889,019	950,650,407
Less: cash in hand and bank balance	708,598,759	435,341,186
Net debt/(excess cash and cash equivalents)	239,357,184	515,309,221
Gearing Ratio	6%	16%

7. RELATED PARTY BALANCES

Nature of related party relationships

Entities and other parties related to MTRH include those parties who have 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.

Government of Kenya

The Government of Kenya is the principal shareholder of the MTRH, holding 100% of the MTRH equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the MTRH, both domestic and external. Other related parties include:

- i) The Parent Ministry- Ministry of Health
- ii) Board of directors;
- iii) Key management;

	2019-2020	2018-2019
	Kshs	Kshs
Transactions with related parties		
a) Sales to related parties		
Sales of goods to	-	-
Sales of services	-	-
Total	-	-
b) Grants from the Government		
Grants from National Government	7,927,907,834	6,803,344,144
Grants from County Government	-	-
Donations in kind	-	-
Total	7,927,907,834	6,803,344,144
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for xxx employees	-	-
Payments for goods and services for xxx	-	-
Total	-	-
d) Key management compensation		
Directors' emoluments	11,434,299	10,675,347
Compensation to the CEO	-	-
Compensation to key management	-	-
Total	11,434,299	10,675,347

8. DIVIDENDS/SURPLUS REMISSION

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year.

MTRH operate in medical service industry and is supported by government grants for its day-to-day operation.

9. TAXATION

Healthcare services rendered by MTRH are not taxable. MTRH however a tax agent for withholding VAT, Advance income tax on contracts and PAYE which it withholds on behalf of the government and remits it on timely basis.

10. DEFERRED TAX LIABILITY

MTRH has no deferred taxes.

11. EVENTS AFTER THE REPORTING PERIOD

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

12. ULTIMATE AND HOLDING ENTITY

Moi Teaching and Referral Hospital (MTRH) is a State Corporation/ or a Semi-Autonomous Government Agency under the Ministry of Health. Its ultimate parent is the Government of Kenya.

13. Currency

The financial statements are presented in Kenya Shillings (Kshs).

14. Property Plants and Equipment Movement Schedules

Assets	Land	Buildings	Plant, Equipment's, Furniture & Fittings	Computers, Telephones & TV's	Motor Vehicles	Heavy earth movers- Tractor	Project Cost	TOTAL
	0.00%	2.50%	12.50%	30.00%	25.00%	37.50%	0.00%	
Cost/Valuation	kshs	kshs	kshs	kshs	kshs		kshs	kshs
As at 1 st July 2018	101,577,820	1,781,885,216	1,063,906,338	180,694,544	83,036,676	-	34,258,705	3,245,359,299
Additions:	-	12,515,274	226,108,968	23,870,523	11,913,000	-		274,407,766
Disposal					(4,000,000)			(4,000,000)
Project Cost Capitalized	-	3,546,468		-	-		(3,546,468)	3,546,468
As at 30 th June 2019	101,577,820	1,797,946,958	1,290,015,306	204,565,067	90,949,676	-	30,712,237	3,485,054,827
Additions:		-	275,992,024	6,214,109	7,911,207	1,850,000	127,019,379	418,986,719
Disposal					(12,753,391)			(12,753,391)
As at 30 th June 2020	101,577,820	1,797,946,958	1,566,007,330	210,779,177	86,107,492	1,850,000	157,731,616	3,891,288,155
Depreciation:								
As at 1 st July 2018	-	335,835,681	562,412,936	144,890,175	51,157,872	-	-	1,094,296,664
Charge for the period	-	36,552,782	90,950,296	17,902,468	9,947,951	-	-	155,353,497
Disposal								-
As at 30 th June 2019	-	372,388,463	653,363,232	162,792,643	61,105,823		-	1,249,650,161
As at 1 st July 2019	-	372,388,463	653,363,232	162,792,643	61,105,823		-	1,249,650,161
Charge for the period	-	35,638,962	114,080,512	14,395,960	9,342,581	693,750	-	174,151,765
Disposal					(12,368,654)			(12,368,654)
As at 30 th June 2020	-	408,027,425	767,443,744	177,188,603	58,079,750	693,750	-	1,411,433,273
NBV As at 30th June 2020	101,577,820	1,389,919,533	798,563,585	33,590,574	28,027,742	1,156,250	157,731,616	2,510,567,120
NBV As at 30th June 2019	101,577,820	1,425,558,495	636,652,074	41,772,425	29,843,853	-	30,712,237	2,235,404,667

Project Cost Details

Project Name	Contract Sum	Amount Paid by MOH	Amount Paid by MTRH	Total Amount Paid
Fun-Soft HMIS	18,303,400	-	15,902,631	15,902,631
Asset Tagging , E-notice Board	14,809,605	-	7,404,803	7,404,803
Network Upgrade	142,000,000	-	28,132,297	28,132,297
CCDC Radiology Bunkers	25,896,095	-	19,964,627	19,964,627
Isolation Unit	59,583,587	10,517,457	40,044,492	50,561,949
Bio-Safety Level two Laboratory (BSL2)	93,089,050	10,679,988	21,603,045	32,283,033
Incinerator House	6,355,691	1,792,096	1,690,180	3,482,276
Total	360,037,428	22,989,541	134,742,075	157,731,615

Notes to the accounts		
15.0 INCOME	2019/2020	2018/2019
15.1 Grants		
GoK Recurrent Grants	7,170,413,586	6,773,344,144
Donation Recurrent Grants	<u>149,734,084</u>	-
Total	<u>7,320,147,670</u>	<u>6,773,344,144</u>
15.2 Cost Sharing		
Out Patient Department	204,509,895	82,300,722
Surgical Wards	488,324,597	351,921,119
Nyayo Wards	321,364,786	917,456,005
Riley Mother Wards	245,355,228	-
Shoe 4 Africa	154,994,216	-
Oncology	208,686,278	-
AMPATH	23,668,333	-
Laboratory Services	206,276,660	170,285,275
Pharmacy Department	558,055,585	515,652,594
Radiology and Imaging Department	91,537,142	230,141,875
Dental Department	9,290,266	23,782,844
Cafeteria Department	-	24,435
Total	<u>2,512,062,987</u>	<u>2,291,564,869</u>
15.3 Income Generating Unit		
Farewell Home	64,167,703	64,475,264
Amenity Wing	247,360,515	258,807,630
Memorial Wing	367,830,471	489,278,513
MTRH College of Health Sciences	<u>87,902,522</u>	<u>83,060,741</u>
Total	<u>767,261,210</u>	<u>895,622,148</u>
15.4 Other Income		
Group Life Insurance Refund	57,221,943	-
Training Levy	45,000	334,545
Surcharge	890,957	474,890
Small Business Unit	873,409	1,347,113
Rental Income	9,434,760	9,256,020
Transport Services	-	-
Salary Recovery	743,258	1,103,307
Administrative fees	6,470,895	9,385,058
Tender Fees	13,427	116,055
- Library Service	3,130	-

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Service Bond	-	428,730
Gain on Disposal	-	505,443
Total	75,696,779	22,951,161
16.0 Purchases		
16.1 Use of Good and Services		
Drugs	772,048,451	538,116,279
Renal Consumables	6,704,750	-
Food and Ration	136,993,760	131,327,367
Fuel and Gas	11,498,681	6,906,210
Lab Reagents	141,810,970	106,874,648
Dressings and Theatre Supplies	229,290,199	165,624,762
Materials for Specialized Units	6,919,499	9,683,037
Farewell Home Supplies	1,651,695	1,593,811
Cafeteria Supplies	6,847,012	5,989,733
Dental Supplies	5,175,945	6,113,975
Supplies for Production	1,326,300	14,064,141
Radiology and Imaging/X-Ray Supplies	44,959,498	40,878,593
Oxygen	64,179,788	43,334,471
Admission Packs	7,257,000	6,428,000
Total	1,436,663,548	1,076,935,027
Add		
Opening Inventory	329,210,713	270,710,294
Closing Inventory	(356,222,655)	-329,210,713
Net Sales of Goods and Services	1,409,651,606	1,018,434,608
17.0 Expenditures		
17.1 Personnel Emoluments		
Basic Pay	3,247,053,665	2,737,861,058
House Allowance	705,989,800	705,258,139
Call Allowance	173,042,277	161,751,200
Risk Allowance	165,257,868	161,710,339
Private Wing Executive Committee	10,435,614	10,691,760
Private Wing Administrative Committee	737,114	845,680
Training Centre Allowance	13,995,076	14,344,925
RCO Call Allowance	19,021,000	19,129,000
Health Workers Service Allowance	304,982,083	305,509,500
Non Practice Allowance	104,019,301	97,356,700
Extraneous Allowance	859,298,533	859,674,672
Mortuary Allowance	21,331,425	22,583,518

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Locum Allowance	220,849,244	127,971,316
Uniform Allowance	18,340,000	18,460,000
Taskforce Allowance	525,000	8,951,867
Responsibility Allowance	3,968,008	3,339,371
Registrars Stipend Covid-19	7,875,228	-
Entertainment Allowance	3,940,984	3,394,050
Acting Allowance	7,470,784	5,000,944
Telephone Allowance	116,500	204,000
Special Duty Allowance	18,870,767	20,144,257
Medical Board Allowance	514,000	800,624
Remunerative Allowance	720,000	720,000
Security Allowance	9,282	55,692
IREC Allowance	-	65,000
Commuter Allowance	281,812,066	282,135,343
Amenity Allowance	19,273,917	16,326,587
Memorial Allowance	48,740,973	44,612,933
Salary Arrears	14,212,484	290,631,686
Nursing Service Allowances	288,792,249	246,521,525
Annual Leave Allowance	202,530,034	201,139,831
NSSF company	8,806,400	8,884,200
Pension Company	443,569,509	372,330,138
Gratuity	3,567,310	13,668,171
Casual Wages	5,114,565	-
Total	<u>7,224,783,060</u>	<u>6,762,074,025</u>
17.2 Depreciation	<u>174,151,765</u>	<u>155,353,497</u>
17.3 Administrative Costs		
Transport Operating Expenses	6,550,473	7,354,458
Patient Travelling Expenses	124,268	50,650
Advertising and Publicity	12,463,276	11,589,359
Staff Development	44,134,119	48,844,766
Travelling and Accommodation	42,931,160	52,491,634
External Travelling	-	7,693,996
Centre for Assault Recovery of Eldoret	585,800	874,700
Corporate Social Responsibility	1,690,895	3,288,867
Group Personal Accident Cover	8,428,929	13,183,022
Comprehensive Group Life Insurance Cover	25,835,098	26,106,999
Cafeteria Meals	-	-
Comprehensive Staff Medical Scheme	250,103,825	183,622,609

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ISO Secretariat	2,034,096	5,385,355
Issue Based Committees	951,165	948,054
Occupational Health and Safety	8,754,532	7,326,937
Disaster and Emergency Response	34,395,966	16,778,014
Medical Officers Post Graduate Training	9,661,674	15,700,391
Disposal (Donations)	384,737	-
Total	449,030,014	401,239,811

17.4 Operational Costs

Maintenance of Building & Stations	73,801,617	37,607,443
Cleansing Materials	49,332,847	36,610,670
Stationery	14,933,309	16,942,807
Telephone Expenses	8,341,862	8,090,531
Universal Health Coverage(UHC)Outreach	1,385,262	
Electricity	78,783,253	68,873,034
Medical Records and Accountable Documents	20,582,960	8,519,015
Water and Conservancy	45,846,714	49,998,317
Computerization	2,141,383	7,536,306
Internet Expenses	2,443,395	3,943,800
Postal and Telegram	352,479	939,441
Library Services	3,175,519	1,889,984
Doctors' Fees	281,195,756	248,137,520
Patient Refunds/ Deposit Refunds	12,808,927	29,304,984
Group Life Insurance Refund	57,221,943	-
Course Admin & Subscription Fee	8,549,368	11,793,021
Maintenance of Plant & Equipment	32,986,351	33,376,064
Rent and Rates	1,834,153	1,218,492
Staff Uniforms	1,430,100	4,182,115
Hospital Linen	4,432,930	9,564,750
Cash in Transit	-	-
Contracted Professional Services	18,709,466	21,422,848
Patients Uniforms	3,677,370	4,088,500
Hospital Security services	1,597,393	4,512,656
Health Research and Innovation	2,852,284	2,205,215
Institutional Research Expenses	1,000,000	1,000,000
Motor Vehicle Insurance Expenses	2,295,465	2,058,491
Bank Charges	21,931,723	3,763,593
NCD Project	111,955,299	
Taxes	280,665	73,171
Total	865,879,791	617,652,768

17.5 Board Expenses

Board Sitting Allowances	10,390,299	10,164,903
Honoraria	960,000	469,600
Board Telephone Allowances	84,000	40,844
Total	11,434,299	10,675,347

17.6 Provision for Doubtful Debts

Accumulated Provision B/F	856,055,919	668,691,879
Accumulated Provision C/F	891,564,358	856,055,919
Increase / Decrease in provision	35,508,439	187,364,041

17.7 Waivers and Exemptions

Waivers	371,573,303	354,745,063
Total	371,573,303	354,745,063

17.8 Provision for Audit fees

Provision for 2018/2019	1,160,000	1,160,000
Total	1,160,000	1,160,000

18.0 CURRENT ASSETS

18.1 Cash in Hand and Bank

Cash in Bank	705,071,063	434,746,147
Cash in Hand	3,318,897	595,040
Total	708,389,960	435,341,187

18.1 (a)	Hand and Bank	Bank Account	Currency	2020	2019
	Name of Bank			Shs	Shs
	Kenya Commercial Bank	1103031457	KSHS	416,220	554,364
	Kenya Commercial Bank	1103464396	KSHS	102,918,804	54,061,318
	Kenya Commercial Bank	1103464329	KSHS	438,663,589	373,721,929
	Kenya Commercial Bank	1151682268	KSHS	1,490,678	6,408,536
	Kenya Commercial Bank	1225719356	KSHS	75,231,905	
	Kenya Commercial Bank	1216421927	KSHS	86,349,866	-
	Total			705,071,063	434,746,147

18.1 (b)	Form of cash holding e.g liquid cash, Mpesa, Tangaza, e.t.c	2020	2019
		Shs	Shs
	M-pesa Collection Account (175599)	1,247,240	254,538
	Petty cash	91,201	300,000
	M-pesa Utility Account (951253)	1,980,456	40,502
	Total	3,318,897	595,040

18.2 Trade and Other Receivables

Institutions

NHIF	736,791,092	477,795,511
Corporate Clients	225,438,164	297,887,395
AMPATH	71,827,717	69,810,780
MOH Grant	444,609,989	457,110,001
Sub Totals	<u>1,478,666,962</u>	<u>1,302,603,686</u>

Individuals

Individual Clients	142,411,851	114,114,996
Student Fees (MTRH CHS)	16,928,835	10,870,122
Staff Guarantors	2,880,002	2,532,235
Salary advance	4,205,989	4,351,399
Imprests	6,031,171	6,308,938
Farewell Home	534,242	548,642
Rent	6,900,284	7,417,869
Prepayments	13,508,478	2,567,689
Proposed for write-off	522,046,162	522,046,162

Sub Total	<u>715,447,014</u>	<u>670,758,052</u>
Grand Total	<u>2,194,113,976</u>	<u>1,973,361,738</u>
Less; Accumulated provision	891,564,358	856,055,919
Net Debtors	<u>1,302,549,618</u>	<u>1,117,305,819</u>

18.3 Inventories

Drugs	206,563,966	146,241,032
Dressings and Theatre Supplies	98,884,201	143,120,300
Lab Reagents	8,677,610	8,274,791
X-Ray Supplies	4,984,959	6,555,616
Food and Ration	1,008,145	2,435,901
Cleansing Materials	1,208,739	1,583,500
Hospital Linen	6,395,214	10,009,970
Maintenance Materials	14,015,938	7,830,258
Operational and Maintenance Stores	11,579,295	1,262,700
Stationery	2,904,588	1,896,645
Total	<u>356,222,655</u>	<u>329,210,713</u>

18.4 Long Term Loan

NHIF Loan	87,557,456	51,327,493
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19.0 CURRENT LIABILITIES

19.1 Trade and other payables

Trade Creditors	542,418,291	491,278,687
NCD Projects	37,455,298	
Office of the Auditor General	2,320,000	1,160,000
Total	582,193,589	492,438,687

19.2 Training Centre Prepaid fees	6,062,069	8,455,420
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19.3 Unremitted Salary Obligations

PAYE	98,018,677	123,123,426
NSSF	1,495,900	1,481,900
NHIF	5,987,300	5,802,250
SACCOs	21,691,776	21,416,304
Nancy Kaari Samuel	-	3,500
Hospital-Wide Benevolent Fund	(1,083,151)	-
MTRH Pension Scheme	55,001,724	132,635,888
Flomena J. Choge	11,624	11,624
Moi University School Fees/pension	-	-
Union Dues	1,203,749	664,614
MADES Welfare	1,476,118	1,058,570
Finance Welfare	15,000	-
Laboratory Staff S.H. Group	649,524	858,750
Sub Staff Welfare	155,620	174,360
Health Records Information System Welfare	1,415,398	1,140,582
Security Self Help Group	220,822	320,027
Nutrition Welfare	141,096	373,020
Supplies Welfare	269,071	526,266
Radiology Welfare	61,100	79,020
Nurses Welfare	1,443,870	914,714
Occupational Therapy Welfare	181,861	169,613
Medical Social Work Welfare	232,689	399,240
ELD. Clinical Officers Welfare	258,668	387,336
Central Services Welfare	65,251	63,600
Catering Welfare	265,672	209,377
Secretaries Welfare	58,650	62,175
Transport Welfare	98,694	84,990
Pharmacy Welfare	557,963	432,290
Dental Welfare	170,555	176,869

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Physiotherapy Welfare	26,000	26,000
SANPRE Welfare	53,132	244,159
ICT Welfare	290,076	643,543
MTRH Administrators Welfare	55,501	22,000
MTRH Benevolent Fund	227,340	180,276
HELB Loan	241,929	303,119
Save as You Earn	28,000	10,000
Senior Principle Magistrate Kabarnet	3,000	3,000
Barclay Bank Loan	2,549,124	3,629,625
Rose Keino	32,982	32,982
KCB Loan	111,070,862	100,397,162
Housing Finance	200	-
CFC Bank Loan	-	17,255
Platinum Credit Loan	1,639,537	1,716,069
Family Finance Loan	2,061,250	632,093
NBK LOAN	1,327,250	400,235
Equity Bank Loan	995,275	213,585
Standard Bank Loan	6,902,940	10,901,877
Insurance	1,086,262	5,015,515
Hire Purchase	1,054,697	1,155,535
NACOA	46,500	46,500
Equatorial Bank Loan	69,995	95,353
Faulu Bank Loan	6,023,215	5,237,546
Bank of Africa Loan	213,190	347,008
Cooperative Bank Loan	23,907,596	23,534,206
Old Mutual	147,500	95,000
MTRH Self Help Group	2,000	3,500
Net Pay	15,591,857	-
	365,712,430	447,473,449
19.4 Finance Lease		
KCB Building	6,795,836	9,157,756
20.0 Reserves		
20.1 Capital Reserves		
Opening Balances	2,933,990,737	2,903,990,737
Capital Grants	451,250,000	30,000,000
Donations	179,499,704	-
Balance Carried Forward	3,564,740,441	2,933,990,737

20.2 Revenue Reserves

Opening Balance	307,786,070	(166,997,090)
Surplus/ Deficit for the period	<u>131,996,369</u>	<u>474,783,160</u>
Balance Carried Forward	<u>439,782,439</u>	<u>307,786,070</u>

APPENDIX I: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Ref.	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.1	Land	MTRH is in active pursuit on this matter evidenced by litigation correspondences between Hospital lawyers have been availed to show that the Hospital is in active and constant pursuit of this matter to conclusion. MTRH filed an appeal at the Supreme Court of Kenya against the judgement of the Court of Appeal in Nairobi Civil Appeal No. 184 of 2012. The Supreme Court set aside the judgement by the Court of Appeal and referred the matter to Environment and Lands Court for determination.	Head of Legal Services	Not Resolved	2021/2022 Financial Year
1.2	Encroachment of Land	MTRH has written to National Land Commission for determination of size and ownership of the parcel.	Head of Legal Services	Not Resolved	2021/2022 Financial Year.
1.3	Trade and Other Receivables	The Hospital has made provisions for bad debts for irrecoverable debts and have sought approval from the National Treasury through Ministry of Health for write-off.	Finance Manager	Management has continued to put more sustainable efforts in debt collection	2021/2022 Financial Year

MR. SITOYO LOPOKOIYIT

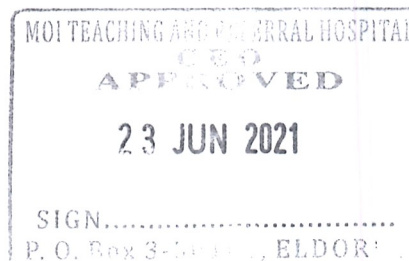
Sign.....Date.....

CHAIRMAN

Dr. Wilson K. Aruasa, EBS

Sign.....Date.....

CHIEF EXECUTIVE OFFICER



APPENDIX II: PROJECTS IMPLEMENTED BY MTRH

Projects

Projects implemented by the State Corporation/ SAGA Funded by development partners

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

Status of Projects completion

No.	Project	Total project cost (Kshs.)	Progress	Completion %	Budget Commitment	Partner
1	Fun soft HMIS	15,902,631	ERP (Complete pending Commissioning)	1.00	Yes	-
2	E-notice board and queue	7,404,801	ERP	0.50	Yes	-
3	Network Upgrade	28,132,297	In progress	0.30	Yes	-
4	CCCDC Radiology Bunkers	19,964,627	In progress	0.90	Yes	-
5	Isolation Unit	49,059,824	In progress	0.50	Yes	-
6	Bio-Safety Level two Laboratory (BSL2)	3,482,276	In progress	0.50	Yes	-
7	Incinerator House	32,120,502		0.80	Yes	-
	TOTAL	156,066,959				

APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Dev elopment/Othe rs	Total Amount - KES	Where Recorded/recogniz ed	Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	Total Transfers during the Year
Ministry of Planning and Devolution	-	Recurr ent	-	-	-	-	-	-	-	-
Ministry of Planning and Devolution	-	Develo pment	-	-	-	-	-	-	-	-
USAID	-	Donor Fund	-	-	-	-	-	-	-	-
Ministry of Planning and Devolution	-	Direct Payme nt	-	-	-	-	-	-	-	-
Total	-		-	-	-	-	-	-	-	-