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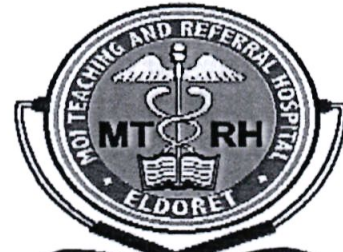
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THE AUDITOR-GENERAL

ON

**MOI TEACHING AND REFERRAL
HOSPITAL**

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



EXCELLENCE IN HEALTH CARE, TRAINING & RESEARCH
An ISO 9001:2015 Certified Hospital



MOI TEACHING AND REFERRAL HOSPITAL

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30TH JUNE 2024

OFFICE OF THE AUDITOR GENERAL
ELDORET REGIONAL OFFICE

30 DEC 2024

OFFICE OF THE AUDITOR GENERAL
P.O. Box 2772 - 20100, ELDORET

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

*Moi Teaching and Referral Hospital
Annual Report and Financial Statements
For the Year ended June 30th 2024*

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I. ACRONYMS & GLOSSARY OF TERMS

A: Acronyms and Abbreviations

ADA	Alcohol and Drug Abuse
ADR	Alternative Dispute Resolution
AF	Administration and Finance
AGPO	Access to Government Procurement Opportunities
AMPATH	Academic Model Providing Access to Healthcare
AWP	Annual Work Plan
BPR	Business Process Re-Engineering
BSL	Biosafety Laboratory
CAJ	Commission on Administrative Justice
CAR-E	Centre for Assault Recovery - Eldoret
CBA	Collective Bargaining Agreement
CC	Corporate Communications
CCCDC	Chandaria Cancer and Chronic Disease Centre
CCU	Cardiac Care Unit
CEO	Chief Executive Officer
CIO	Chief Information Officer
COC	Clinical Officers Council
COE	Centre of Excellence
CPC	Corruption Prevention Committee
CS	Clinical Services
DNS	Director of Nursing Services
ECN	Enrolled Community Nursing
ENT	Ear Nose and Throat
GoK	Government of Kenya
HDU	High Dependency Unit
HLA	Human Leukocyte Antigens
HMIS	Health Management Information System
HoD	Head of Department
HRH	Human Resource for Health
HRIS	Health Records and Information Services
HRM & D	Human Resource Management and Development
ICT	Information Communication & Technology
ICU	Intensive Care Unit
IHMIS	Integrated Health Management Information System
iHRIS	Integrated Human Resource Information System
IPC	Infection Prevention and Control
IREC	Institutional Research and Ethics Committee
ISMS	Information Security Management System
ISO	International Organization for Standardization
KMTC	Kenya Medical Training College
KPI	Key Performance Indicators
MCH-FP	Maternal Child Health & Family Planning
MES	Managed Equipment Services
MHRS	Mental Health and Rehabilitative Services
MMR	Maternal Mortality Ratio
MoU	Memorandum of Understanding
MRI	Magnetic Resonance Imaging
MTRH	Moi Teaching & Referral Hospital
MU	Moi University

NEMA	National Environmental Management Authority
NHIF	National Health Insurance Fund
OPD	Outpatient Department
OSH	Occupational Safety & Health
OSHA	Occupational Safety and Health Authority
PH	Public Health
PHAO	Principal Health Administrative Officer
PI	Principal Investigator
PME	Planning, Monitoring and Evaluation
PPP	Public Private Partnership/Public-Public Partnership
PW	Private Wing
QA & S	Quality Assurance and Standards
QMR	Quality Management Representative
RACE	Rafiki Adolescent Centre of Excellence
RBTC	Regional Blood Transfusion Centre
RDI	Research, Development and Innovation
RM	Resource Mobilization
RSPO	Research and Sponsored Projects Office
SDG	Sustainable Development Goals
SOP	Standard Operating Procedure
TNA	Training Needs Assessment

B: Glossary of Terms

1. **Core Value:** Guiding principles; what we believe in, principles and philosophy.
2. **Critical Success Factors:** Specific elements or action areas that MTRH must focus on and successfully implement to achieve the strategic objectives.
3. **Cross-Skilling:** This describes developing new skills that apply across different functions.
4. **Kenya Quality Model for Health:** The Kenya Quality Model for Health (KQMH) integrates evidence-based medicine through wide dissemination of public health and clinical standards and guidelines embedded with total quality management and patient partnership through the following principles: Leadership, Customer orientation, Involvement of people and stakeholders, Systems approach to management, Process orientation, Continuous quality improvement and evidence-based decision making.
5. **Low Cost Leadership:** Business Strategy where an Institution aims to become the most cost-efficient player; providing quality services at an affordable cost.
6. **Mission:** Describes what an MTRH does and for whom.
7. **Purpose:** This outlines why the MTRH exists.
8. **Reskilling:** The process of learning new skills to do a completely different job.
9. **Service Delivery Innovation:** The generation and implementation of new ideas leading to the development of new products, processes or services that significantly improve service delivery.

- 10. Service Quality Gap Assessment:** SERVQUAL (Service Quality Gap Model) is a gap method in service quality measurement to identify the gaps between customer expectations and the actual services provided at different stages of service delivery (*Service Quality = P - E*) where *P* denoted *Customer Perception* & *E* denotes *Customer Expectations*. If the Gap is negative, then dissatisfaction occurs, otherwise, service quality is achieved.
- 11. Service Quality:** Service Quality is an assessment of how well a delivered service conforms to the client's expectations. MTRH regularly assesses the service quality provided to our clients to quickly identify problems and to better assess client satisfaction. The dimensions of service quality are **Tangibles** (*Appearance of physical facilities, equipment, personnel, and communication materials*); **Reliability** (*Ability to perform the promised service dependably and accurately*); **Responsiveness** (*Willingness to help customers and provide prompt service*); **Assurance** (*Knowledge and courtesy of employees and their ability to convey trust and confidence*) and **Empathy** (*Caring, individualized attention the firm provides its customers*).
- 12. Skilling:** This describes continuous learning by staff.
- 13. Strategic Pillars:** Main focus areas used to focus staff efforts on accomplishing the Vision.
- 14. Strategies:** Actions designed to achieve MTRH's Vision.
- 15. Targets:** Indicators of past and future performance, which show how successful we were or how successful we will be in future.
- 16. True North:** This guides as a compass to guide MTRH from where it is to where it should be. It reflects the purpose of MTRH and the foundation of the Strategy.
- 17. Upskilling:** The process of strengthening existing skills or learning complementary/new skills, often to close the institutional talent gap.
- 18. Vision:** What MTRH wants to accomplish in the future.
- 19. WIDGET Model of Healthcare Financing:** Financial Protection of Individuals and Families is at the core of Universal Health Coverage (UHC). To realize this, the Widget Model of Health Financing is proposed with the following financing options: Family Contributions, County Governments Contributions, Government through NHIF and Development Partner Support.

II. 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.

Founded in 1916 as a cottage hospital to cater for the Africans health care needs, the Hospital 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), Kenya Medical Training College (KMTC) and Regional Blood Transfusion Services (RBTS).

Purpose

To be pro-Health and promote the Well-being of the People and the Planet where they live.

True North

Excellent Healthcare Delivery.

Vision

To be a Global Leader in the provision of Exceptional Multi-Specialty Healthcare, Training and Research.

Mission

Moi Teaching and Referral is dedicated to providing specialized healthcare services, training and research through efficient, excellent clinical and operational processes and contributing to National Planning.

Core Values

Customer Focus, Professionalism, Integrity, Teamwork, Employee Empowerment, Security and Safety, Innovation and Creativity, Reliability and Environmental Sustainability.

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 Director Administration and Finance
4. Senior Director Clinical Services

5. Head of Directorates
6. Manager Finance
7. Manager Supply Chain Department

d) Fiduciary Management

The key management personnel that held office during the period under review and had direct fiduciary responsibility were:

Designation	Name	Professional Membership Number	Certification Body
1. Chief Executive Officer	Dr. Philip Kirwa	A4215	KMPDC
2. Ag, Senior Director - Clinical Services & Director, Surgical Services	Dr. Owen Menach	A5636	KMPDC
3. Senior Director - Administration & Finance	Dr. Tarus B. Kipchumba (PhD)	2471	ICPSK
4. Director, Finance	Mr. Mathews Birgen	3915	ICPAK
5. Director, Human Resource Management & Development	Ms. Ann Chemworsio	01593	IHRM
6. Director, Pharmacy & Nutrition	Dr. Victor K. Maina	1662	PPB
7. Director, Nursing Services	Mr. Titus Tarus	BSN 194	NCK
8. Director, Laboratory Services	Ms. Florence C. Tum	A01985	KMLTTB
9. Director, Diagnostic Services	Dr. Ezekiel Kimutai	A4510	KMPDC
10. Director, Health Administration	Ms. Christine Chuani	PHOTC/B896/PH O	PHOTC
11. Director, Reproductive Health	Dr. Wycliffe Kosgei	A6493	KMPDC
12. Director, Paediatrics & Child Health Services	Dr. Polycarp Mandi	A3294	KMPDC
13. Director, Dental Services	Dr. George Mwai	B817	KMPDC
14. Director Mental Health & Rehabilitative Services	Dr. Florence Jaguga	A6537	KMPDC
15. Director, Internal Medicine	Dr. Wilson Sugut	A4484	KMPDC
16. Director, Hemato-Oncology	Dr. Jesse Opakas	A6066	KMPDC
17. Director, MTRH College of Health Sciences	Mr. Caleb Koech	BSN 426	NCK
18. Ag. Chief Information Officer	Bethwel Cheruiyot	ACPK/122	ACPK
19. Director, Audit & Risk Services	CPA Patrick K. Kirui	9904 & 1542419	ICPAK & IIA
20. Director, Commercial Services	CPA Kipchumba Kendagor Daniel	23795 & 2166806	ICPAK & IIA
21. Director Legal Services/ Corporation Secretary	Justus William Onchari Otiso	P105/4584/01/ LSK2024/07221 ICS-3786	LSK & ICPSK
22. Manager, Finance	Thomas Ngetich	7617	ICPAK
23. Ag. Manager, Supply Chain	Evans Kipchumba Kiprotich	63554, 44456, K1149, 10345,	KISM, KIM, CILT, CIPS

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

e) **Principal Place of Business**

Moi Teaching & Referral Hospital
Chandaria Cancer and Chronic Disease Centre
Nandi Road
P. O. Box 3– 30100,
ELDORET

f) **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

g) **Bankers**

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

h) **Independent Auditors**

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

i) **Principal Legal Adviser**

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

III. BOARD OF DIRECTORS



**Mr. Sitoyo Lopokoiyit, MBS
BOARD CHAIRMAN**

Mr. Sitoyo Lopokoiyit, **MBS** YoB 1976 holds MSc. Information Technology, Management, and Organizational Change - University of Lancaster, UK and Bachelor of Commerce, Marketing Option - University of Nairobi.

He is currently the Managing Director, MPESA Africa, from 1st April 2021 to date; He has held various portfolios including; Chief Financial Services Officer– Safaricom Plc: (1st April 2018 – 31st March, 2021), 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). Also served as 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 (2004 - Jan 2008), Category Manager, Non Food Groceries Division, Uchumi Supermarket Ltd – (Jan 2003 - Aug 2004).



**Ms. Judith Jerotich
Non-Executive Director
Independent Board Member
Chair Audit, Risk &
Compliance Committee**

Judith Jerotich, YoB 1967 holds Bachelor of Education Intermediate Phase Swimrite, Swimming Course as franchisee and coach Swim South Africa, Diploma in Education, Physical, History and Geography Kagumo Teachers College,

25 years teaching experience locally and abroad. Young Einsteins Academy Eldoret Director Gladys Boss Foundation Programs, Director, Swimrite Gaborone 2016 – 2017 and Director & Swimming Instructor, Organized staff development courses in various sports and First Aid for teachers Al-Nur School, Gaborone, Botswana Physical Education Teacher Jan 2001 – Dec 2005, Chairperson Southern CHOPS Sports Association (SCSA), Swimming Chairperson, Treasurer Southern CHOPS Sports Association, Secretary Southern Schools Sports Committee, Chairperson Southern Schools Netball Committee,



**Dr. Nyakiba, Erneo Moruri
Mageto
Non-Executive Director
Independent Board Member**

DR. Nyakiba, Erneo Moruri Mageto YoB 1957 holds Masters of Medicine in Obstetrics and Gynecologist (UoN), Internationally sponsored research on HIV infection on patients with Abortion admitted at (KNH), Research project at Nakuru Provision Hospital to determine whether the lowest cadre of health care workers, enrolled community nurses had the adequate competence to manage antennal care patients in our Hospitals. Bachelor of Medicines and bachelor of Surgery, Strategic leadership and Change Management workshop at Kenya Institute of Administration,

Medical Officer at New Nyanza Provincial Hospital, Senior Medical Officer, Department of Defence and Kenya Navy, Head of Department of Obstetrics and Gynecology Forces Memorial Hospital

Honorary lecturer department of Obstetrics and Gynecology UoN, Pyrethrum Board of Kenya - revival team board director, Private practice



Dr. Michael Gichangi
Alternate to Principal
Secretary, Ministry of Health
Chair Hospital Operations &
Standards Committee

Dr. Michael Gichangi YoB 1965 is a Senior Deputy Director of Medical Services, Head of the Ophthalmic Services Unit, Ministry of Health (Kenya) with Leadership and clinical experience at the District, Provincial and National level. Proven Public health, Policy and Practice Expert in eye health with ability to identify problems and implement feasible solutions.

He holds a Master of Science Degree in Public Health for Eye Care, Post Graduate Diploma Public Health for eye care University of London/London School of Hygiene and Tropical Medicine (LSHTM) 2012; M. Med (Ophthalmology), University of Nairobi 1999; and MBChB University of Nairobi 1992.

Alternate to Principal Secretary, Ministry of Health



Mr. Meshack Kibiwott Koima
Alternate to Principal
Secretary, The National
Treasury.

Meshack Kibiwott Koima YoB 1986 is an Assistant Director of Information Communication and Technology, and currently attached to the Principal Secretary of the National Treasury.

Previously, Senior Assistant Secretary to the Principal Secretary at the Ministry of Environment and Forestry. Executive Assistant to the Principal Secretary at the State Department for Trade, Information Technology Officer at the Kenya Export Promotion and Branding Agency formerly known as Export Promotion Council.

He holds a Master's Degree in Information Technology Management from the University of Nairobi and a BSc in Computer Science from Moi University.

He is a creative IT expert and administrator with broad experience in the public sector spanning over ten years.

Alternate to Principal Secretary, the National Treasury



Prof. Robert Kuremu Tenge
Ag. Principal, Moi University
College of Health Sciences.

Prof. Robert Tenge YoB 1958 is a specialist General Surgeon and Paediatric Surgeon with Kenya Medical Practitioner and Dentists Council recognition.

He has General Surgery training from the University of Nairobi (1996) and Paediatric Surgery from the University of Kwa-Zulu Natal in South Africa (2005). He is also a founding Fellow of the College of Surgeons of East, Central and Southern Africa (ECSA) 1999.

Ag. Principal Moi University College of Health Sciences.



Mr. James Muchiri Ngungu
Alternate to Principal
Secretary, State Department
for University Education &
Research
Chair Finance & Strategy
Committee

Mr. James Ndung'u YoB 1965 holds a Masters degree in Education Planning, Kenyatta University and a Bachelor of Education degree from Moi University. He has a wealth of experience in Education Management. Mr. Ndung'u is currently serving as the Deputy Director in the Ministry of Education.

Alternate to Principal Secretary, State Department for University Education & Research,



Ms Peris Birichi Gakii
Alternate to Attorney General
Chair People's Management
Committee

Ms Peris Birichi YoB 1991 holds Post Graduate Diploma in legal Studies (Kenya School of Law), bachelors of Laws (Kenyatta University) and Advocate of the High Court of Kenya with vast knowledge in legal practice and research.

Senior State Counsel, NLAS Regional Coordinator office of the Attorney General & Department of Justice, national Legal Aid Services, Assistant Associate (Azali Certified Public Secretaries) and legal Assistant (International Control Limited)

Offers legal advice to the indigent in the society, disputes settlement (ADR), Draft court documents, Provide Corporate Governance advice, Advice on Company regulations, memorandum and Articles of Association, Shareholders Agreements and other constitutional documents.. Senior State Counsel, NLAS Regional Coordinator



Dr. Philip Kirwa
Chief Executive Officer/

Dr. Philip Kirwa YoB 1968 holds a Master's degree in Obstetrics and Gynaecology (UON), MBChB (UON). A fellow of the East, Central and Southern Africa College of Obstetrics and Gynaecology (ECSACOG), Strategic Leadership Development Programme (KSG), Senior Management Course (KSG) and a Certified Mediator, (MTIP). Has work experience of over 20 years as a medical specialist in Senior Management positions.

Chief Executive Officer

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Secretary to the Board







**Justus William Onchari Otiso
Corporation Secretary**

Mr Justus Otiso YoB 1971 is an Advocate of the High Court of Kenya of 23 years standing. He was previously the Acting Dean, Kabarak University School of Law, Head of Department , Commercial Law Department and Director, Alternative Dispute Resolution Centre at the same University. He is a Member of the Law Society of Kenya, the Institute of Certified Secretaries Kenya and an Accredited Mediator (P105/4584/01/,LSK2024/07221 &ICS-3786





IV. MANAGEMENT TEAM

NAME	AREA OF RESPONSIBILITY
 Dr. Philip Kirwa M.Med in Obs-Gynae, MBChB,	Chief Executive Officer
 Dr. Owen Menach MBChB (UoN), M.Med ENT-Head & Neck Surgery (UoN) , Ambrogio Maestri Scholar & CICOPS Fellow-Laryngology (University of Pavia, Italy), MBChB, Head & Neck Surgery (Vanderbilt University, USA).	Ag. Senior Director- Clinical Services & Director, Surgical Services
 FCS Dr. Tarus B. Kipchumba (PhD) PhD in Strategic Mgt (MU), MSc. HRD (MU), MBA (JKUAT), BBM Accounting (MU), CPS(K), CPA(K) & CHRP(K).	Senior Director – Administration & Finance





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NAME	AREA OF RESPONSIBILITY
 <p>Mr. Mathews Birgen MBA-Finance (MU), BCOM (UON), CPA(K)</p>	<p>Director, Finance</p>
 <p>Ms. Ann Chemworsio MBA-Human Resource Management (MU), MBA-Health Management (USIU), B.ED (MU), PGD in HRM (KIM)</p>	<p>Director, Human Resource Management & Development</p>
 <p>Dr. Victor Maina MBA, Moi University, B. Pharm (UON)</p>	<p>Director, Pharmacy & Nutrition</p>
 <p>Mr. Titus Tarus MScN- Peadiatrics & Child Health, BScN</p>	<p>Director, Nursing Services.</p>





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NAME	AREA OF RESPONSIBILITY
 <p>Ms. Florence C. Tum BSC-Biochemistry, DMLT</p>	<p style="text-align: center;">Director Laboratory Services</p>
 <p>Dr. Ezekiel Kimutai M.MED.(UoN), MBChB (Moi Univesity)</p>	<p style="text-align: center;">Director, Radiology and Imaging Services</p>
 <p>Mrs. Christine Wanjiku Tonui, CS(K) MSC-Research Administration, MBA- Strategic Management, BSC. Public Health, CPS(K)</p>	<p style="text-align: center;">Director, Administration</p>
 <p>Dr. Wycliffe K. Kosgei M.MED (MU), MBChB, (MU)</p>	<p style="text-align: center;">Director, Reproductive Health</p>



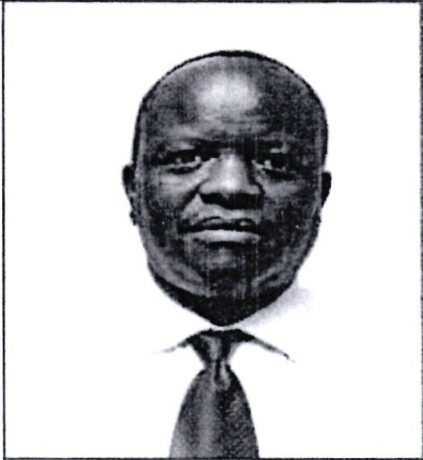
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NAME	AREA OF RESPONSIBILITY
 <p>Dr. Polycarp Mandi MBChB, (Nairobi), MMed.- Peadiatrics (Nairobi), Pead Gastro (Cape Town, SA)</p>	<p>Director, Child Health & Paediatrics</p>
 <p>Dr. Mwai George B.D.S, M.D.S in Periodontology (KE), Dip - GBT (Switzerland)</p>	<p>Director, Dental Services</p>
 <p>Dr. Folerance Jaguga MBChB (MU), M.Med Psychiatry (MU)</p>	<p>Ag. Director, Mental Health & Rehabilitative Services</p>
 <p>Dr. Wilson Sugut MBChB (UON) 1999, M.Med (Int.Med) 2009</p>	<p>Director, Internal Medicine</p>


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NAME	AREA OF RESPONSIBILITY
 <p>Dr. Jesse Opakas MBBS(Wuhan), FC(Rad Onc) (SA) Stellenbosch</p>	<p>Director, Hemato-Oncology</p>
 <p>Mr. Caleb Koech Msc-Advanced Nursing Practice, Bsc-Nursing</p>	<p>Director, MTRH College of Health Sciences</p>
 <p>CPA Kipchumba Kendagor Daniel MBA,-Finance, BCOM, CPA(K)</p>	<p>Director, Commercial Services</p>
 <p>Bethwel Cheruiyot HDIP,Advanced ICT, Israel MCSE/CCNP</p>	<p>Ag, Chief Information Officer</p>

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NAME	AREA OF RESPONSIBILITY
BSc Computer Science, MBA, (KU) MSC -HSM	
 <p>CPA Patrick K. Kurui MBA (Finance), B.A (Econs), CPA(K)</p>	Director, Audit & Risk Services.
 <p>Mr. Thomas Ngetich MBA-Finance (MU), MBA-Health Leadership and Management (USIU), BA-Economics (UON), CPA(K)</p>	Manager, Finance
 <p>Mr Evans Kipchumba Kiprotich MBM Strategic Management, (MU), BBM Procurement & Supply Chain Management (MU), Advance Diploma in Logistics and Transport (MCILT), Diploma in Purchasing & Supplies Mgt, (JKUAT), MKISM, MKIM.CIPS.</p>	Ag, Manager, Supply Chain

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NAME	AREA OF RESPONSIBILITY
 <p>Justus William Onchari Otiso LL.B(Hons) (Wolv), LL.M (Notts), Dip KSL, Certified Public Secretary, Accredited Mediator.</p>	<p>Director Legal Services/ Corporation Secretary</p>

V. BOARD CHAIRMAN'S STATEMENT



**MR. SITOYO LOPOKOIYIT, MBS
BOARD CHAIRMAN**

It is with great pleasure and honour to present the Annual Report and Financial Statements of Moi Teaching and Referral Hospital (MTRH) for the period ended 30th June, 2024. The financial year has been marked with opportunities and challenges and I am proud of how MTRH navigated these with resilience, foresight and commitment to service excellence fostering innovation, growth and development.

During the period under review, MTRH rolled out the implementation of the 2023-2028 Strategic Plan which is in line with the MTRH True North, Purpose, Vision, Mission and Core Values.

The financial year has been transformative for MTRH with significant achievements across all operations and service delivery indicators despite the volatile economic environment and Trade Union disturbances. MTRH demonstrated robust performance offering specialized medical services in spite of doctors' union national-wide industrial strike that lasted for over 56 days. Key achievements on service delivery include attendance to **396696** outpatients, **43975** inpatients, **102283** Radiological Examinations, **11378** maternal deliveries, **15845** Theatre Surgical Operation, **1413815** Laboratory Tests and **17355** radiotherapy procedures.

The financial performance during the year was commendable with revenue growth of 14% achieving total annual revenue of Kshs. 13,465,635,514. The Hospital turned from previous period operating losses to a net surplus of Kshs. 278,086,580 during the financial year. This surplus was driven by disciplined cost management on operations and adequate government funding for Personnel Emoluments (PE) during the year.

Among the key investments milestones during the period include Expansion of MTRH Radiotherapy Centre with full operationalization of the 2nd Linear Accelerator, Construction of 1.5 Tesla MRI and Cathlab Centre, Extension of Mental Health Unit and Power Upgrade at the MTRH Private Wing Unit. Our investment in digital Technologies, key of which is the development and rolling out of MTRH Enterprise Resource Planning System (ERPnext) and upgrade of Network infrastructure has enhanced customer experience, optimized operations and contributed to improved efficiency. MTRH was able to seamlessly integrate its services through the ERP System with the Government Digital Payment platform (222222). Our strong foundations have enabled swift adaptation to service need and any changes to government operations.

As outlined in its Purpose, *"To be pro-Health and promote the Well-being of the People and the Planet where they live"*, the hospital continued to make its footprints in environmental sustainability through safe disposal of medical waste and planting of 3 million trees during the year.

During this period, the board continued to uphold the highest standard of corporate governance. The Board held its meetings as scheduled during which key decisions were made regarding the strategic direction of the hospital and risk management. The Board is committed to fostering a culture of

transparency, accountability and ethical leadership as espoused in the state corporations' code of governance.

During the year under review, we welcomed to the board Ms. Peris Birichi, Ms. Judith Jerotich and Dr. Erneo Nyakiba whose expertise in the areas of Law, Education and Medicine respectively will strengthen the Board's governance and oversight responsibilities. We also thank Mr. Alois Nderi, Ms. Sharon Sang and Mr. Jeremy Oloo who retired from the board for their invaluable contributions over the years.

Looking ahead, MTRH remains committed to being a key player in the health sector, contributing to the achievements of Kenya Vision 2030 projects under the Social Pillar and pursuing strategies that enhance access to specialized healthcare services for citizens to realize Government Agenda of Universal Health Coverage under the Bottom-Up Economic Transformation Agenda (BETA). MTRH will support the implementation of the Kenya Vision 2030 Flagships through the MTRH 2023-28 Strategy, Annual Work Plans and Annual Performance Contracts.

The Hospital looks forward the rollout of SHIF and will support every process towards its realization. It's anticipated that SHIF will mitigate the negative effects of indigent client bills currently experienced thereby improving hospital liquidity.

Other short term priorities include expansion of the range of services and acceleration of digital solutions towards increased value for the Kenyan Citizens.

I wish to take this opportunity to most sincerely thank H.E The President of the Republic of Kenya, the National Government at large, our parent Ministry of Health, The National Treasury & Planning and The National Assembly for the support in providing guidance and leadership as we continue to discharge our core mandate. I also extend my heartfelt appreciation to our employees for their unwavering dedication and hardwork, and to our management team for their strategic leadership that led to exemplary performance during the year under review.

Finally, I would like to express my sincere gratitude to my fellow Board Members for their insights and policy direction throughout the year, and to the Chief Executive Officer for steering MTRH to greater achievement during this period. Together, we remain committed to driving the long term success of Moi Teaching and Referral Hospital, making it the leading Multi-Speciality Hospital for Healthcare, Training and Research in Africa.

Mr. Sitoyo Lopokoiyit, MBS
BOARD CHAIRMAN

VI. THE REPORT OF THE CHIEF EXECUTIVE OFFICER



Introduction

During the financial year ending 30th June 2024, the Hospital achieved cumulative revenues of **Kshs. 13.5 Billion** being **Kshs. 9.2 billion** GOK Grants (Recurrent) and **Kshs. 4.3 billion** from cost sharing fees.

Healthcare Delivery

In cognizance of the need for state of the art management of the various diseases that require specialized treatment, the Hospital Management, through collaboration with a number of stakeholders has established and operationalized Centres of Excellence for

DR. Philip Kirwa

management of the respective diseases. These Centres include the Chandaria Cancer and Chronic Disease Centre for the management of non-communicable diseases, transition home for Mental Health Patients, Cardiac Care Unit (CCU), Academic Model Providing Access to Healthcare (AMPATH), Riley Mother and Baby Hospital (RMBH), Shoe4Africa Children's Hospital among others. To further improve on service delivery, the Hospital is putting up new projects including; the ongoing construction of a Paediatric Oncology Hospital and a Burns Hospital, Construction and equipping of Neuro-Developmental Clinic, Construction and equipping of Private Wing II Inpatient Block, Completion of Private wing II OPD Unit. Expansion of MTRH Radiotherapy Centre, Construction of MTRH Financial Services Centre of Excellence, Construction of 1.5 Tesla MRI and Cathlab Centre, Modernization of Farewell Home Refrigerators and Spine Theatre (Extension of main Theatre)

Universal Health Coverage

The Kenya Constitution 2010, through the Bill of Rights guarantees all the Kenyan citizens the right to emergency health care including reproductive health. The Hospital continued to render health care to patients notwithstanding their ability to pay for services received. In order to ensure access to healthcare, the Hospital management in collaboration with NHIF has been holding sensitization sessions to promote enrolment to the NHIF medical scheme. As NHIF transitions to SHA, the Hospital will play its role to enhance sensitization and recruitment to the new healthcare scheme.

To strengthen the healthcare system and implementation of referral strategy, MTRH has been at the forefront in mentoring county facilities at Level 1 to Level 5 Hospitals. This will enable the county facilities to manage common ailments at their level and only refer when necessary.

Operating Environment

Amidst the current Volatile, Uncertain, Complex and Ambiguous (VUCA) macroeconomic environment, MTRH has leveraged on its competent staff with a positive work culture and its resilient systems to mitigate the uncertainties and render uninterrupted services. Continuous investment in infrastructure upgrade a cross the Hospital is key to meet the current and expected growth in current and emerging demand for quality healthcare services. The Hospital remains well positioned to remain very competitive and the preferred Hospital in the region.

Performance Management

MTRH has been implementing Performance Contracting since FY 2004/2005 and is currently on the 20th Cycle. Over these years, MTRH has seen tremendous progress and growth on all performance

measures and has maintained excellent performance as evaluated annually by Public Service Performance Management and Monitoring Unit (PSPMMU). During FY 2022/23, MTRH achieved 134.93% (Excellent Performance), 10.32% Improvement from FY 2021/2022 Achievement.

MTRH 2023 – 2028 STRATEGY

During the 2017-2023 Strategy period, MTRH saw accelerated growth in infrastructure and multi-speciality service disciplines. Consequently, the new 2023- 2028 Strategy will enable MTRH to be a thriving Hospital in the Region. We adopted a combination of Red Ocean and Blue Ocean strategies to ensure MTRH continues to be the leading Multi-Specialty Hospital in a competitive world occasioned by an increase in private sector Hospitals and the establishment of new services by the County Governments.

The infrastructure focus in the next strategy period will support Government Agenda in health care and the realization of the Kenya Vision 2030 and Bottom Up Economic Transformation Agenda (BETA). MTRH 's approach to service delivery is through Centres of Excellence (CoE) with the delivery of specialist and sub-specialized services continuing to be a strategic approach. The focus will also be on the growth of multi-speciality medical disciplines supported by a robust deployment of Information Communication & Technology to enhance the efficiency of operations to ensure clients have the best customer experience at MTRH.

Investments

During the period under review, the Hospital continued with the implementation of other on-going key multi-year projects. The key multi-year projects are as listed below:

- MTRH Radiotherapy Centre
- Construction of MTRH Financial Services Centre of Excellence
- Construction of 1.5 Tesla MRI and Cathlab Centre
- Construction and equipping of Spine Theatre
- Modernization of Farewell Home Refrigerators
- Construction and equipping of MTRH Harry J Dyer Burns Hospital
- Construction and equipping of Shoe4Africa Julie Anne Parry Children's Cancer Hospital

Human Resources

MTRH being a service sector institution, Human Resource remains the greatest asset. It has been the intention of the Hospital Board and Management to ensure that MTRH retains well-trained and skilled employees. This has been done through trainings that ensure continuous exposure of the various cadres of staff to the latest developments in the Industry and providing non-cash benefits such as Comprehensive Staff Medical Insurance, Group Life Insurance Cover, Group Personal Accident Cover and a Contributory Staff Pension Scheme and Doctors indemnity cover. The MTRH management sign 4th CBA circle with KMPDU, KNUN, KUDHEIHA, KUCO and Public Health CBA for the four periods with effect from 1st July 2023 to 30th June 2026.

In addition to the above, timely payment of salaries has been instrumental in increasing output and efficiency among employees.

Financial Highlights

The Hospital Management ensures adherence to laid down financial procedures as stipulated in The Public Finance Management (PFM), Act 2012 and The Public Procurement and Asset Disposal Act, 2015. During the period under review, the Hospital generated revenue totalling to **Kshs 13.5 Billion**.

Partnerships & Collaborations

The Hospital Board and Management are cognizant of the fact that collaboration during the 21st century is inevitable as this is expected to leverage on the available scarce resources.

During the period under review, the Hospital continued engaging its strategic partners that include:

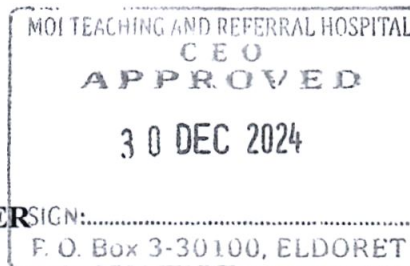
- USAID and Indiana University.
- AMPATH
- County Governments in the region

Appreciation

I would like to appreciate the selfless contribution from all stakeholders that made the period under review a successful one. The excellent service delivery achieved and infrastructural growth reported during the period could not have been achieved had it not been for the contribution of the Government of Kenya, our Development Partners, Hospital Board, Hospital Management Team and dedicated Members of Staff.



DR. PHILIP KIRWA
CHIEF EXECUTIVE OFFICER



VII. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

MTRH Purpose is to be pro-Health and promote the Well-being of the People and the Planet where they live guided by our True North of Excellent Healthcare Delivery. Our Vision is to be a Global Leader in the provision of Exceptional Multi-Specialty Healthcare, Training and Research. We are dedicated to providing specialized healthcare services, training and research through efficient, excellent clinical and operational processes and contributing to National Development founded on Core Values of Customer Focus, Professionalism, Integrity, Teamwork, Employee Empowerment, Security and Safety, Innovation and Creativity, Reliability and Environmental Sustainability.

The following five (5) Strategies are being deployed:

- (1) To Provide Responsive High Quality, Low-Cost Multi-Specialty Healthcare and Management Systems;
- (2) To Create Enabling Environment for Healthcare Training, Research and Innovation;
- (3) To Strengthen Strategic Partnerships and Collaborations;
- (4) To Provide Excellent Care and Exceptional Customer Experience; and
- (5) To Create a Sustainable Revenue Base.

The assessment of the Performance against the Annual Work Plan is done every quarter and tied to the MTRH Board Annual Performance Contract which is cascaded to the Directorates, Departments and Individual Staff. The Hospital achieved its performance targets set for the FY 2023/2024 period as summarized below:

	Strategy	Key Metrics	Performance Indicators	Activities	Achievements
1	Provide Responsive High-Quality, Affordable Multispecialty Healthcare and Management Systems	Provision of specialized healthcare services	No. of specialized healthcare services provided	Provide specialized healthcare services	Specialized Healthcare Services: 58 Open Heart Surgeries, 19 Corneal Transplants, 1 Cochlear Implant, 17 Kidney Transplants, 19 Hepatocellular Resection Surgeries, 1,750 Children Haemodialysis among other routine surgeries include Orthopaedic/Trauma, Obstetrics, Gynaecology, General Surgery, Cardiothoracic Surgeries, Urology, Minimally Invasive Surgeries, Plastic Surgeries etc. Radiotherapy Services: Approximately 70 patients

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Strategy	Key Metrics	Performance Indicators	Activities	Achievements
				receive radiotherapy treatment, and 5 Brachytherapy treatments per day.
	Provide Specialized Diagnostic Services	Laboratory and Radiology Tests Provided	Laboratory and Radiology Tests Provided	<p>Laboratory Tests: 1,354,563 in FY. 2022/2023 and 1,413,815 in FY 2024/25, 4.37% improvement.</p> <p>Radiology Examinations: 100,378 in FY. 2022/2023 and 102,283 in FY 2024/25, 1.89% improvement.</p>
	Strengthen Mental Health and Wellness	Mental Health and Wellness Strengthened.	Participate on Mental Health and Wellness activities, including screening programmes for NCDs	<p>Mental Wellness:MTRH continues to strengthen the visibility of Mental Health in the Country. Participated in the following International Events: International Day against Drug Abuse and Illicit Trafficking (IDADA) on 26th June 2023, World Suicide Prevention Day on 10th September 2023. Supporting Wellness Engaging Exercise Together (SWEET) launched on Mental Health Day, 10th October 2023.</p> <p>Screening Programmes for Cancer and other Non-Communicable Diseases (NCDs) Strengthened: MTRH Staff encouraged to be at the forefront and encouraged to undertake regular physical exercises including walking to work if possible. Staff Wellness Clinic scheduled every Wednesday at MTRH Private Wing II to provide Care Programmes to Staff.</p>
	Availability of Health Products and Technologies	% availability of Health Products and Technologies.	Procure Health Commodities as per the Approved Procurement Plan	Achieved 100% availability of Pharmaceuticals and Non-Pharmaceuticals.
	Modernize Infrastructure and Medical Equipment	% completion of Projects	<p>Construction to completion of MTRH Financial Services Centre of Excellence.</p> <p>Construction to completion of MTRH MRI Cathlab Centre.</p>	<p>MTRH Financial Services Centre of Excellence: 100% completed</p> <p>MTRH MRI Cathlab Centre, Renovation of Private</p>

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	Strategy	Key Metrics	Performance Indicators	Activities	Achievements
				<p>Installation of Stainless Steel Coldrooms/Fridges & Renovation Works at MTRH Farewell Home.</p> <p>Extension of MTRH Majaliwa Theatre</p> <p>MTRH Power Upgrade</p> <p>Equipping of MTRH Radiotherapy Unit – 2nd Phase (True Beam)</p> <p>Equipping of ICU</p> <p>Procurement of 150kg/Hr Incinerator and other assorted Medical Equipment.</p>	<p>Wing II: 100% completed</p> <p>Installation of Stainless Steel Coldrooms/Fridges and Renovation Works at MTRH Farewell Home: 100% completed</p> <p>Extension of MTRH Majaliwa Theatre: 100% completed</p> <p>MTRH Power Upgrade: 100% completed</p> <p>Equipping of MTRH Radiotherapy Unit – 2nd Phase (True Beam): 100% completed</p> <p>Equipping of ICU: 100% completed</p> <p>Procurement of 150kg/Hr Incinerator and other assorted Medical Equipment: 100% completed</p>
		<p>Certification & continued Sustenance to Integrated Management System Standards (IMS): <i>ISO</i></p>	<p>ISO 9001:2015 Standard sustained.</p>	<p>Surveillance Audits on Integrated Management Systems</p>	<p>Achieved continued Certification in Integrated Management System by Kenya Bureau of Standards</p>

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Strategy	Key Metrics	Performance Indicators	Activities	Achievements
	9001:2015; ISO 15189:2013; ISO/IEC 27001:2013; ISO 45001:2018.			
	Implement Patient Safety	Patient Safety Interventions Implemented.	Patient Safety Interventions Implemented.	MTRH is a recognized Patient Safety Zone. MTRH participated in the commemoration of the 5th World Patient Safety Day (11th – 17th September 2023); visited County Health Facilities in Uasin Gishu, Nandi and Elgeyo Marakwet to build capacity on patient safety and advocated for family-centred communication on patient care.
	Implement Enterprise Resource Planning (ERP) System / Electronic Medical Records System (EMRS)	Enterprise Resource Planning (ERP) System / Electronic Medical Records System (EMRS)	Enterprise Resource Planning (ERP) System / Electronic Medical Records System (EMRS) implemented	: Towards strengthening efficiency, ERP Modules implemented: Electronic Medical Records System (EMRS), Audit, Procurement, Human Resource, Pharmacy and Finance Modules. Integration is ongoing with Radiology and Laboratory Services. A Cyber Security Strategy being drafted and plans underway to establish Cyber Security Unit (CBU). Telemedicine and Telepathology Centre at MTRH brings medical care virtually across the Counties.
	Develop briefs to inform National Policy	Policy Briefs developed	Policy Briefs developed	Policies developed to inform National Policy – Utilization of Community Health Promoters (CHPs), Sustainable Healthcare Financing, Community Revolving Pharmacies; Participation in drafting Kenya Blood and Transplant Bill, 2023
	Develop and/or Review Institutional Policies, Legal and Regulatory Frameworks to align with Government Priorities.	% of Policies reviewed/developed	Policies reviewed/developed	Eight (8) Policies developed: Corporate Social Responsibility; MTRH Workplace HIV and AIDS Prevention and Control; MTRH Workplace Policy on Gender-Based Violence; MTRH Occupational Health & Safety Policy; Standards and Guidelines for ICT Corruption Prevention and Whistler Protection Policy and ICT Disaster Recovery Plan. MTRH promotes Zero

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	Strategy	Key Metrics	Performance Indicators	Activities	Achievements
					Tolerance to Corruption and Unethical Conduct: Achieved 100% compliance on Corruption Prevention Indicator as rated by Ethics and Anticorruption Commission.
		Continually Build Staff Capacity on Risk Management	No. of Staff trained in Risk Management	Staff trained in Risk Management	Risk Management Committee Members trained; 80 Departmental Risk Champions appointed and trained; Staff continuously sensitized on Risk Management. Risk Management a Standing Agenda in all Directorates /Departmental Meetings. System/Special Audits conducted.
		Implement Performance-Based Management System.	Performance Management System Implemented	Performance Contracts implemented	MTRH has sustained excellent performance over the years. Achieved 135.63% in FY. 2022/2023, 124.93% in FY. 2021/2022, 121.22% in FY. 2020/2021); 12.63% improvement in 3 years.
		Develop and implement Collegiate Programs with International and Regional Bodies.	Collegiate Programmes developed & implemented.	Collegiate Programmes developed & implemented.	Collegiate Programmes Administered in various specialized disciplines. MTRH College of Medicine continues to provide Demand Driven Higher Diploma, Diploma and Certificate Courses in Clinical Medicine, Nursing and other Health Programs.
		Conduct Research Activities.	Research Activities conducted.	Research conducted.	262 Research Protocols Approved. 203 Research carried out and published including AMPATH Research Publications presented in Semi-Annual Compendiums.
		Create and sustain Disease Registries to support Clinical Research and evidence-based patient care.	Disease Registries are created and sustained.	Disease Registries are created	Disease Registries: Cancer, Trauma and Renal developed.
3	Strengthen Strategic Partnerships and Collaborations	Maintain and/or Grow Strategic Partnerships and Collaborations.	Strategic Partners/Alliances on-boarded	Strategic Partners/Alliances on-boarded	MTRH has maintained and grown Strategic Partnerships & Collaborations locally and internationally. MTRH College of Medicine is to be established through PPP. Technical and Financial Evaluations were carried out for the Technical Advisor (TA) to conduct a

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	Strategy	Key Metrics	Performance Indicators	Activities	Achievements
					Feasibility Study.
		Conduct Specialized Medical Outreaches and Consultations	Specialized Medical Outreaches and Consultations	Specialized Medical Outreaches and Consultations conducted.	Towards implementation of Universal Health Coverage (UHC)/Bottom Up Economic Transformation Agenda (BETA), MTRH conducted Multidisciplinary Outreaches focusing on Reproductive Health, Mental Health, Dental Services, Surgical Services, Nephrology, Neonatology, Emergency Department, Internal Medicine, CAR-E, Pharmacy, Patient Safety and Child Health. Inreaches also conducted.
4	Provide Excellent Care and Exceptional Customer Experience.	Undertake Service Quality Gap Assessment.	% improvement in Service Quality Gap	Undertake Service Quality Gap Assessment	Achieved Service Quality Gap of 0.74 in FY 2023/2024 and 0.72 in FY 2022/23; 2.77% improvement. Implementation of recommendations is ongoing.
		Resolve all Customer Complaints.	% Resolution of Customer Complaints	Resolve all Customer Complaints.	MTRH resolved all Customer Complaints. Awarded 100% Compliance by the Commission on Administrative Justice (CAJ).
5	Create a Sustainable Revenue Base	Implement Internal Financial Controls Strategy (Preventive, Detective, Corrective)	% increase in revenues generated	Implement Internal Financial Controls Strategy	MTRH continually implemented Internal Financial Control Strategies: Preventive, Detective and Corrective Strategies.

VIII. 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.

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. The Board of Management appoints the CEO in consultation with The Cabinet Secretary for Health. The Cabinet Secretary for Health appoints two (2) Independent Board Members while six (6) Board Members are appointed in representative capacity for the Principal Secretary Ministry of Health, Principal Secretary State Department of Higher Education, Principal Secretary the National Treasury and Planning, Principal Moi University College of Health Sciences and representative of Attorney-General.

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.

Induction of new Board Members

During the period three newly appointed board members were inducted on 6th July 2023, 28th September and 17th January 2024 for each immediately after appointment.

Two of the newly appointed Directors were trained on Audit and on Corporate Governance during the year under review.

Board Performance Evaluation:

The State Corporations Advisory Committee conducted the MTRH Board evaluation on 11th August 2023. The Board conducted the negotiation and signing of the Board Performance Contract for FY 2023/24 with the Cabinet Secretary, Ministry of Health on 10th August 2023.

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.

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 (Gross)	-
Sitting allowance	Ksh. 20,000 (Gross)	Ksh. 20,000 (Gross)
Telephone allowance	Ksh. 7,000 (Gross)	-
Transport allowance/ mileage	AA rates	AA rates

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Type of payment	Chairman	Member
Taxi Allowance (as necessary, per meeting)	Ksh. 4,000	Ksh. 4,000
Accommodation (as necessary, per meeting)	Ksh. 18,200	Ksh. 18,200

Board Meetings Attendance.

During the period under review, all the scheduled Board meetings were held being a Full Board and six Committee Meetings as detailed below:

NO	BOARD MEETINGS	DATE
QUARTER 1		
1.	Finance & Strategy Committee	20 th July, 2023
2.	Audit Risk & Compliance	21 st July, 2023
3.	Hospital Operations & Standards	27 th July 2023
4.	People Management Committee	28 th July 2023
5.	Full Board	10 th & 11 th August 2023
6.	Special Finance & Strategy Committee	8 th September 2023
7.	Special Full Board	24 TH September 2023
QUARTER 2		
8.	Special Full Board	13 th October 2023
9.	Finance and strategy	18 th October 2023
10.	Peoples Management Committee	19 th October 2023
11.	Audit, Risk and Compliance	26 th October 2023
12.	Hospital Operation and standards Committee	27 th October 2023
13.	Full Board	17 th November 2023
14.	Special Full Board	6 th December 2023
QUARTER 3		
15.	Finance & Strategy Committee	18 th January 2024
16.	People Management Committee	19 th January 2024
17.	Audit Risk & Compliance	25 th January 2024
18.	Hospital Operations & Standards	25 th January 2024
19.	Special Full Board	26 th January 2024
20.	Full Board	15 th February 2024
QUARTER 4		
21.	Finance & Strategy Committee	18 th April, 2024
22.	People Management Committee	19 th April, 2024
23.	Audit Risk & Compliance	25 th April, 2024
24.	Hospital Operations & Standards	26 th April, 2024
25.	Full Board	7 th June, 2024
26.	Board Retreat	12 th & 13 th June, 2024

Board Committees

The Board had four standing committees during the period, which met as per the Board almanac under the terms of reference set out by the Board.

i) COMMITTEE CHAIRS

- People's Management Committee - Peris Birichi
- Audit, Risk & Compliance Committee - Judith Jerotich Boss
- Hospital Operations & Standards Committee - Dr Michael Gichangi
- Finance & Strategy Committee - James Muchiri Ndung'u

ii) 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. Mr. James Muchiri - Alt. PS State Department for University Education & Research Committee, Chair
2. Dr. Michael Gichangi - Alt. Principal Secretary, MoH
3. Mr. Meshack Koima - Alt. Rep PS National Treasury
4. Dr. Erneo Nyakiba - Independent Director
5. Dr. Philip Kirwa - CEO/ Secretary to Board

iii) 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. Ms. Peris Birichi - Alt. Representative Attorney General/ Chairing
2. Ms. Judith Jerotich - Independent Director
3. Mr. James Muchiri - Alt. PS State Department for University Education & Research
6. Dr. Philip Kirwa - CEO/ Secretary to Board
- 4.

iv) 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. Ms. Judith Jerotich - Independent Director –Chairperson
2. Mr. Meshack Koima - Alt. Rep PS National Treasury
3. Ms. Peris Birichi - Alt. Representative Attorney General
4. CPA. Patrick Kurui - Secretary

v) 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. Michael Gichangi - Alt. PS, Health/ Committee Chair
2. Prof. Robert Tenge - Principal Moi University CHS
3. Dr. Erneo Nyakiba - Independent Director
7. Dr. Philip Kirwa - CEO/ Secretary to Board

Board meetings attendance

• **People’s Management Committee**

People’s Management Committee in the year were Sharon sang, Alois Nderi, Judith Jerotich, James Muchiri Ndungu and Peris Birichi. Sharon sang and Alois Nderi their term ended on July 2023 and Judith Jerotich appointed in September 2023. Seven (7) meeting and Members’ attendance during the 2023-2024 FY

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No	Membership	28 th July, 2023	28 th July, 2023 (special)	19 th October, 2023	19 th January, 2024	1 st Feb, 2024 (special)	2 nd Feb, 2024 (special)	19 th April, 2024	Total attended
1.	James Muchiri Ndungu	✓	✓	✓	✓	✓	✓	✓	7/7
2.	Sharon Sang	✓	✓	N/A	N/A	N/A	N/A	N/A	2/2
3.	Peris Birichi	✓	✓	✓	✓	✓	✓	✓	7/7
4.	Alois Nderi	✓	✓	N/A	N/A	N/A	N/A	N/A	2/2
5.	Judith Jerotich	N/A	N/A	✓	✓	✓	✓	✓	5/5

Audit, Risk & Compliance Committee

Audit, Risk & Compliance Committee in the year were Meshack Koima, Alois Nderi, Judith Jerotich, and Peris Birichi. Alois Nderi their term ended on July 2023 and Judith Jerotich appointed in September 2023. Five (5) meeting and Members' attendance during the 2023-2024 FY is in the table below;

No	Membership	21 st July, 2023	26 th October, 2023	25 th January, 2024	17 th April, 2024	3 rd May, 2024	Total attended
1.	Alois Nderi	✓	N/A	N/A	N/A	N/A	1/1
2.	Meshack Koima	✓	×	✓	×	✓	3/5
3.	Peris Birichi	✓	✓	✓	✓	✓	5/5
5.	Judith Jerotich	N/A	✓	✓	✓	✓	4/4

HOSPITAL OPERATIONS & STANDARDS COMMITTEE

Hospital Operations & Standards Committee in the year were Dr. M. M. Gichangi, Sharon Sang, and Dr. Nyakiba Erneo. Sharon Sang their term ended on July 2023. Four (4) meeting and Members' attendance during the 2023-2024 FY is in the table below;

No	Membership	27 th July, 2023	27 th October, 2023	25 th January, 2024	26 th April, 2024	Total attended
1	Dr. M. M. Gichangi	✓	✓	✓	✓	4/4
2	Sharon Sang	✓	N/A	N/A	N/A	1/1
3	Dr. Nyakiba Erneo	N/A	N/A	✓	✓	2/2

FINANCE & STRATEGY COMMITTEE

Finance & Strategy Committee in the year were Dr. Michael Gichangi, James Muchiri Ndungu, Meshack Koima and Dr. Nyakiba Erneo. Dr. Erneo Nyakiba was appointed in November, 2023, inducted in January 2024 and five (5) meeting and Members' attendance during the 2023-2024 FY is in the table below;

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No	Membership	20 th July, 2023	8 th Sep, 2023 (special)	18 th October, 2023	18 th January, 2024	18 th April, 2024	Total attended
1.	James Muchiri Ndungu	✓	✓	✓	✓	✓	5/5
2.	Meshack Koima	✓	✓	×	✓	×	3/5
3.	Dr. Michael Gichangi	✓	✓	✓	✓	✓	5/5
4.	Dr. Erneo Nyakiba	N/A	N/A	N/A	✓	✓	2/2

Full Board Meetings

Full Board Meetings in the year were Chair by the Board Chairman Mr Sitoyo Lopokoiyit and other members James Muchiri Ndungu, Dr. Michael Gichangi, Peris Birichi, Dr. Michael Gichangi, Meshack Koima, Judith Jerotich, Sharon Sang, Alois Nderi and Dr. Nyakiba Erneo. Sharon sang and Alois Nderi term ended on July 2023 and Judith Jerotich appointed in September 2023 and Dr. Nyakiba Erneo appointed in November, 2023, inducted in January 2024. Thirteen (13) full board meetings and Members' attendance during the 2023-2024 FY is in the table below;

No	Membership	10 th Aug, 2023	11 th Aug, 2023	22 nd Sept 2023	13 th Oct, 2023 (Special)	17 th Nov, 2023	6 th Dec, 2023 (special)	26 th Jan, 2023 (special)	14 th Feb, 2024 (special)	15 th Feb 2024	4 th Mar ch, 202 4 (special)	5 th March , 2024 (special)	5 th April, 2024 (special)	7 th June2 024	Total attended
1	Sitoyo Lopokoiyit	×	×	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11/13
2.	James Muchiri Ndungu	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	13/13
3.	Peris Birichi	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	13/13
4.	Dr. Michael Gichangi	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	13/13
5.	Meshack Koima	✓	✓	×	×	✓	✓	✓	✓	✓	✓	✓	✓	✓	11/13
6.	Judith Jerotich	N/A	N/A	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11/11
7.	Dr. Erneo Nyakiba	N/A	N/A	N/A	N/A	N/A	N/A	✓	✓	✓	✓	✓	✓	✓	7/7
8.	Sharon Sang	✓	✓	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2/2
9.	Alois Nderi	✓	✓	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2/2

Succession Planning.

There is in place a Succession policy within the Human Resources Procedures Manual for all staff. At the Board level, Board members are appointed and retire in phases to ensure that institutional memory is maintained.

Ethics and conduct of the board

Board members have signed a code of conduct as part of their engagement with the institution. There is a conflict of interest register that if filled at all Board and Committee meetings and members required to declare any interest in any of the agenda for discussion. The register is kept with the

Corporation secretary. The meetings are conducted in accordance with the Board Charter and the *Mwongozo* Code of Conduct for State Corporations (*Mwongozo*). The Board also adheres to Government policy as contained in various circulars and guidelines as issued from time to time. During the year under review, the Board of Management reviewed its Board Charter in line with best practices and Government policy.

Governance Audit

No Governance Audit was undertaken during the year under review.

Whistle blowing policy

There is in place an Antic Corruption and Whistle Blowing Policy. The institution's Committee on anti -corruption also makes the regular reports to the Ethics and Anti-Corruption Commission as required.

Communication Policy

MTRH has a communication policy for both in-house operations and with external stakeholders. The main objective is to act as a uniform guide to staff and the Board of management on appropriate communication and marketing channels and methods to internal and external stake holders as well as the general public. The Policy is aligned with the institution's strategy and

IX. MANAGEMENT DISCUSSIONS AND ANALYSIS

A) Operational Performance

Clinical management

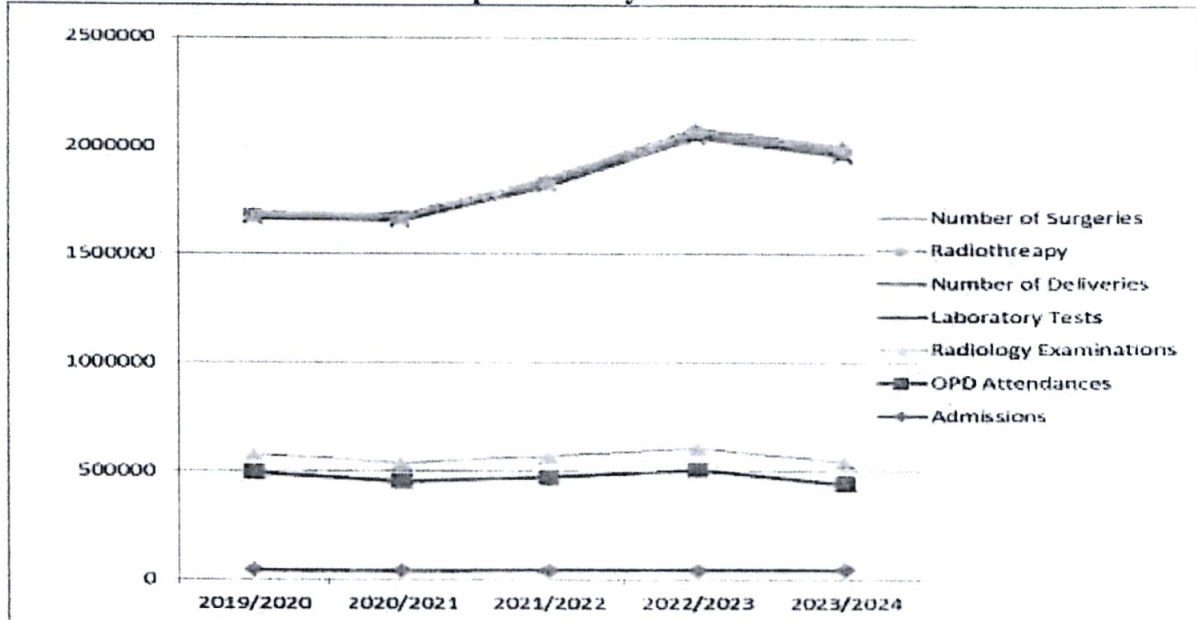
Despite the challenges that came electioneering and the volatility in the macroeconomic environment such high inflationary pressure, resulting to an increase in consumer price index during the period, the Hospital continued carrying out its mandate as outlined in the Legal Notice No.78 of 12th June 1998 of the State Corporations Act (Cap 446). During the period under review, the Hospital overall performance improved, with an increase in the number of clients seeking medical services.

During the period under review, MTRH continued to offer specialized medical services inspite of doctors' union national wide strike that lasted for over 56 day care by attending to 396696 outpatients compared to 463241 in the last year, It also attended to 43975 inpatients in the period under review compared to 42696 in the previous year, the number of maternal deliveries for the period stood at 11378 compared to 11098 in the last the, Theatre Surgical Operation was 15845 compare to 16255 of the previous, Laboratory Test in the period was 1413815 compare to 1435168 of the previous year and Radiology test of 17355 compare to 15091 the previous year. Though the MTRH doctors were not participating in the national doctors strike the number of services offered decline, this resulted from lack of referrals from lower level Hospital Facilities which were adversely affected.

Table 1: Annual Clinical Performance Analysis

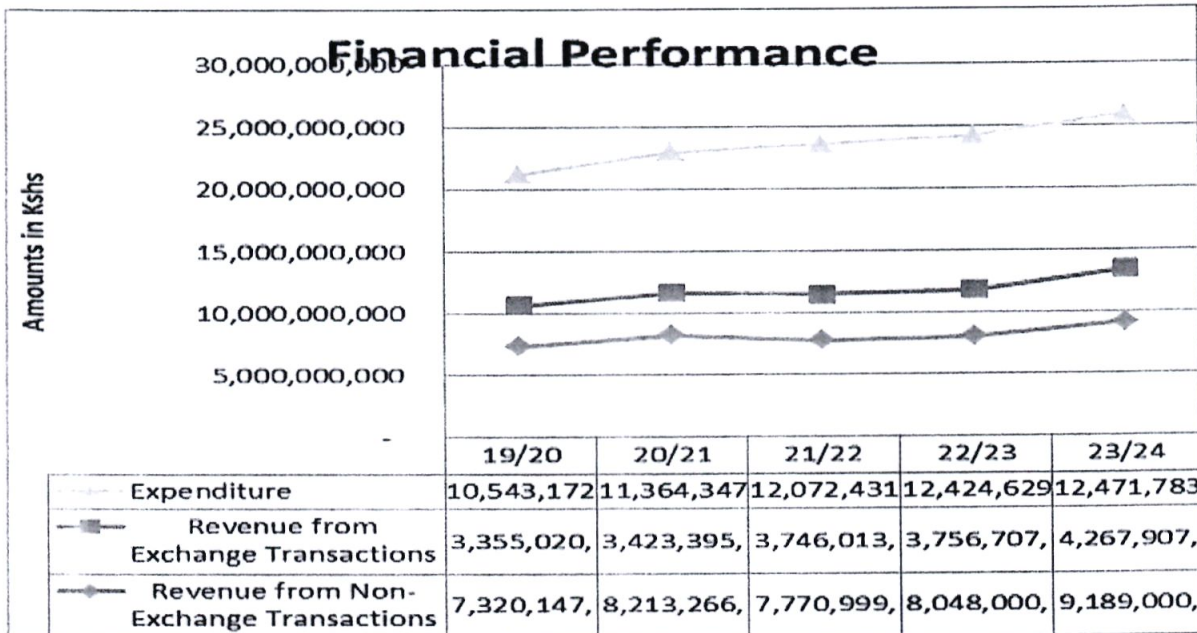
F/Y	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
Admissions	43870	40925	42400	42696	43975
OPD Attendances	450416	413843	428831	463241	396696
Radiology Examinations	85768	82529	98314	100446	102283
Laboratory Tests	1085774	1119596	1246091	1435168	1413815
Number of Deliveries	12459	12379	11916	11098	11378
Radiotherapy	-	639	12309	15091	17355
Number of Surgeries	13984	14420	16474	16255	15845

Annual Clinical Performance - Graphical Analysis



FINANCIAL PERFORMANCE

The financial performance of the Hospital improved from Kshs 10.5 million to Kshs 12.4 million, Kshs 3.3 million to Kshs 4.2 million and Kshs 17.3 million to Kshs 9.2 million on Expenditure, Cost Sharing revenue and GoK Grants respectively.



CURRENT TRENDS IN THE HEALTH SECTOR

The Health Sector is operating in a volatile and dynamic environment given the manner in which new diseases and infections are emerging. The Hospital Board and management have been able to mitigate this situation through optimal use of limited resources namely; technology, Human Resource and Budgetary Support. The Hospital Board and Management has ensured implementation of various strategies aimed at cushioning the Institution against adverse effects

• **Automation**

- The Board and Management of the Hospital has over the years continued to improve the technological infrastructure to guarantee a robust system. The Hospital has a patient queuing system and Electronic Medical Records System (EMRS). Additionally, MTRH is at an advanced stage of rolling out Enterprise Resource Management computerized module that is web based and is expected to incorporate all services rendered in the Hospital hence reduction in turn-around time. Currently, the Supply Chain module has gone live while the finance module is live up to payment voucher processing stage and clinical modules is at development stage.

• **Specialized Units**

- The Hospital Board and Management has been keen on having Centres of Excellence within the facility with a view to improving service delivery to all patients. Such Hospitals include:
 - A fully-fledged Radiography Unit
 - Riley Mother and Baby Hospital
 - Shoe for Africa Children Hospital
 - Chandaria Chronic and Cancer Disease Center
 - Bio-Safety Laboratory (*BSL II*) & Isolation Center.
 - AMPATH Center for research
 - Renal Unit
 - Mental Health Centre

Other Upcoming Centers of Excellence

- MRI & Cath Lab Centre
- MTRH Financial Services
- Modernization of Farewell Home Refrigerators
- Construction and equipping of Spine Theatre
- Construction and equipping of MTRH Harry J Dyer Burns Hospital (Multi-Year Project)
- Construction and equipping of Shoe4Africa Julie Anne Parry Children's Cancer Hospital (Multi-Year Project)
- **Telemedicine**
 - Telemedicine is the latest revolution in the health sector that has tremendously changed how patients are managed. During the period under review, multi-disciplinary teams from across the globe managed several patients courtesy of Telemedicine.

Despite the benefits that accrue from the above, there are challenges that come with technological advancement. Some of these challenges are as outlined below:

- **Cyber Security**
 - Patient data stored in the system is prone to abuse through hacking and it is for this reason that the Hospital has continued to enhance the capacity (*through training and provision of the latest equipment in the market*) of the personnel charged with responsibility of ensuring integrity of patient data is intact.
- **Voluminous Data**
 - The number of patients that seek medical care at MTRH is largely drawn from the North Rift and Western region with a population of approximately **9.1 Million** people (KNBS, 2019) excluding those from the neighboring countries. This therefore means that the system may be overwhelmed in terms of capacity to handle incoming data. To mitigate this, the Hospital Board and Management have ensured that there is a robust system through continual upgrade of the infrastructure.

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. The Hospital, through its Internally Generated Funds, GoK Grants and Development Partners, has continued to improve the Physical Structures and replacement of obsolete equipment. During the period under review, several equipment have been earmarked for replacement/ upgrade.

b) Health Care Insurance Cover

The uptake of Medical Insurance in the region is very low hence the diminished capacity of the general population to access medical services. The immediate impact of this gap is that most patients end up seeking treatment whilst not having the capacity to cater for services rendered. This situation has resulted in crediting thus negatively affecting the Hospitals' ability to offer services to other patients.

MTRH through the AMPATH Program in partnership with NHIF has rolled out a UHC Pilot Initiative in Busia County. The model constitutes a holistic approach to healthcare and the need for multi-sectoral collaboration to address the social determinants of health.

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 have related complications that require specialized treatment including Intensive Care Unit (ICU) both for Mothers and Neonates. It is appropriate to reimburse ICU admissions at cost. However, this will improve with the rollout of Social Health Insurance.

SECTION B

Compliance with Statutory Requirements

i. Statutory Payments

The Hospital is in good standing with Institutions that expect periodic payments for monies deducted from members of staff. These deductions include; PAYE, Pension, NHIF, HELB, NITA among others. It is important to note that the Hospital has complied with all statutory payments despite a long outstanding June 2016 salary grant from MoH totaling **Kshs. 444 Million** being **Kshs. 350 Million** and **Kshs. 94 Million** for June 2018.

ii. Preparation of Quarterly Report and Financial Statements

The Hospital prepared and submitted all statutory reports as per the Laws of Kenya. During the period under review, Report and Financial Statements were prepared and submitted to the Ministry of Health and The National Treasury in conformance with the laid down format and adherence to the statutory timelines.

SECTION C

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

Moi Teaching and Referral Hospital (MTRH) is a key player in the health sector contributing to the achievements of Kenya Vision 2030 projects under the Social Pillar. The projects are aimed at increasing access to specialized health care services to realize Government Agenda on Universal Health Coverage through Bottom-Up Economic Transformation Agenda (BETA).

MTRH has rolled out the implementation of the 2023-28 Strategy through which the Vision 2030 Flagship projects have been anchored. The projects are financed through the Government Medium Term Expenditure Framework (MTEF), Internal funding and partnership support and their implementation are impeded in Government Medium Term Plans, Hospital's Annual Work Plans including 2023/24FY Performance Contracts and Annual Procurement Plans. The capital projects are implemented to enhance the provision of specialized and quality healthcare services and improve the operating environment conducive for service delivery.

The Board of Management approved the capital projects for 2023/24 FY totaling Kshs 711 million from GOK and Kshs 200 million from Appropriation-In-Aid (AIA). Donor supported projects amounts to Kshs 665 million.

The Government financed projects cover equipping of Radiotherapy Centre, equipping of Mother and Baby Hospital, equipping of Shoe4Africa Children's Hospital, equipping of ICUs and construction and equipping of Private Wings Inpatient Block. Donor/partner funding covers construction and equipping

of Harry J Dyer pediatric Burns Centre, Julie Anne Perry Pediatric Cancer Hospital and equipping of MTRH Eldoret Eye Health project.

The funding of the capital projects is financed from 3 major sources- Government through the Medium Term Expenditure Framework (MTEF), Hospital Appropriation in Aid (internal funding) and donor funding. The source and amount funded is as follows

ONGOING GOK PROJECTS

No.	Project Name	Project Details	Implementation Status
1	Equipping of Radiotherapy Unit (Multi Year Project)	Supply, Delivery, Installation, Testing and Commissioning of Linear Accelerator (LINAN) machine.	The completion of this project has reduced the waiting time experienced with one LINAC machine
2	Establishment of an MRI/Cathlab Centre (Multi-Year)	Construction and commissioning of MRI Centre and Cathlab to accommodate 2 MRIs and 2 cathlabs.	Construction of MRI/Cathlab 100% completed. 1.5 Tesla MRI donated by JICA through Ministry of Health is expected
3	Modernization of Farewell Home Refrigerators	Supply, delivery installation and commissioning of stainless steel cold-rooms/fridges and renovation of building works	Project completed and operationalized. The project has increased the capacity of the old fridges from 48 to 80.
4	Construction of MTRH Financial Services Centre of Excellence. Multi-Year project	Construction of the MTRH Financial Services Centre of Excellence will house the MTRH Staff Pension Scheme, NHIF offices and MTRH Shamiri SACCO.	Shamiri Sacco and Staff pension Scheme have already occupied the facility. NHIF transitioning to SHIF is in the process of equipping the ground floor.
2	Spine Theatre (Extension of main Theatre)	Construction and equipping of Spine Theatre	Expected to be operationalized in the first quarter of 2024/25FY.
3	Seventh Day Adventist Church	Construction of SDA Church	Construction at 65%. Remaining works construction of 2nd and 3 rd floor before finishing works commences.
4	Catholic Church (St. Camillus Catholic Church)	Construction of St. Camilla Catholic Church	100% completed and handed over in February 2024.
5	Construction and Equipping of Pediatric Neuro-Developmental Centre Clinic	Construction and Equipping of the Pediatric Neuro-Developmental Centre. The Centre is a 3-storey OPD facility at MTRH.	Awaiting approval and signing of Grants Agreement between the Government of Kenya and Indiana Institute for Global Health (IIGH).

PARTNER SUPPORTED PROJECTS

No.	Project Name	Project Details	Implementation Status
1	MTRH Eldoret Child Eye Health Project	Procurement of medical equipment for the MTRH Eldoret Child Eye Health project	Sponsored by World Health Organization (WHO)
2	Construction and equipping of MTRH Harry J Dyer Burns Hospital (Multi-Year Project)	The MTRH Harry J Dyer Burns Hospital will be a 3-floor, 26 beds with 6 ICU beds facility and will provide comprehensive burns services for children.	Sponsored by Harry J Dyer
3	Construction and equipping of Shoe4Africa Julie Anne Parry Children's Cancer Hospital (Multi-Year Project)	The MTRH Shoe4Africa Julie Anne Parry Children's Cancer Hospital will be 4 floors, 155 beds fully dedicated to the treatment and management of pediatric oncology.	Sponsored by Julie Anne Parry

MTRH continues to look for ways to improve efficiency and reduce overall costs and at the same time improve the overall patient experience given the constrained macro-economy. During the period under review, sustainability strategies were implemented to ensure programmes and activities are realized perpetually as part of our Core Mandate.

FUTURE DEVELOPMENT

The New 2,000-Bed Multi-Specialty MTRH Project,

The National Treasury and Economic Planning has approved the project to be undertaken using Specially Permitted Procurement Method as per Public Procurement and Asset Disposal Act (PPADA) 2015, section 114 a, and the Public Procurement and Asset Disposal Regulations, 2020, Section 107 (1) and (2) (C &D). The project will be undertaken by Poly Technologies Inc. The Hospital has engaged with the Chinese firm which bid for the project in 2017 to review and update the project requirements. The firm is expected to submit the bidding documents. Discussion on financing mechanisms are ongoing.

Progress of the MTRH College of Health Sciences Public-Private Partnership (PPP) Project

The National Treasury and Economic Planning has already awarded the tender for the Transaction Advisor (TA). The Award of TA was done after pre-feasibility study was done by PPP Directorate and advertisement and evaluation for the TA completed. The TA is currently undertaking the full feasibility study of the Project. The project is expected to cost Kshs 980 million to be constructed at MTRH Kiplombe land.

In-Vitro Fertilization and Genetic Centre

Establishment of In-Vitro Fertilization and Genetic Centre building and equipping of an IVF and Genetic Centre at approximate cost of Kshs 250 million. The Hospital have submitted a request to the Sports Funds Board through the Ministry of Health for funding from Sports Arts.

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 and standing agenda in all full board meetings.

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. Risk management is implemented across the Hospital and supports the risk management culture 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	Exposure to contamination in the Laboratory.	Increases the risk of accidents and environmental contamination that can lead to environmental damage and pose health risks.	Conduct regular safety training for staff, monitor and enforce safety protocols & provide appropriate PPE and create Disposal Chambers & have a reservoir tank for dissolution before releasing to the environment
2	The risk of use of counterfeit receipts issued by suppliers.	Acquisition of counterfeit goods could hamper the Hospital's effort to offer quality health care services.	Improve vendor due diligence with background checks, references, and continuous monitoring and strengthen procurement controls with stricter invoice verification, segregation of duties, and regular audits.
3	Risk of Potential Underestimation of Occupational Radiation Exposure.	Limited Thermoluminescent Dosimetry (TLD) Monitoring leading to occupational radiation exposure	Integrate real-time monitoring systems in high-risk areas to provide immediate feedback and facilitate proactive adjustments. Provide training on radiation safety and Develop protocols for thorough incident investigation, ensuring data collection for effective preventive measures.
4	Risk of payroll errors	Typos or mistakes during manual data entry can lead to incorrect calculations and allowances resulting in erroneous payments which impacts cash flow	Invest in automation tools to upgrade the payroll system to minimize manual data entry and reduce errors. Recover any overpayments identified and
5	Compliance risks associated with Un-renewed Practicing Licenses	Non-compliance with license renewal requirements which can lead to violations of professional regulations and patient safety affecting quality of patient care.	Tracking license expiration dates and ensuring continuous compliance monitoring and implementing a system for sending automated email or SMS reminders to staff about upcoming license renewal deadlines.
6	Risks of non-payment of debts.	Non-payment of debts can compromise cash flow position of the Hospital and	Invest in credit assessments committee, strengthen debt collection procedures and Regularly monitor and analyse debt trends

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#	Risk	Risk Analysis	Mitigation
		result in poor service provision.	to identify areas requiring further improvement and encouraging enrolment with Social Health Insurance (NHIF) (SHIF).
7	Failure to grow Hospital revenues to match the institutional target of 7.5% annually.	Lack of resources to match growth in services required by the customers	Full automation of financial activities/operations in the Hospital. e.g ERP implementation, use data insights from ERP to identify opportunities for improvement & adjust strategies as needed and explore additional revenue streams.
8	Risk of MTRH Legal standing	Automatic revocation of Statutory Instruments under the Statutory Instruments Act, thus affecting hundreds of State Corporations, including MTRH	The Statutory Instruments Bill (2024) is before parliament and seeks to amend, amongst others, section 27 of the Statutory Instruments Act CAP 2A to read "Any statutory instrument that was in operation on or before 24th January 2024 shall continue to operate and to have effect as if the instruments had not been automatically revoked on that date". Hence, the effect of the automatic revocation will be reversed and legal standing of MTRH guaranteed upon this Amendment.
9	Increasing mortality rate	This risk encompasses the potential for failing to achieve the desired decrease in the number of mortalities within a specific population and timeframe.	Analyse clinical data to identify contributing factors and review audit recommendations and implement targeted interventions such as enhanced staff training, improved resource availability, and patient outreach
10	Business Process Disruptions.	Service interference/paralysis of service provision due to lack of documentation of existing processes and Lack of BCP	Ensuring that a comprehensive and well disseminated Business Continuity Plan (BCP) is in place and full implementation and Conduct regular BCP testing and training: Ensure all staff understands their roles and responsibilities in case of an incident and investing in backup systems.
11	ERP/ Centralized Paybill 222 222	Severe service disruption due to system downtime and service impairment due to delayed reimbursement of the revenue collection from the Treasury.	The Hospital Management to prioritize pursuing the government to authorize back-end access rights and clustering of service access to enable medical services to be allocated dedicated path-way (PB-Number). Engage the director of e-Citizen services to allocate a point person for MTRH who will be dealing with day-to-day transactions. The CIO to document and communicate all challenges encountered during the implementation of the PB- 222 222.

SECTION E

Material arrears in statutory

MTRH Board of Management recognize and always strive to comply with statutory obligation but due to underfunding of recurrent expenditure it's in arrears on staff KCB bank loans by one month, staff pension by Six months and other payroll by products by two months.

Financial obligations

The Hospital financial liability as at the end of the year was kshs for trade and other payable and Kshs for employee related cost.

SECTION F

The entity's 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 Standards and Operations 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 is no financial improbity or governance issues in the Hospital reported by Internal Audit Department, Board Audit Committee, and Office of the Auditor General or any other National Government Agency providing oversight

X. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

i) *Sustainability strategy and profile*

Global awareness of Environmental Sustainability issues has increased significantly. The healthcare sector and its activities, in particular, has a great impact on the environment. MTRH as an institution recognizes that its operations have a substantial impact on the environment, the well-being of our employees, the care and experience of our patients, and the welfare of our community.

Moi Teaching and Referral Hospital has therefore made great strides on matters sustainability in its healthcare operations through environmental stewardship.

MTRH has always been dedicated to create a healthcare institution that not only provides world-class medical services but also contributes to a healthier environment, a safer workplace for our staff, superior patient care, and an engaged and empowered community.

ii) *Environmental performance*

MTRH Policies that guide the efforts towards realisation of Sustainable Environment include: MTRH Occupational Health & Safety Policy (OSH 45001:2018) Standard and Environmental Sustainability Policy.

MTRH has made efforts to reduce its environmental footprints through Energy Efficiency; Implementation of LED lighting and HVAC upgrades, Water Conservation: Installation of water-saving fixtures and implementation of water management practices, Sustainable Procurement: Prioritisation of suppliers that adhere to ethical and sustainable practices and Use of clean energy: Solar heating energy system, LPG cooking energy

MTRH has made strides to manage biodiversity through; Tree growing initiatives by planting and grow over 15000 trees in the last financial year both within and outside our facility, Establishment of MTRH Tree Nursery, Routine improvement and maintenance of green spaces in the hospital, Conducting Environmental Impact Assessments for new projects and Environmental Audits for existing ones while preserving open spaces.

MTRH has made efforts on Waste Management through Waste reduction by going paperless for most of its services; Implementation of Waste Reuse programs-done to minimize the hospital's waste output e.g. food waste reuse (sold for animal use),

MTRH has made efforts to reduce the Environmental Impacts of the Organization's products through; Air Quality Control –Emission tests, Such test which give an in depth of the levels of emissions emitted into the atmosphere whether they meet the expected parameters or not with clear mitigation measures put in place to enhance

Safety across board Waste Water Management- provision of closed waste water drainage systems, Periodic Waste water quality controls through sampling and analysis, Environmental friendly waste treatment processes i.e. Incinerator Plant (150Kg/Hr) in-built with wet scrubber and use of Non-burning Technologies i.e Amb. Microwaving plant (250Kg/Hr), Proper storage and preservation of human bodies at Farewell home and Provision of storm water drainage systems to prevent soil erosion

Challenges experienced in ensuring Environmental Sustainability include financial constraints
Human resource capacity

Employee welfare

Give account of the policies guiding the hiring process and whether they take into account the gender ratio, whether they take in stakeholder engagements and how often they are improved. Explain efforts made in improving skills and managing careers, appraisal and reward systems. The organisation should also disclose their policy on safety and compliance with Occupational Safety and Health Act of 2007, (OSHA.)

Policies guiding the hiring process

MTRH is guided by Constitution of Kenya - Chapter Six, Article 10 and 232, Moi Teaching and Referral Hospital (MTRH) Strategic Plan 2023 – 2028, The Kenyan Labour Laws, The MTRH Human Resource Instruments, Human Resource Policy and Procedure Manuals August 2018, Career guidelines for corporate Jobs - February, 202, Career guidelines for Technical Jobs - August, 2018 and Organization Structure, Grading and Staff Establishment February, 2021

MTRH is guided by the 1/3 Principal on gender ratio rule during its recruitment process and all career Advertisement are posted in MTRH Website and My-Gov for wide circulation by the potential applicants.

Stakeholder's engagements in MTRH during the hiring process involves the following; Human Resource Department, Human Resource Advisory Committee(HRMAC), Directorates/ Departments at MTRH, Unions at MTRH, Public Service/State Corporation Advisory Committee (SCAC), Ministry of Health (MoH) and The National Treasury and Planning.

The following strategies have been employed at MTRH to improve skills and manage careers, appraisal and reward systems; Analysis of MTRH Skills gap, Training Needs Analysis (3 years), Scheduled Leadership Courses (Supervisory Skills Development Course, Senior Management Course (SMC) and Strategic Leadership Development Program (SLDP)), Training Evaluation Tool, Human Resource Policy and Procedures Manual August, 2018, Capacity Development Policy Guideline, Performance Management and Staff Recognition Policy Guideline, Promotion Policy Guideline, Succession Planning Policy Guideline, Mentorship and Coaching of Staff, Staff Recognition through commendation letters for exemplary performance, Annual Appraisals forms, Appraisal after Probationary Period (6 Months), Performance Improvement Plan (PIP), Planned Weekly Hospital Wide Virtual Sensitizations, Frequent face to face consultations with staff by Human Resource, Work Councils and Devolved Human Resource Meetings

Occupational Safety and Health Act of 2007 (OSHA)

MTRH has the Safety Policies and guidelines in place and awarded Occupational Safety and Health Act 2007 Certificate of Recognition of a Workplace. S/No. 0010754 - 03 - 24 – R, issued on 5th March, 2024 and will expire on 18th March, 2025 and WIBA enhanced Policy - Policy No. P - 2022 -100 - 3038 - 30 – 42789 running from 3rd May, 2024 to 2nd May, 2025.

MTRH have Comprehensive Medical Cover for Staff and Employee Assistance Program (EAP) for staff.

The following strategies ranging from Wide Virtual Sensitizations from Clinical Department on Non- Communicable Diseases (NCD's), Annual Medical Check-up, Mental Wellness and Support from Psychological Counselling Department Ego-Coaching sensitizations by Physiotherapy Department.

iii) Market place practices-

a) Responsible Competition Practice

MTRH is an open and offers equal opportunity to all. Supplier Contracts are awarded based on open tendering process as per article 227 (1) of the Constitution of Kenya, 2010 that requires public institutions to contract goods and services through a system that is fair, equitable, transparent, competitive and cost effective. Further, MTRH adheres to Section 157 (10) of the Public

Procurement and Assets Disposal Act of 2015 on ensuring that at least thirty percent (30%) of the procurement budget is allocated to Youth, Women and Persons with Disabilities.

Towards Zero Tolerance to Corruption and Corrupt Practices, MTRH develops Corruption Risk Assessments (CRA) and implement Corruption Mitigation Plans (CMP) & Standard Operating Procedure (SOP) for Prevention of Bribery and Corruption at MTRH under the chairmanship of the Chief Executive Officer. Reports are generated quarterly and submitted to the Ethics and Anti-Corruption Commission (EACC).

b) Responsible Supply Chain and Supplier Relations

MTRH Suppliers are paid as per Accounts Payable Aging Analysis and within 90 days of completion of supply and invoicing. Annually, MTRH conducts supplier's forum as a way of supplier engagements towards ensuring cordial contractual relations.

c) Responsible Marketing and Advertisement

MTRH provides information to the public on access to specialized and quality healthcare services available. This is done proactively on both print and digital media: Hospital website, social media platforms, Local Radio & TV Stations and through Medical Outreaches/Camps.

d) Product Stewardship

MTRH maintains Patient Charters, Corporate Charter and Departmental Citizen Service Delivery Charters to inform the patients of their rights and responsibilities. The charters are displayed conspicuously across all the service delivery points. Further, consumer rights and responsibilities are documented in MTRH 2023-2028 Strategy as part of the Stakeholder Analysis. Service Delivery Charters are displayed prominently at service delivery points and customized to meet the unique needs and convenient access by the clients through braille providing mechanisms for sign language, providing audio recordings and uploading the charter on the Hospital online platforms.

iv) Corporate Social Responsibility / Community Engagements

MTRH endeavours towards elimination of diseases and injuries while taking account factors that influence human health, environmental resilience and social and economic equity by embracing Population Health through conducting Clinical Outreaches and Medical Camps as a strategy towards increasing awareness in local communities about various diseases (both communicable and non-communicable). Such interventions have all along been financed by the Hospital using internally generated funds and where possible leverage on similar activities initiated by partners with interests in the surrounding local communities.

The outreach programmes were done through physical visits to the communities or Radio Shows, covering a wide range of topics that have a wide customer base to ensure wide reach. Through these activities, the Hospital was able to encourage seeking of early diagnosis of ailments hence timely intervention and a guarantee of healthy populace with a consequent increase in productivity. These activities resulted in improvement of the overall quality of life in the community through reduction of illness or disability by reducing disease risk, prevention of new cases of illness and ensuring access to appropriate services for those with existing conditions

MTRH also supports needy patients through the Corporate Social Responsibility (CSR) Kitty, paying up NHIF remittances, Hospital bills and providing emergency services during disasters like landslides, Road Traffic Accidents, major outbreaks etc.

During the period under review, the Hospital engaged itself in the following;

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a) Clinical Outreaches/Camps

#	DESCRIPTION	DATE
1	The Hospital participated in the 7th Edition Kaptagat Forest Annual Tree Planting Event at Kessup, Elgeyo Marakwet County.	1st July, 2023
2	Donation of Drugs to Kapsabet County Referral Hospital medical camp amounting to Kes.330,000.	23rd July,2023
3	The Hospital participated in Kessup Tree planting Presidential launch. MTRH donated Ksh. 200,000 to Ministry of Environment Forestry and Climate Change.	1st August,2023
4	Donation of drugs to Total Care Hospital Free Medical Camp.	13th August,2023
5	Ndhiwa medical camp in Homabay county where the Hospital donated drugs worth over 700,000 shillings.	16th-19th August,2023
6	Turkana County medical camp where the Hospital donated drugs, Nutrition supplements, non-pharmaceutical supplies worth over 2million, food and 3 tonnes of clothing to help vulnerable groups in the county obviate burden of diseases and hunger.	22nd-26th August, 2023
7	Support of 600 packets of sanitary towels and 300 packets of baby diapers totalling Kes. 96,000. 300 needy mothers benefited from the initiative.	16th November, 2023.
8	17,000 level 3 Personal Protective Equipment (PPEs) support to 9 County Hospitals in Western Bloc and 2 Hospitals in Baringo County.	1st-4th November, 2023 and 23rd-24th November, 2023
9	Kes. 100,000 support to Moi University College of Health Sciences students merit award ceremony.	17th November, 2023.
10	Kes. 100,000.00 support to Kenya Obstetrical and Gynaecological Society (KOGS).	25th November, 2023.
11	MTRH participated in a Medical Camp at Chebusie AIC-Elgeyo Marakwet County with drugs donated worth Ksh.153,393.80	2nd December,2023
12	MTRH participated in Zero barefoot Campaign in Turkana County. The Hospital supported the Campaign by donating 100 pairs of shoes worth Kes.100,000.00	30th January to 1st February,2024
13	MTRH donated 5 tonnes of firewood to Morning Star Children's Centre	21st February, 2024
14	MTRH participated in a fact-finding visit to Kaptarakwa Sub-County Hospital in Elgeyo Marakwet County to offer support, mentorship and technical advice.	1st March, 2024
15	Eldoret ASK National Show; the Hospital offered free medical care, screening and health education & promotion. The Hospital was ranked the Best Stand embracing Information Technology & Communication Systems and The Best Display and Service in Health Sector & Pharmaceuticals Stand.	6th-9th March, 2024
16	Medical Camp at Liter Primary School, Marakwet East. This was a build-up activity towards celebration of World Water Day.	21st-23rd March, 2024
17	Medical Camp at Dry's Farm Primary School -Ainabkoi, Uasin Gishu County.	22nd March, 2024
18	Donation of Medical Supplies towards a medical camp at Emsea-Keiyo South, Elgeyo Marakwet County.	23rd March, 2024

*Moi Teaching and Referral Hospital
Annual Report and Financial Statements
For the Period ended June 30th 2024*

#	DESCRIPTION	DATE
19	Medical Camp support at Nyaru Dispensary, Elgeyo Marakwet County.	27th March, 2024
20	Donation of Medical Supplies towards a medical camp held in Homa Bay County	29th to 31st March 2024
21	MTRH led provision of Emergency services during Eldoret City Marathon. A multi-disciplinary team of fourteen (14) staff participated.	21st April, 2024
22	MTRH donated tree seedlings worth Kes. 20,000 to NURU Foundation-Eldoret as part of Corporate Social Responsibility to the community.	25th April, 2024.
23	MTRH Multi-Disciplinary team participated in a Medical Camp held in Kisumu Central Constituency in Kisumu County.	6th -8th May, 2024.
24	MTRH donated 500 tree seedlings and also participated in tree planting at Kimwogo Forest Elgeyo Marakwet County.	10th May, 2024.
25	MTRH participated in Pre-Madaraka Day Exhibition at Kibabii University and also led provision of Emergency services.	27th May-1st June, 2024
26	Tree Growing at Keiyo North Forest-Elgeyo Marakwet County. The team planted 10,127 tree seedlings in an Agro-forested location.	20th June, 2024

CSR PATIENT

Leah Wanyama Hospital No. 2175176 from Kitale admitted to Sergoit Ward on Tuesday 13th February, 2024 and operated on 14th February, 2024. The total bill of Kes. 255,201 was waived. The patient was also managed subsequently at outpatient Department with the attendant charges waived.

b) Radio Talk Shows and TV Interviews

MTRH conducted health promotion and education through radio talk shows and TV Interviews on: Hepatitis B Management, Breastfeeding, Dental Care, Patient Safety, Rheumatic Heart Disease in Society, Cardiac Care and Cardiac Patient Experience, Gender Based Violence, Nutrition Services, Oncology Services/ Cancer awareness, Hemophilia Management, Infection Prevention and Control-Symptoms, Prevention and Management of Respiratory Infections, Public sensitization on World Tobacco Day, Lung Cancer and TB management, Transplant Services- awareness on organ donation, Sickle Cell and Mammogram Services.

XI. REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2024, which show the state of Moi Teaching and Referral Hospital.

i) Principal activities

The principal activities of the Entity are The Hospital's 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.

ii) Results

The results of the Entity for the year ended June 30, 2024, are set out on page 1 to 9

iii) Directors

The members of the Board of Directors who served during the year are shown on page IX to XII. During the year 3 director retired/ resigned and 3 was appointed with effect from xxx date.

iv) Surplus remission

In accordance with Regulation 219 (2) of the Public Financial Management (National Government) 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.

v) MTRH does not remit percentage of income since its operation is supported by consolidated Fund.

vi) Auditors

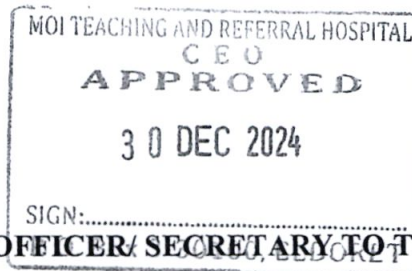
The Auditor-General is responsible for the statutory audit of the MTRH in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 carry out the audit of the MTRH for the year/period ended June 30, 2024, in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board



DR. PHILIP KIRWA

CHIEF EXECUTIVE OFFICER/ SECRETARY TO THE BOARD



XII. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and Section 14 of the State Corporations Act, require the Directors to prepare financial statements in respect of Moi Teaching and Referral Hospital (MTRH), which give a true and fair view of the state of affairs of the Hospital at the end of the financial year/period and the operating results of the Hospital for that year/period. The Directors are also required to ensure that the Hospital keeps proper accounting records, which disclose with reasonable accuracy the financial position of the Hospital. The Directors are also responsible for safeguarding the assets of MTRH.

The Directors are responsible for the preparation and presentation of MTRH's financial statements, which give a true and fair view of the state of affairs of MTRH for Year ended June 30 2024. This responsibility includes:

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

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

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

Approval of the financial statements

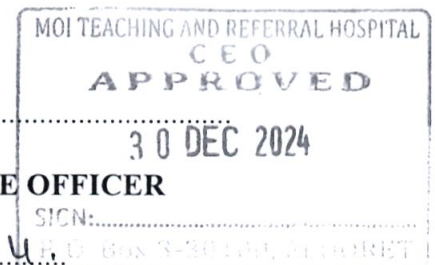
MTRH's Annual Report and Financial Statement approved by the Board of Directors and signed on its behalf by;

.....
MR. SITOYO LOPOKOIYIT, *MBS*
BOARD CHAIRMAN

DATE.....


.....
DR. PHILIP KIRWA
CHIEF EXECUTIVE OFFICER

DATE *30.12.24*



REPUBLIC OF KENYA



Enhancing Accountability

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON MOI TEACHING AND REFERRAL HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2024

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

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

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Moi Teaching and referral Hospital set out on pages 1 to 32, which comprise of the statement of financial performance, statement of financial position, Statement of changes in Net Asset,

Statement of cash flows and Statement of comparison of budget and Actual amounts for the year then ended 30 June, 2024, 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 Moi Teaching and Referral Hospital as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Financial Management Act, 2012, State Corporations Act, Cap 446 of 1998 and the Health Act, 2017.

Basis for Qualified Opinion

1. Presentation, Accuracy and Completeness of the Financial Statements

Review of the financial statements that were submitted for audit revealed the following inaccuracies and inconsistencies;

- i. The financial statements were not signed by the Board Chairman.
- ii. Employee costs were only supported by the payroll but were not supported by schedule of payment vouchers.
- iii. Inter-entity confirmation letter under appendix iv is not signed by Head of Accounts Department at the Ministry of Medical Services.
- iv. Property, plant and equipment under Note 24 reflects projects cost (work-in-progress) amount of Kshs.54,498,492. However, a detailed analysis of the project cost has not been provided as a footer to Note 24 as required by the reporting template. Further, records available indicated that Fun-soft System valued at Kshs.15,902,631 had remained as work-in-Progress over a long period of time without being transferred. Also, the system was not in use by the Hospital.
- v. The statement of financial performance reflects taxation expense of Kshs.41,880,239 which according to Note 20 to the financial statements, is tax charged on rental income. However, schedule provided indicated that the tax is made up of rent income tax of Kshs.10,381,013 and other income tax of Kshs.31,499,226. However, detailed working was not provided for the tax expense.
- vi. The statement of comparison of budget and actual amounts reflects actual revenues and expenditure amounts of Kshs.13,796,135,514 and Kshs.12,950,472,594 respectively. However, the statement of financial

performance reflects actual revenues and expenditure amounts of Kshs.13,465,652,521 and Kshs.13,147,342,269 resulting to unexplained explained variance of Kshs.330,482,993 and Kshs.196,869,675 respectively. No reconciliation was provided explaining the variances as required by IPSAS 24.

vii. Pages 1 to 8 have been repeated.

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

2. Payments for Contracted Professional Services

The statement of financial performance reflects contracted services expenses amount of Kshs.22,642,148 which includes contracted professional services offered by a medical specialist center amounting to Kshs.2,740,000. However, examination of documents in support of the payments revealed the following;

- i. There were no prior approved requests for the services from Management before payments could be made. Further, there were no invoices from the Institution and the payments were made based on internally generated summaries of services rendered by the Institution.
- ii. Other than pre-authorization requests from the National Hospital Insurance Fund (NHIF), there was no confirmation of payments made by patients who received various corneal transplant related services before the Hospital could effect payments to Eldoret Medical Specialist Centre.

In the circumstances, the validity of contracted services expenses amount of Kshs.22,642,148 could not be confirmed.

3. Understated Cost Sharing Income

The statements of financial performance reflects under revenue from exchange transactions, sale of goods and services amount of Kshs.4,211,771,289 which includes cost sharing income amount of Kshs.4,146,809,794 as disclosed in Note 7 to the financial statements. Analysis of the Hospital revenue system reports for the month of June revealed a collection of Kshs.309,388,507 whereas the reported revenue for the same period amounted to Kshs.309,163,093 resulting to an understatement by Kshs.225,413.

In the circumstances, the accuracy and completeness of revenue from cost sharing income amount of Kshs.4,146,809,794 could not be confirmed.

4. Undisclosed Retainer on Fees Revenue from Doctors' Fees

The statement of financial performance reflects use of goods and services expenses of Kshs.2,929,205,537 which includes doctors' fees expenses of Kshs.237,124,312 as disclosed in Note 10 to the financial statements. Review of doctors' allowances ledger

books, payroll records and schedules provided for audit revealed that Doctors' fees payments were mainly fees charged to patients by consultants in the Private wing of the Hospital and are collected on their behalf by the Institution. A retainer fees of 5% of the amount invoiced is charged by the Hospital for the services rendered, which is a revenue stream for the Hospital. However, this was not separately disclosed in the financial statements under revenue from exchange transactions.

In the circumstances, the accuracy and completeness of Doctors' fees balances of Kshs.237,124,312 could not be confirmed.

5. Un-surrendered Imprests

The statement of financial position reflects current receivables from exchange transactions amount of Kshs.3,469,750,548 which includes outstanding imprest of Kshs.24,250,837 as disclosed in Note 22(a) to the financial statements. Examination of documents in support of the imprests revealed that the surrender of the imprests was overdue. This was contrary to Regulation 93(5) of the Public Finance Management (National Government) Regulations, 2015 which states that a holder of a temporary imprest shall account or surrender the imprest within seven (7) working days after returning to duty station. (6) In the event of the imprest holder failing to account for or surrender the imprest on the due date, the Accounting Officer shall take immediate action to recover the full amount from the salary of the defaulting officer with an interest at the prevailing Central Bank Rate

In the circumstances, the recoverability of the imprests totaling Kshs.24,250,837 could not be confirmed.

6. Doubtful Recovery of Individual and Corporate Clients' Current Receivables

The statement of financial position reflects current receivables from exchange transactions balance of Kshs.3,469,750,548 which includes receivables from individual clients and corporate clients balance of Kshs.1,599,403,838 and Kshs.255,400,028 respectively as disclosed in Note 22(a) to the financial statements. Records provided revealed that the individual clients' receivables balance had increased by Kshs.440,188,270 or 38% from Kshs.1,159,215,568 to Kshs.1,599,403,838 as previously reported.

In addition, the Hospital was holding numerous land title deeds and motor vehicle log books submitted as collateral for the debtors. However, there were neither affidavits nor agreements between the Hospital, schemes and the patients provided for review. In addition, no evidence was provided to show that legal pursuit to recover the amounts owed was in progress.

In the circumstances, the recoverability of the individual and corporate clients' receivables balance of Kshs.1,599,403,838 is doubtful.

7. Variance in Receivables from Exchange Transactions

The statement of financial position reflects current receivables from exchange transactions balance of Kshs.3,469,750,548 which includes receivables from National Hospital Insurance Fund (NHIF) balance to Kshs.2,673,987,767 as disclosed in Note 22(a) to the financial statements. However, records from NHIF indicated that claims payables to the Hospital for both in-patient and outpatient amounted to Kshs.344,288,068 resulting to an unexplained variance of Kshs.2,329,699,699.

In the circumstances, the accuracy and completeness of receivables from NHIF balance of Kshs.2,673,987,767 could not be confirmed.

8. Loss of Pharmaceuticals and Non-Pharmaceuticals Inventories

The statement of financial position reflects inventory balance of shs.383,838,097 as disclosed in Note 23 to the financial statements. Examination of the stock take report revealed that the system stock balance was Kshs.603,307,016 and physical stock take count balance was Kshs.413,732,443 resulting to unaccounted for stock balance of Kshs.189,574,573.

In the circumstances, the accuracy and completeness of inventories balance of Kshs.383,838,097 could not be confirmed.

9. Variance in Trade and Other Payables

The statement of financial position reflects trade and other payables balance of Kshs.1,504,412,232 which includes trade payables balance of Kshs.1,483,252,232 as disclosed in Note 25 to the financial statements. Included in the trade payables is KEMSA payable amounting to Kshs.44,516,096. However, records from KEMSA indicated amounts receivable from the Hospital to be Kshs.74,692,400 resulting to an unexplained variance of Kshs.30,176,304.

In the circumstances, the accuracy of trade payables balance of Kshs.1,483,252,232 could not be confirmed.

10. National Hospital Insurance Fund (NHIF) Loan

The statement of financial position reflects NHIF loan balance of Kshs.129,900,997 as disclosed in Note 30 to the financial statements. As previously reported, the Ministry of Health through their letter, Reference No. MOH MED/11/2/2 Vol.II dated 1 December, 2016 made a request to the Chief Executive Officer (CEO), NHIF to consider supporting the establishment of Radio Therapy treatment centers at the Moi Teaching and Referral and Kenyatta National Hospitals and proposed specifications for the equipment.

Subsequently, the Ministry of Health entered into collaboration with the International Atomic Energy Agency (IAEA), Ref. No MOH/MED/11/2/2VOL11 dated 28 January, 2017

where the IAEA offered a grant amount of Euro 2,536,155 (Kshs.312,669,869), for the procurement of radiotherapy equipment for the Moi Teaching and Referral Hospital on a cost sharing basis, with IAEA contributing 25% of the cost and the Government of Kenya 75% of the cost. The MTRH then requested the NHIF through letter, Reference No. ELD/MTRH/BCM/5/28/VOL.II/2007 of 02 February, 2017 for funding to equip MTRH Radiation Oncology unit in two phases of Kshs.592,000,000 and Kshs.360,500,000 each. Further, the Hospital, through their letter Reference No. ELD/MTRH/ADMN/1/VOL.IV/2015 of 12 July, 2017 made another funding proposal of Kshs.1,762,000,000. However, no contract/agreement either between NHIF and the IAEA or between MTRH and NHIF was provided for audit confirmation at the time.

However, Management provided Heads of Terms (Agreement) that was signed between the NHIF and the MTRH dated 23 October, 2023. The loan amortization schedules provided for audit review revealed that the loan ran from the 26 January, 2018. Management has not explained why the loan agreement was signed five (5) years after the date of the loan disbursement.

In addition, NHIF records reflects investment loan advanced to MTRH outstanding balance of Kshs.120,736,974, resulting into a variance of Kshs.9,164,023 which has not been explained.

In the circumstances the accuracy and completeness of the NHIF loan balance of Kshs.129,900,997 could not be confirmed.

11. Current Receivables from Exchange Transactions

The statement of financial position reflects current receivables from exchange transactions balance of Kshs.3,469,750,548 which according to Note 22(a) included a gross balance of Kshs.5,321,368,320 with an accumulated provision for doubtful debt of Kshs.1,851,617,772. The receivables included historical balances dating back to the year 2022-2023 and prior years whose recoverability is doubtful. Further, the provision for doubtful debt has been made to specific individual clients and does not cover the entire receivables from exchange transactions gross balance of Kshs.5,321,368,320.

In the circumstances, the recoverability of the debts and the accuracy of the provision for doubtful debts balance of Kshs.1,851,617,772 could not be confirmed.

12. Undisclosed Bond Debtors

Review on staff records in respect to study leave revealed that the Institution bonded 30 members of staff who proceeded for study leave and were bonded as per Section 9.20.1 of the Moi Teaching and referral Hospital (MTRH) Human Resource Policy and Procedure Manual. The course durations varied from Six (6) months to Five (5) years which determines the bond period. However, thirteen members of staff exited the service without clearing the bonded amount stipulated in the signed agreement with cases of default dating back to the year 2008. Further, records of service bond defaulters provided for audit revealed outstanding balance of bond under recovery amounting to

Kshs.82,547,127 which has not been disclosed in the financial statements as a receivable.

In the circumstances, the Hospital is likely to lose Kshs.82,547,127 for failure to institute recovery measures for the outstanding bonds.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.13,304,500,000 and Kshs.13,796,135,514 respectively, resulting in an over-funding of Kshs.481,672,076 or 4% of the budget. Similarly, the Hospital had an actual expenditure of Kshs.12,950,472,594 against actual receipt of Kshs.13,796,135,514 resulting in an under-expenditure of Kshs.845,665,920 or 6% of the budget.

In the circumstances, the over-funding and underperformance may have negatively affected implementation of the planned activities and service delivery in the Hospital.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Audit Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness and Report on Internal Controls, Risk Management and Governance. However, Management has not resolved the issues or

given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board.

Other Information

Management is responsible for the other information set out on page iv to liii which comprise of Acronyms and Glossary of Terms, Key Information and Management, Board of Directors, Management Team, Board Chairman's Statement, The Report of the Chief Executive Officer, , Statement of Performance Against Predetermined Objectives, Corporate Governance, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors and Statement of Directors Responsibilities The Other Information does not include the financial statements and my audit report thereon

In connection with my audit of the Moi Teaching and Referral Hospital financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that if there is a material misstatement of this other information, I am required to report that fact. Based on the audit procedures performed and the matters described in my Basis for Qualified Opinion, I confirm that other information is not materially inconsistent with the financial statements

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Irregular Procurement of Oxygen

The statement of financial performance reflects use of goods and services amount of Kshs.2,929,205,537 which includes consumable goods amount of Kshs.1,765,337,918 as disclosed in Note 10 to the financial statements. Examination of expenditure records provided relating to consumable goods revealed payments totaling to Kshs.23,237,075 made to two (2) firms being purchase of oxygen for hospital use. However, no records were provided on how the firms were identified as there were no procurement records and the firms were not in the list of registered suppliers/ prequalified firms. Further, the institution had two gas plants one of which is always on standby, therefore, it was not clear why such services would be procured.

In the circumstances, the Hospital is likely to lose Kshs.23,237,075 through irregular procurement of oxygen gases which was not necessary.

2. Payment in Lieu of Leave

The statement of financial performance reflects employees' costs amount of Kshs.8,937,740,206 as disclosed in Note 11 to the financial statements. Review of allowances paid through MTRH main payroll revealed five (5) officers who commuted their leave days for cash and were paid Kshs.198,423. The paid leave is contrary to Moi Teaching and Referral Hospital Human Resource policy and procedure manual 2018 section 6.1.3 which states that "Annual leave will not be commuted for cash".

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

3. Failure to Observe Ethnic Balance in Staff Composition

The statement of financial performance reflects employees' cost amount of Kshs.8,937,740,206 as disclosed in Note 11 to the financial statements. Review of payroll records provided revealed that as at 30 June, 2024, the Hospital had a total of three thousand five hundred and twenty-four (3,524) employees out of which two thousand, four hundred and fifteen (2,415) or approximately 69% were from the dominant ethnic community. This was contrary to Section 7(2) of National Cohesion and Integration Act, 2008 which states that no public establishment shall have more than one third of its staff from the same ethnic community.

In the circumstances, Management was in breach of the law

4. Payment of Un-reconciled Salary Arrears

The statement of financial performance reflects employees' cost amount of Kshs.8,937,740,206 as disclosed Note 11 to the financial statements. Included in these payments were salary arrears processed through the main payroll system that was paid to sixty-one (61) employees totaling to Ksh.6,824,524 for a period of eleven (11) months. However, the following observations were noted in the payment of arrears;

- (i) The reconciled staff salary arrears schedule payable in each month, the nature of arrears and the period they related to was not provided for audit.
- (ii) There was no aging analysis of staff salary arrears to support the expenditure since all salaries were remitted to the employees in the respective months they fell due as evidenced by details of the bank remittance.
- (iii) There was no evidence of pay change advice issued to the payroll officer from the head of human resource authorizing the payment of the arrears.

In the circumstances, the regularity of salary arrears payments totaling to Kshs.6,824,524 could not be confirmed.

5. Un-Remitted Pension Contributions

The statement of financial position reflects employee benefits obligation of Kshs.1,451,972,912 as disclosed in Note 29 to the financial statements. However, it was noted that pension contributions amounting to Kshs.592,501,292 for eight (8) months period from November, 2022 to June, 2023 had not been remitted to the Moi Teaching and Referral Hospital Pension Scheme. This was contrary to Section 53(A)(1) of Retirement Benefit Act which states that “where an employer, with the agreement of an employee who is a member of a scheme, made a deduction from the emoluments for remittance to the scheme, fails to remit the deduction within fifteen days of the deduction, the scheme may, after giving such employer not less than seven days’ notice, institute proceedings for the recovery of the deduction”.

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

6. Non-Compliance with Approved Staff Establishment

The statement of financial performance reflects employees’ costs amount of Kshs.8,937,740,206 as disclosed in Note 11 to the financial statements. Review on staff establishment for MTRH and Organization Structure Grading and Staff Establishment, 2018, reflected optimum level of staffing as four thousand eight hundred and three (4,803) against three thousand five hundred and twenty-four (3,524) staff in the Hospital as at 30 June, 2024, posing a shortage of 1,279 staff. There were 130 exits as at end of January, 2024 which included twenty-four (24) resignations, fifty-nine (59) terminations of employment, three (3) demises, forty-three (43) retirements and one (1) end of contract.

In the circumstances, the shortage of staff in various departments is likely to impact negatively on efficiency in hospital operations and service delivery.

7. Non-compliance with MTRH Organization Structure

Review of the organization structure and grading for the Hospital in the month August, 2018 revealed that the highest approved grade was MTRH 1 and the lowest grade applicable is MTRH 14. However, the Hospital grading structure had not been collapsed from the previous MTRH terms and conditions of service, 2006 which capped the lowest grade in the Establishment as M17. Currently, twenty-three (23) staff are still in grade M15 and three (3) staff in MTRH 16 which are cadres not in the current Organization Structure and Staff Establishment. Further, the officers have not been elevated by implementing the current grading structure as approved by the Board on August, 2018.

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

8. Irregular Payment of Taskforce Allowance

The statement of financial performance reflects employees costs amount of Kshs.8,937,740,206. As disclosed in Note 11 to the financial statements. Included in these payments is taskforce allowance paid through the payroll totalling Kshs.8,024,000. The allowance was paid to fifty-five (55) staff (Kshs.4,004,000) in the month of November, 2023, thirty-six (36) staff (Kshs.2,924,000) in the month of August, 2023 and twenty (20)

staff (Kshs.1,096,000) in the month of September, 2023. The allowance was contrary to Salaries and Remuneration Commission (SRC) circular ref; SRC/ADM/11(157) dated 7 August, 2023 on review and setting of allowances in public service which stated that payment of taskforce allowance to institutional taskforce, in addition to the basic salary amount to double compensation. Consequently, SRC stated that the allowance ceases to be payable to state officers who are members of internal institutional taskforce.

In the circumstances, payment of taskforce allowance of Kshs.8,024,000 was irregular.

9. Irregular Payment of Locum Allowance

The statement of financial performance reflects employees cost totaling to Kshs.8,937,740,206 as disclosed in Note 11 to the financial statements. Included in these payments is locum allowance paid to both clinical and medical officers through the payroll amounting to Kshs.20,666,251. Review of available records revealed that the staff paid were engaged in commercial services department (Private wing I and II) on demand basis. However, the following anomalies were noted in respect to the payment of the allowance;

- (a) Terms of engagement of the officers on locum and approval by the Board was not provided for audit review.
- (b) The officers were already entitled to basic salaries and other benefits by virtue of being full time employees in the Hospital. Therefore, such payment of the extra-allowance amounted to double compensation.
- (c) The allowance was not provided for in MTRH human resource and policy manual, 2018 and the collective bargaining agreement.

In the circumstances, the regularity of locum allowance amount of Kshs.20,666,251 could not be confirmed.

10. Stagnated Corporate Staff

The statement of financial performance reflects employees cost amount of Kshs.8,937,740,206 as disclosed in Note 11 to the financial statements. Review of Human Resource Records provided revealed that ninety-five (95) corporate staff had stagnated in one cadre for a period of five to ten years. This was contrary to MTRH career progression guideline for corporate staff of August, 2018 which requires that staff in permanent and pensionable establishment should be promoted after serving for a minimum of three years subject to demonstratable performance. Further, no reasons were provided for the staff stagnations.

In the circumstances, the Institution was not rewarding productivity of staffs and observing right to equitable promotion as envisaged in Public Service Human Resource Manual, May, 2016.

11. Un-Approved Board ALMANAC

The statement of financial performance reflects Board expenses of Kshs.14,778,726 as disclosed in Note 12 to the financial statements. Review of the Board ALMANAC guiding the operational activities of the Board to be undertaken during the financial year revealed the following anomalies;

1. The ALMANAC was not signed and authenticated by either the Secretary or the Chairperson.
2. The ALMANAC did not contain statutory obligation of the Board and the annual budget as required by Circular number OP/CAB.9/1A dated 11 March, 2020 on Board meetings from the Head of Public Service.
3. The Annual ALMANAC had not been forwarded to State Corporations Advisory Committee (SCAC) through the parent ministry contrary to circular ref; OP/CAB.9/1A from head of Public Service dated 11 March, 2020 which requires that all Board of Directors to submit their annual ALMANAC to SCAC through the parent ministry by 30 June of every year.

In the circumstances, Management failed to adhere to existing policy guidelines on conduct of the Board.

12. Un-approved Special Board Sitings

The statement of financial performance reflects board expenses amount of Kshs.14,778,726 as disclosed in Note 12 to the financial statements. Included in this amount is Kshs.964,000 incurred on seven (7) special full board meetings and one (1) special meeting for the People's Management Committee (PMC) during the financial year. Examination of expenditure records in support of the payments revealed that no requests were made to the Cabinet Secretary for approval for the conduct of the four (4) special full board meetings, justifying the source of the funds and implications thereof, and reasons why the same cannot be adjudicated in regular meetings.

In the circumstances, the regularity and validity of the Board expenses could not be confirmed.

13. Irregular Expenditure on Board Retreat

The statement of financial performance reflects Board expenses amount of Kshs.14,778,726 as disclosed in Note 12 to the financial statements. Included in the amount was Kshs.517,107 incurred towards a two (2) days' board workshop in Lake Naivasha Resort between 12 June, 2024 to 13 June, 2024. However, the conference was not approved by the Cabinet Secretary in consultation with State corporation Advisory Committee (SCAC). Further, the expenditure was not supported with an approved list of participants, attendance register, workshop program and report from the workshop

In the circumstances, the regularity and validity of the expenditure incurred on the retreat amounting to kshs.517,707 could be confirmed.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis of Conclusion

1. Patient Refunds/Deposit Refunds

As previously reported, the statement of financial performance reflects use of goods and services amount of Kshs.2,929,205,537 which includes patient refunds/deposit refunds amount of Kshs.10,289,673 as disclosed in Note 10 to the financial statements. However, the refunds made during the year were not supported by any documented policy or guidelines by Management.

In the circumstances, the regularity and validity of the refunds made during the year could not be confirmed.

2. Failure to Disclose Contingent Liability

Review of the Hospital records revealed that the Institution had legal cases pending in court of which their outcome is not known. However, Management has not disclosed contingent liability in the Notes to the financial statements.

In the circumstances, the Hospital risks not planning for future liability likely to arise from the pending legal cases.

3. Lack of Inventory Management Policy

The statement of financial position reflects inventory balance of Kshs.383,838,097 as disclosed in Note 23 to the financial statements. Review of inventory policy guidelines in

place revealed that the Institution uses Asset Management Policy for both asset management and inventory management. However, the Asset Management Policy did not give clear directions on how Management should treat incidences of lost inventory or expired inventory which affects the stock balance.

In the circumstances, there were no clear guidelines on inventory management.

4. Lack of Policy on Provision for Doubtful Debts

The statement of financial performance reflects receivables from exchange transaction balance of Kshs.805,532,527 which includes an impairment allowance of Kshs.1,851,617,772 as disclosed in Note 17(a) to the financial statements. However, review of the accounting policies as stated in the financial statements revealed that Management has not put in place any policy on the provision for doubtful debts.

In the circumstances, adequate provisions may not be made on debts which are not recoverable.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal 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 Those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Hospital's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

Those charged with governance are responsible for overseeing the Hospital's financial reporting process, reviewing the effectiveness of how 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

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

31 December, 2024

*Moi Teaching and Referral Hospital
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For the Period ended June 30th 2024*

**XIV. STATEMENT OF FINANCIAL PERFORMANCE
FOR THE PERIOD ENDED 30TH JUNE 2024**

	Notes	2023/2024 KSHS.	2022/2023 KSHS.
Revenue from Non-Exchange Transactions			
Government grant	6(a)	9,189,000,000	8,048,000,000
		<u>9,189,000,000</u>	<u>8,048,000,000</u>
Revenue from Exchange Transactions			
Sale of Goods and Services	7	4,211,771,289	3,705,726,905
Rental Revenue from Facilities and Equipment	8	15,848,952	16,520,396
Other Income	9	49,032,280	34,460,169
		<u>4,276,652,521</u>	<u>3,756,707,470</u>
Total Revenue		<u>13,465,652,521</u>	<u>11,804,707,471</u>
EXPENDITURE			
Use of Goods and Services	10	2,929,205,537	2,870,881,882
Employee Cost	11	8,937,740,206	8,794,589,589
Board Expenses	12	14,778,726	10,846,184
Depreciation and Amortization Expense	13	356,154,850	362,909,041
Repairs and Maintenance	14	76,569,660	97,351,280
Contracted Services	15	22,642,148	23,904,236
Grants and Subsidies	16	3,558,616	1,462,300
Reconciliation for Impairment Allowance on Receivables from Exchange transaction	17	805,532,527	261,525,121
Provision for Audit fee	18	1,160,000	1,160,000
Total Costs		<u>13,147,342,269</u>	<u>12,424,629,632</u>
Gain /Loss on Sale of Assets	19	799,974	-
Surplus/(Deficit) before tax		<u>319,110,226</u>	<u>(619,922,162)</u>
Taxation	20	41,880,239	-
Net Surplus for the year after Taxes		<u>277,229,987</u>	<u>(619,922,162)</u>
Revenue reserves b/f		(394,300,462)	225,621,700
Revenue reserves c/f		<u>(117,070,475)</u>	<u>(394,300,462)</u>

The notes set out on pages 8 to 43 form an integral part of the Financial Statements.

The Financial Statement set out on pages 1 to 7 we signed on behalf of the Board of Directors
behalf by:

MOI TEACHING AND REFERRAL HOSPITAL
[Signature]
...APPROVED...
DR. PHILIP KIRWA
CHIEF EXECUTIVE OFFICER
SIGN:.....
P. O. Box 3-30300, Eldoret
DATE: 30/12/2024

[Signature]
.....
MATHEWS BIRGEN
ICPAK NO, 3915

.....
MR. SITOYO LOPOKOIYIT, MBS
BOARD CHAIRMAN

DIRECTOR, FINANCE

DATE 30/12/2024 DATE

**XV. STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2024**

	Notes	2023/2024 KSHS.	2022/2023 KSHS.
CURRENT ASSETS			
Cash and Cash Equivalents	21	180,675,276	219,508,699
Current Receivables from Exchange Transactions	22(a)	3,469,750,548	2,763,729,916
Current Receivables from Non- Exchange Transactions	22(b)	746,583,335	668,166,666
Inventories	23	383,838,097	450,221,507
		<u>4,780,847,255</u>	<u>4,101,626,788</u>
Non-Current Assets			
Property, Plant and Equipment	24	3,788,490,740	3,845,576,973
		<u>3,788,490,740</u>	<u>3,845,576,973</u>
TOTAL ASSETS		<u>8,569,337,995</u>	<u>7,947,203,761</u>
CURRENT LIABILITIES			
Trade and Other Payables	25	1,504,412,232	1,661,369,209
Refundable Deposits and Prepayments from Customers	26	7,100,427	3,055,747
Finance Lease	28	-	-
Employee Benefit Obligations	29	1,451,972,912	1,448,426,402
NHIF Loan	30	129,900,997	166,130,959
TOTAL		<u>3,093,386,567</u>	<u>3,278,982,317</u>
NET ASSETS		<u>5,475,951,428</u>	<u>4,668,221,444</u>
FINANCED BY			
REVENUE RESERVES		(117,070,475)	(394,300,462)
CAPITAL RESERVES		5,593,021,906	5,062,521,906
TOTAL		<u>5,475,951,431</u>	<u>4,668,221,444</u>

The Financial Statement set out on pages 1 to 7 we signed on behalf of the Board of Directors by:


.....
DR PHILIP KIRWA
CHIEF EXECUTIVE OFFICER


.....
MATHEWS BIRGEN
ICPAK NO, 3915
DIRECTOR, FINANCE

.....
MR. SITOYO LOPOKOIYT, MBS
BOARD CHAIRMAN

DATE: 30.12.2024

DATE 30/12/2024

DATE



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**XVI. STATEMENT OF CHANGES IN NET ASSETS
FOR THE PERIOD ENDED 30TH JUNE 2024**

	CAPITAL RESERVES	REVENUE RESERVES	TOTAL
Balance as at 1 st July 2022	4,758,271,906.00	225,621,697	4,983,893,603
Capital grants for the period	304,250,000.00	-	304,250,000
Donations	-	-	-
Surplus (Deficit) for the Period	-	(619,922,162)	(619,922,162)
BALANCE AS AT 30TH JUNE 2023	5,062,521,906	(394,300,465)	4,668,221,441
Balance as at 1 st July 2023	5,062,521,906	(394,300,465)	4,668,221,441
Capital grants for the period	530,500,000	-	530,500,000
Donations	-	-	-
Surplus (Deficit) for the Period	-	277,229,987	277,229,987
BALANCE AS AT 30TH JUNE 2024	5,593,021,906	(117,070,478)	5,475,951,428

**XVII. STATEMENT OF CASHFLOWS
FOR THE PERIOD ENDED 30TH JUNE 2024**

		2023/24
		Kshs
Cash Flows From Operating Activities	Notes	
Receipts		
Transfers from governments entities	6	9,110,583,330
Rendering of services		71,090,764
Sale of goods		2,470,495,418
Rental revenue from facilities and equipment		1,643,755
Finance income		-
Other income		49,015,273
Total receipts		11,702,828,540
Payments		
Use of goods and services		2,535,610,734
Employee costs		9,047,506,809
Board Expenses		12,504,659
Repairs and maintenance		184,289,435
Contracted services		14,464,676
bank Charges		4,671,232
Grants and subsidies		-
Total payments		11,799,047,545
Net cash flows from/(used in) operating activities		(96,219,005)
Cash Flows From Investing Activities		
Transfer from governments entities		530,500,000
Net cash flows from financing Activities		(473,114,419)
Net cash flows from/(used in) investing activities		57,385,581
Net increase/(decrease) in cash & Cash equivalents		(38,833,423)
Cash and cash equivalents at 1 July	21	219,508,699
Cash and cash equivalents at 30 June	21	180,675,276

NB the cash flow does not have previous comparative figures, the previous year Statement of cash flow was presented under indirect method and the current period on direct cashflow method.

The Financial Statement set out on pages 1 to 7 we signed on behalf of the Board of Directors behalf by:


.....
DR. PHILIP KIRWA
CHIEF EXECUTIVE OFFICER


.....
MATHEWS BIRGEN
ICPAK NO, 3915
DIRECTOR, FINANCE

.....
MR. SITOYO LOPOKOIYIT, **MBS**
BOARD CHAIRMAN

DATE: 30.12.2024

DATE 30/12/2024

DATE

MOI TEACHING AND REFERRAL HOSPITAL
CEO
APPROVED
30 DEC 2024
SIGN:.....
D. O. P. 2 20100 ELDORET

**XVIII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL
FOR THE YEAR ENDING 30TH JUNE 2024**

CODE		Original Budget 2023/2024	Adjustment	Final budget	Actual on Comparable Basis	Performance Difference	% of Utilizati on
		Kshs	Kshs	Kshs	Kshs	Kshs	
		a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
	GOK GRANTS						
1	Recurrent Grant	8,989,000,000	-	8,989,000,000	8,989,000,000	-	100%
	TOTAL	8,989,000,000	-	8,989,000,000	8,989,000,000	-	100%
2	Development						
	Capital Grant	461,000,000	(180,500,000)	280,500,000	280,500,000	-	100%
	Construction of Private Wing Inpatient Complex-MTRH	-	150,000,000	150,000,000	150,000,000	-	100%
	Procurement of Specialized Medical equipment-MTRH	-	100,000,000	100,000,000	100,000,000	-	100%
	TOTAL	461,000,000	69,500,000	530,500,000	530,500,000	-	100%
	TOTAL GOK GRANTS	9,450,000,000	69,500,000	9,519,500,000	9,519,500,000	-	100%
3	Appropriation-In-Aid (AIA)						
	Cost Sharing	3,761,849,443	-	3,761,849,443	4,211,771,289	483,014,347	112%
	Other Income	23,150,557	-	23,150,557	64,864,225	(1,342,271)	280%
	TOTAL AIA	3,785,000,000	-	3,785,000,000	4,276,635,514	481,672,076	113%
	GRAND TOTAL INCOME	13,235,000,000	69,500,000	13,304,500,000	13,796,135,514	481,672,076	104%

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CODE	Expenses	Original Budget 2023/2024	Adjustment	Final budget	Actual on Comparable Basis	Performance Difference	% of Utilizati on
10	Personnel Emoluments	8,959,000,000	-	8,959,000,000	8,929,837,085	29,162,915	100%
20	Purchase of Drugs	922,087,233	80,000,000	1,002,087,233	1,004,484,568	(2,397,335)	100%
21	Purchase of Nutraceuticals	20,909,480	-2,000,000	18,909,480	18,052,313	857,167	95%
22	Surgical Implants	63,603,617	-9,000,000	54,603,617	54,294,905	308,712	99%
25	Renal Consumables	61,166,272	-	61,166,272	60,309,874	856,398	99%
35	Disaster/ Emergency Response	30,000,000	-30,000,000	-	-	-	0%
40	Dressings/theatre supplies	376,997,227	20,000,000	396,997,227	398,173,300	(1,176,073)	100%
45	Dental Supplies	15,523,897	-3,000,000	12,523,897	11,918,153	605,744	95%
50	Food & Ration	242,294,973	27,000,000	269,294,973	269,296,567	(1,594)	100%
60	Doctors' Fees	265,637,791	-43,000,000	222,637,791	222,066,183	571,608	100%
70	Lab reagents/chemicals	187,052,970	-	187,052,970	181,941,435	5,111,535	97%
90	Cleansing materials	70,918,799	15,000,000	85,918,799	85,073,686	845,113	99%
95	Admission Packs	13,372,234	-6,000,000	7,372,234	7,204,000	168,234	98%
100	Hospital Linen	7,144,375	-1,000,000	6,144,375	6,002,964	141,411	98%
110	X-ray/ Radiology supplies	68,002,299	26,000,000	94,002,299	93,821,586	180,713	100%
120	Oxygen	21,701,275	6,000,000	27,701,275	28,063,372	(362,097)	101%
140	Fuel & Gas	22,172,774	-	22,172,774	19,526,440	2,646,334	88%
150	Uniforms for patients	11,437,123	-6,000,000	5,437,123	4,924,060	513,063	91%
160	Materials for Specialized units	31,947,125	-17,000,000	14,947,125	14,292,656	654,469	96%
170	Mortuary supplies	3,330,958	-	3,330,958	2,451,540	879,418	74%
180	Course Administration and subscription fees	13,367,632	-2,000,000	11,367,632	11,134,039	233,593	98%
190	Cafeteria supplies	8,437,031	-3,000,000	5,437,031	5,221,900	215,131	96%
200	Library services	6,609,912	-3,000,000	3,609,912	2,795,618	814,294	77%
210	Maintenance of Plants and Buildings	63,212,429	-15,000,000	48,212,429	46,906,101	1,306,328	97%
220	Maintenance of Biomedical Equipment	80,480,189	-6,000,000	74,480,189	74,566,762	(86,573)	100%
230	Electricity Expenses	113,230,210	26,000,000	139,230,210	138,840,779	389,431	100%
240	Stationery	19,700,896	1,000,000	20,700,896	20,475,917	224,979	99%

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CODE	Expenses	Original Budget 2023/2024	Adjustment	Final budget	Actual on Comparable Basis	Performance Difference	% of Utilizati on
250	Water & Conservancy	49,915,819	3,000,000	52,915,819	52,345,072	570,747	99%
260	Transport Operating Expenses	15,730,149	13,000,000	28,730,149	28,335,875	394,274	99%
270	Printing of Accountable documents, Medical Records and HRIS and stationery	8,913,265	-8,000,000	913,265	233,750	679,515	26%
280	Telephone expenses	16,198,036	500,000	16,698,036	16,878,200	(180,164)	101%
290	Plant and Equipment Insurance policy	7,707,480	-7,707,480	-	-	-	0%
300	Rents & Rates	2,811,800	-1,000,000	1,811,800	632,080	1,179,720	35%
310	Bank charges	16,320,101	-6,000,000	10,320,101	5,144,511	5,175,590	50%
320	Postal Charges	1,316,608	-	1,316,608	730,819	585,789	56%
330	Motor Vehicle Insurance	4,048,355	-	4,048,355	2,458,719	1,589,636	61%
340	Patient Traveling Expenses	1,121,304	-	1,121,304	1,109,547	11,757	99%
345	Issue Based Committees	3,321,109	-	3,321,109	2,398,283	922,826	72%
350	Staff uniforms & protective gear	9,999,485	-	9,999,485	7,208,650	2,790,835	72%
355	Occupational Health Safety	8,246,150	500,000	8,746,150	8,728,440	17,710	100%
360	Traveling and Accommodation	47,167,066	7,000,000	54,167,066	53,980,225	186,841	100%
365	Universal Health Coverage (UHC) Outreach	10,454,740	-	10,454,740	10,466,200	(11,460)	100%
370	Board of Management Expenses	18,926,216	-	18,926,216	13,818,764	5,107,452	73%
380	Computerization - Maintenance	10,871,883	-1,000,000	9,871,883	5,274,346	4,597,537	53%
390	Comprehensive Group Personal accident cover	13,503,027	-	13,503,027	13,151,757	351,270	97%
392	Doctor's Indemnity Insurance Cover	5,839,000	-	5,839,000	-	5,839,000	0%
395	Group Life Insurance Cover	32,404,943	10,000,000	42,404,943	-	42,404,943	0%
400	Staff development & training	54,315,633	-7,000,000	47,315,633	46,625,719	689,914	99%
401	Medical Officers Post-Graduate Training	15,682,110	13,233,622	28,915,732	28,961,685	(45,953)	100%
405	Health Research, Development & Innovation	5,227,370	-4,000,000	1,227,370	479,092	748,278	39%
410	Advertising & Publicity	10,733,460	-	10,733,460	10,681,764	51,696	100%
415	Hospital Security services	1,405,102	-	1,405,102	800,000	605,102	57%
420	Contracted Professional Services	19,163,743	6,000,000	25,163,743	24,601,306	562,437	98%
430	ISO	12,649,796	-5,000,000	7,649,796	2,519,350	5,130,446	33%

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CODE	Expenses	Original Budget 2023/2024	Adjustment	Final budget	Actual on Comparable Basis	Performance Difference	% of Utilizati on
460	External Traveling & Allowance	7,849,030	-	7,849,030	7,227,690	621,340	92%
470	Internet Expenses	7,930,438	5,000,000	12,930,438	10,374,231	2,556,207	80%
480	Staff Medical Scheme	311,364,874	1,473,858	312,838,732	312,848,732	(10,000)	100%
490	Corporate Social Responsibility	3,773,911	950,000	4,723,911	4,247,365	476,546	90%
500	IREC	1,000,000	-	1,000,000	57,700	942,300	6%
520	Continuous Professional Development	1,013,251	-950,000	63,251	30,000	33,251	47%
550	C. A.R.E.	1,322,710	-	1,322,710	539,750	782,960	41%
	TOTAL RECURRENT EXPENDITURE	12,437,586,685	75,000,000	12,512,586,685	12,384,565,425	128,021,260	99%
	DEVELOPMENT EXPENDITURE						
	AIA						
380	Computerization	100,000,000	-31,000,000	69,000,000	68,544,511	-455,489	99%
440	Office Equipment	16,413,315	-16,000,000	413,315	39,450	-373,865	10%
530	Hospital Equipment	200,000,000	-28,000,000	172,000,000	172,143,524	143,524	100%
545	Purchase of Medical Appliances	20,000,000	-	20,000,000	20,420,018	420,018	102%
	SUB-TOTAL	336,413,315	-75,000,000	261,413,315	261,147,503	-265,812	100%
	GOK						
560	Capital Expenditure	461,000,000	-180,500,000	280,500,000	304,759,666	24,259,666	109%
	Construction of Private Wing Inpatient Complex-MTRH	-	150,000,000	150,000,000	-	-150,000,000	0%
	Procurement of Specialized Medical equipment-MTRH	-	100,000,000	100,000,000	-	-100,000,000	0%
	SUB-TOTAL	461,000,000	69,500,000	530,500,000	304,759,666	-225,740,334	57%
	TOTAL DEVELOPMENT EXPENDITURE	797,413,315	-5,500,000	791,913,315	565,907,169	-226,006,146	71%
	TOTAL	13,235,000,000	69,500,000	13,304,500,000	12,950,472,594	-97,984,886	97%

- The changes between original and final budget due to Kshs. 180,500,000 not disbursed necessitating revision of the capital budget to **Kshs. 280,500,000**
- Appropriations-In-Aid (AIA) – **Kshs. 4,266,672,076** was generated in the full financial year against target of **Kshs. 3,785,000,000** giving a positive variance of **Kshs. 481,672,076** (13% overachievement) and resulted to enhancement of budget of recurrent vote lines to support increase workload.

XIX. 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.

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 judgment or complexity, or where assumptions and estimates are significant to the financial statements are always disclosed 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 2012, 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. New and amended standards and interpretations in issue effective in the year ended 30 June 2024.
- ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024.

Standard	Effective date and Impact
IPSAS 43	<p><i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. <i>The standard would Impact reporting on Finance lease</i></p>
IPSAS 44: Non-Current Assets Held for Sale and	<p><i>Applicable 1st January 2025</i> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such</p>

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Standard	Effective date and Impact
Discontinued Operations	<p>assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance. <i>MTRH does not have current assets held for sale hence no impact</i></p>
IPSAS 45- Property Plant and Equipment	<p><i>Applicable 1st January 2025</i> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets. <i>MTRH does not own infrastructure assets hence no impact</i></p>
IPSAS 46 Measurement	<p><i>Applicable 1st January 2025</i> The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value. <i>MTRH would not be affected by this IPSAS 46 since will still report under IPSAS 17 hence no impact</i></p>
IPSAS 47- Revenue	<p><i>Applicable 1st January 2026</i> This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions. <i>This standard will have effect on recognition of revenue from and Exchange transaction and revenue from exchanged transaction since MTRH have been reporting the same under IPSAS 9 and IPSAS 23.</i></p>
IPSAS 48- Transfer Expenses	<p><i>Applicable 1st January 2026</i> The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers. <i>MTRH does not transfer assets hence the IPSAS 48 would not have any impact its reporting</i></p>
IPSAS 49- Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should</p>

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Standard	Effective date and Impact
	be presented by a retirement benefit plan. <i>MTRH operate defined benefit plans for the staff and transfer the amount on monthly basis hence IPSAS 49 does not apply in financial reporting.</i>

iii. Early adoption of standards

The MTRH did not early – adopt any new or amended standards in the financial year ending 30th June 2024.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

Moi Teaching and Referral Hospital 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 MTRH and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial performance over useful life of the assets that has been acquired using such

ii) Revenue from Exchange Transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the entity's right to receive payments is established.

Rental income

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

b) Budget information Budget information

The original budget for the Current FY 2023/24 was approved by the Hospital board of management on 30th January 2023. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the Public Financial Management Act. The additional appropriations are added to the original budget by the Hospital Board of Management upon receiving the respective approvals in order

to conclude the final budget. Accordingly, the MTRH recorded additional appropriations of Kshs. 180,500,000.00 on the J30th June 2024 budget following the governing body's approval.

The MTRH budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under comparison of budget and actual amount of these financial statements.

c) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the MTRH operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable Entity and the same taxation authority.

Sales tax

Expenses and assets are recognized net of the amount of sales tax, except when the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

When receivables and payables are stated with the amount of sales tax included. The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition.

MTRH did not own any investment property in the period

e) Property, plant and equipment

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

f) Leases

Finance leases are leases that transfer substantially 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.

MTRH did not have any lease assets in the year under review

Summary of Significant Accounting Policies (Continued)

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. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

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

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. MTRH does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

a) Financial assets

Classification of financial assets

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

Summary of Significant Accounting Policies (Continued)

Trade and other receivables

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

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) and there was no financial assets impairment in the period.

b) Financial liabilities

Classification

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

j) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

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

After initial recognition, inventory is measured at the lower 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 the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

l) Social Benefits

Social benefits are cash transfers provided to specific individuals and / or households that meet the eligibility criteria,

Summary of Significant Accounting Policies (Continued)

- ii) mitigate the effects of social risks and
- iii) Address the need of society as a whole.

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

m) Contingent liabilities

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.

MTRH have pending legal cases in court which their outcome is not known and this might result to cash outflow depending on the ruling by the court.

n) 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 MTRH 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.

o) Nature and purpose of reserves

MTRH creates and maintains reserves in terms of specific requirements. MTRH does not have any reserves as at the end of the period.

p) Changes in accounting policies and estimates

The 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.

q) Employee benefits

Retirement benefit plans

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

r) Foreign currency transactions

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

Summary of Significant Accounting Policies (Continued)

s) Borrowing costs

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

t) Related parties

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 Board of directors, the CEO, Heads of Directorates and senior managers.

u) Service concession arrangements

TMTRH analyses all aspects of service concession arrangements that it enters in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the 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.

v) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

w) Comparative figures

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

x) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2024.

Summary of Significant Accounting Policies (Continued)

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. State all judgements, estimates and assumptions made:

Estimates and Assumptions.

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

Useful lives and residual value

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 26. 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.

6. Revenue

a) Transfers from Other Government Entities

Description	2023-2024	2022-2023
	Kshs	Kshs
Unconditional Grants		
Operational Grant	9,189,000,000	8,048,000,000
Other Grants	-	
Total Unconditional Grants	9,189,000,000	8,048,000,000

b. Transfers from Ministries, Departments and Agencies (MDAs)

Name of the Entity sending the grant	Amount recognized to Statement of Financial performance	Amount deferred under deferred income	Amount recognised in capital fund.	Total Grant Income during the year	Total transfers 2023/2204	Prior year 2022/2023
	KShs	KShs	KShs		KShs	KShs
Ministry of Health	9,189,000,000	-	530,500,000	9,189,000,000	9,719,500,000	8,352,250,000
Total	9,189,000,000	-	530,500,000	9,189,000,000	9,719,500,000	8,352,250,000

All the recurrent grants for the year ending 30 June 2024 was received except grants for the month of June received in July 2024

7. Sale of Goods and Services

Description	2023-2024	2022-2023
	Kshs	Kshs
Sale of goods		
Cost Sharing Income	4,146,809,794	3,605,396,170
College Students Fees	64,961,495	69,436,790
Mortuary Fees	-	30,893,945
Total revenue from the sale of goods	4,211,771,289	3,705,726,905

Note the Mortuary fee in the period ending 30th June 2024 was reported under cost sharing income.

8. Rental Revenue from Facilities and Equipment

Description	2023-2024	2022-2023
	Kshs	Kshs
Staff houses	15,848,952	16,520,396
Total rentals	15,848,952	16,520,396

9. Other Income

Description	2023-2024	2022-2023
	Kshs	Kshs
Group Insurance Refunds Received	34,517,873	20,193,594
Surcharge	696,933	865,565
Salary Recovery	4,832,373	1,036,247
Administrative fees	6,485,101	6,889,952
Service Bond	2,500,000	3,950,000
Gain on Motor Vehicle Disposed		1,386,872
NITA Reimbursement	-	137,940
Total other income	49,032,280	34,460,169

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10. Use of Goods and Services

Description	2023-2024	2022-2023
	Kshs	Kshs
Consumables Goods	1,765,337,918	1,800,303,185
Transport Operating Expenses	5,312,782	6,850,030
Patient Travelling Expenses	1,294,982	1,506,807
Advertising and Publicity	7,014,272	3,344,140
Staff Development	48,904,509	44,135,484
Continuous Professional Development	90,600	-
Travelling and Accommodation	64,317,388	55,446,281
External Travelling	5,851,021	7,191,767
Centre for Assault Recovery of Eldoret	556,350	244,250
Doctors Indemnity Cover	-	4,081,525
Group Personal Accident Cover	13,151,756	7,939,170
Comprehensive Group Life Insurance Cover	26,496,017	21,097,210
Comprehensive Staff Medical Scheme	312,876,732	284,885,911
ISO Secretariat	1,640,802	4,510,628
Issue Based Committees	1,823,372	859,350
Occupational Health and Safety	5,379,743	3,873,598
Medical Officers Post Graduate Training	29,692,175	25,851,554
Cleansing Materials	74,429,557	69,520,032
Stationery	23,599,649	18,437,754
Telephone Expenses	13,994,753	16,537,685
Universal Health Coverage(UHC)Outreach	9,969,800	-
Electricity	139,087,548	120,872,456
Medical Records and Accountable Documents	2,540,513	10,122,921
Water and Conservancy	44,018,123	45,731,342
Computerization	9,584,252	9,473,509
Internet Expenses	1,013,376	2,872,303
Postal and Telegram	651,919	1,644,974
Library Services	2,959,318	2,614,660
Doctors' Fees	237,124,312	216,375,940
Patient Refunds/ Deposit Refunds	10,289,673	12,843,423
Group Insurance Refunds Payments	34,130,985	27,746,005
Course Admin & Subscription Fee	12,854,683	14,548,985
Rent and Rates	632,080	1,633,908
Staff Uniforms	6,056,340	4,628,983
Hospital Linen	623,980	1,246,914
Patients Uniforms	2,262,300	8,787,700
Hospital Security services	-	152,250
Health Research and Innovation	4,363,984	792,900
Institutional Research Expenses	-	729,200
Motor Vehicle Insurance Expenses	2,403,842	2,802,443
Bank Charges	4,671,233	8,644,707
NITA	2,202,900	-
Total	2,929,205,537	2,870,881,882

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11. Employee Costs

	2023-2024	2022-2023
	Kshs	Kshs
Basic Pay	4,490,778,864	4,368,416,249
House Allowance	797,167,651	808,508,350
Call Allowance	202,814,400	195,734,133
Risk Allowance	171,980,601	174,419,901
Private Wing Executive Committee	11,125,223	12,042,736
Private Wing Administrative Committee	965,715	919,976
Training Centre Allowance	19,098,674	18,687,441
RCO Call Allowance	18,120,000	18,291,333
Health Workers Service Allowance	317,685,084	324,445,500
Non Practice Allowance	124,784,867	119,308,300
Extraneous Allowance	930,360,367	953,788,333
Mortuary Allowance	17,723,535	20,840,373
Locum Allowance	20,666,252	13,883,680
Uniform Allowance	22,088,669	23,375,000
Taskforce Allowance/Meal	12,265,500	30,398,566
Responsibility Allowance	50,424,667	49,357,573
Registrars Stipend Covid-19	3,071,429	2,857,137
Entertainment Allowance	4,669,297	4,537,180
Acting Allowance	4,047,276	5,926,625
Telephone Allowance	144,000	258,000
Special Duty Allowance	16,573,500	10,590,369
Medical Board Allowance	380,000	608,000
Remunerative Allowance	402,000	720,000
Commuter Allowance	295,888,401	301,336,734
Amenity Allowance	28,263,009	26,465,208
Memorial Allowance	65,807,005	64,110,057
Salary Arrears	6,824,525	51,054,597
Housing Levy	115,767,187	-
Nursing Service Allowances	320,383,000	338,641,000
Annual Leave Allowance	219,851,681	227,827,092
NSSF company	16,438,680	15,884,240
Pension Company	603,870,847	589,222,219
TAX Arrears-PAYE on Excess pension Contribution	-	2,033,700
Gratuity	17,553,483	9,949,059
Casual wages	9,754,819	10,150,926
Total	8,937,740,206	8,794,589,589

12. Board Expenses

Description	2023-2024	2022-2023
	Kshs	Kshs
Chairman Honoraria	960,000	960,000
Telephone Allowances	84,000	84,000
Sitting allowances	5,060,000	3,360,000
Travel and Accommodation and Taxi/Mileage/Air Ticket	7,964,926	6,442,184
Training Fee	709,800	-
Total	14,778,726	10,846,184

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13. Depreciation and Amortization Expense

Description	2023-2024	2022-2023
	Kshs	Kshs
Property, plant and equipment	356,154,850	362,909,041
Total depreciation and amortization	356,154,850	362,909,041

14. Repairs and Maintenance

Description	2023-2024	2022-2023
	Kshs	Kshs
Maintenance of Plant and Buildings	45,052,525	31,924,369
Maintenance of Biomedical Equipment	31,517,135	65,426,911
Total repairs and maintenance	76,569,660	97,351,280

15. Contracted Services

Description	2023-2024	2022-2023
	Kshs	Kshs
Contracted Professional Services and Legal Fees	22,642,148	23,904,236
Total contracted services	22,642,148	23,904,236

16. Grants and Subsidies

Description	2023-2024	2022-2023
	Kshs	Kshs
Social development	3,558,616	1,462,300
Total grants and subsidies	3,558,616	1,462,300

17. (a) Reconciliation for Impairment Allowance on Receivables from Exchange Transactions

Impairment Allowance/ Provision	2023-2024	2022-2023
	KShs	KShs
At the beginning of the year	1,046,085,245	784,560,124
Additional provisions during the year	805,532,527	261,525,121
At the end of the year	1,851,617,772	1,046,085,245

(b) Reconciliation for Impairment Allowance on Receivables from Non-Exchange Transactions

Impairment Allowance/ Provision	2023-2024	2022-2023
	KShs	KShs
At the beginning of the year	444,609,989	444,609,989
Additional provisions during the year	-	-
At the end of the year	444,609,989	444,609,989

18. Provision for Audit Fees

Description	2023-2024	2022-2023
	Kshs	Kshs
Trade and Other Payables	1,160,000	1,160,000
Total	1,160,000	1,160,000

19. Gain on Sale of Assets

Description	2023-2024	2022-2023
	Kshs	Kshs
Gain on Sale of Assets	799,974	1,386,872
Total grants and subsidies	799,974	1,386,872

20. Taxation

Description	2023-2024	2022-2023
Tax charged on Income	41,880,239	-
Total	41,880,239	-

21. (a) Cash and Cash Equivalents

Description	2023-2024	2022-2023
	Kshs	Kshs
Current account	179,994,017	215,388,514
Cash in Hand	249,064	300,000
Mpesa Utility Accounts	432,195	3,820,184
Total cash and cash equivalents	180,675,276	219,508,699

(b). Detailed Analysis of the Cash and Cash Equivalents

		2023-2024	2022-2023
Financial institution	Account number	Kshs	Kshs
Current account			
Mortuary account	1103031457	3,583,921	58,266
Private wing	1103464396	2,324,046	1,837,950
Main account	1103464329	16,727,517	4,102,963
Training Centre	1151682268	157,358,533	209,384,598
MTRH NCD Project	1225719356	-	4,737
Sub- total		179,994,017	215,388,514
cash in hand			
Petty cash		249,064	300,000
Sub- total		249,064	300,000
Mobile money accounts			
M-pesa Collection Account	175599	-	3,796,787
M-pesa Utility Account	951253	432,195	23,397
Sub- total		432,195	3,820,184
Grand total		180,675,276	219,508,699

22. (a) Current Receivables from Exchange Transactions

	2023-2024	2022-2023
	Kshs	Kshs
Institutions		
NHIF	2,673,987,767	1,557,434,405
E-CITIZEN	16,844,700	-
Corporate Clients	255,400,028	256,722,701
AMPATH	80,371,100	79,993,634
Sub Totals	3,026,603,595	1,894,150,740
Individuals		
Individual Clients	1,599,403,838	1,159,215,568
Student Fees (MTRH College of Medicine)	12,014,146	11,779,507
Staff Guarantors	1,401,838	1,463,073
Salary advance	3,630,506	6,227,694
Imprests	24,250,837	24,945,915
TAX Arrears - PAYE on Doctors Fees	78,593,352	108,833,004
Farewell Home	5,306,104	3,617,454
Rent	10,357,200	13,279,283

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	2023-2024	2022-2023
	Kshs	Kshs
Prepayments	36,257,363	62,753,380
Legal Deposit	1,503,380	1,503,380
Proposed for write-off	522,046,162	522,046,162
Sub Total	2,294,764,725	1,915,664,421
Grand Total	5,321,368,320	3,809,815,161
Less; Accumulated provision	1,851,617,772	1,046,085,245
Net Debtors	3,469,750,548	2,763,729,916

(b) Receivables from Non-Exchange Transactions

Description	2023-2024	2022-2023
	KShs	KShs
MOH Grant	1,191,193,324	1,112,776,655
Total current receivables		
Less; Accumulated provision	444,609,989	444,609,989
Net Debtors	746,583,335	668,166,666

23. Inventories

Description	2023-2024	2022-2023
	Kshs	Kshs
Drugs	130,371,651	193,015,991
Dressings and Theatre Supplies	225,861,690	230,952,505
Lab Reagents	4,307,480	2,181,600
X-Ray Supplies	2,245,720	5,878,580
Food and Ration	4,594,308	1,765,065
Hospital Linen /Cleansing Materials	4,143,012	4,981,607
Maintenance Materials	3,024,431	7,492,306
Operational and Maintenance Stores	6,956,849	764,398
Stationery	2,332,956	3,189,455
Total inventories at the lower of cost and net realizable value	383,838,097	450,221,507

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24. PROPERTY PLANT & EQUIPMENT MOVEMENT SCHEDULE

FOR THE PERIOD ENDING 30TH JUNE 2024.

	Land	Buildings	Plant, Equipments, Furniture & Fittings	Computers, Telephones & TV's	Motor Vehicles	Heavy Earth Moving Machine	Project Cost	TOTAL
Assets	0.00%	2.50%	12.50%	30.00%	25.00%	37.50%		
Cost/Valuation	kshs	kshs	kshs	kshs	kshs	kshs		kshs
As at 1st July 2022	101,577,820	2,027,696,381	2,545,257,680	242,524,329	114,326,420	1,850,000	251,132,490	5,284,365,120
Additions:	-	-	724,767,199	27,872,644	6,050,000		86,134,386	844,824,230
Disposal					(4,593,275)			(4,593,275)
Donations								-
Project Cost Capitalized		100,746,778	213,212,664				(313,959,442)	-
As at 30th June 2023	101,577,820	2,128,443,159	3,483,237,543	270,396,973	115,783,145	1,850,000	23,307,434	6,124,596,075
Additions:	-	-	235,119,191	33,058,393	-		31,191,058	299,368,642
Disposal					(7,103,700)			(7,103,700)
Donations								-
Project Cost Capitalized								-
As at 30th JUNE 2024	101,577,820	2,128,443,159	3,718,356,734	303,455,367	108,679,445	1,850,000	54,498,492	6,416,861,017
Depreciation:								
As at 1 st July 2022	-	486,930,047	1,147,976,844	206,388,357	77,396,620	1,398,340	-	1,920,090,208
Charge for the period	-	41,037,828	291,907,587	19,202,585	10,591,668	169,373	-	362,909,041
Disposal					(3,980,147)			(3,980,147)
As at 30th June 2023	-	527,967,875	1,439,884,432	225,590,942	84,008,141	1,567,712	-	2,279,019,102
As at 1 st July 2023	-	527,967,875	1,439,884,432	225,590,942	84,008,141	1,567,712	-	2,279,019,102
Charge for the period	-	40,011,882	284,809,038	23,359,327	7,868,745	105,858	-	356,154,850
Disposal					(6,803,674)			(6,803,674)
As at 30th JUNE 2024	-	567,979,757	1,724,693,469	248,950,270	85,073,211	1,673,570	-	2,628,370,277
NBV As at 30th JUNE 2024	101,577,820	1,560,463,402	1,993,663,264	54,505,097	23,606,234	176,430	54,498,492	3,788,490,740
NBV As at 30th June 2023	101,577,820	1,600,475,284	2,043,353,111	44,806,031	31,775,004	282,288	23,307,434	3,845,576,973

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Valuation

No Land and nor buildings/ Equipment were valued in the period under review in line with the National Assets and Liabilities Management Policy and Guidelines (issued 30th June 2020).

(b) Property, Plant and Equipment at Cost

If the freehold land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	101,577,820	-	101,577,820
Buildings	2,128,443,159	567,979,757	1,560,463,402
Plant, Equipment and office Equipment	3,718,356,734	1,724,693,469	1,993,663,264
Motor Vehicles, Including Motorcycles	108,679,445	85,073,211	23,606,234
Computers And Related Equipment	303,455,367	248,950,270	54,505,097
Heavy Earth Moving Machines	1,850,000	1,673,570	176,430
Total	6,362,362,525	2,628,370,277	3,733,992,247

25. Trade and Other Payables

	2023-2024	2022-2023
Description	Kshs	Kshs
Trade payables	1,483,252,232	1,634,667,958
Audit Fees	1,160,000	3,480,000
KRA Tax Arrears	-	3,221,251
Medical Deposits	20,000,000	20,000,000
Total trade and other payables	1,504,412,232	1,661,369,209

26. Refundable Deposits and Prepayments from Customers

	2023-2024	2022-2023
Description	Kshs	Kshs
Prepayments	7,100,427	3,055,747
Total deposits	7,100,427	3,055,747

27. Current Provisions

	2023-2024	2022-2023
Description	Kshs	Kshs
Provisions	805,532,527	261,525,121
Total deposits	805,532,527	261,525,121

28. Finance Lease Obligation

	2023-2024	2022-2023
Description	Kshs	Kshs
At the start of the year	1,684,796	4,240,316
Paid during the year	1,684,796	2,555,520
At end of the year	-	1,684,796

Maturity Analysis

MTRH did not have any finance lease as at 30th June 2024

29. Employee Benefit Obligations

Description	Defined benefit plan	Post-employment medical benefits	Other Benefits	2023-2024	2022-2023
	KShs	KShs	KShs	KShs	KShs
Current benefit obligation	668,995,885	-	782,977,027	1,451,972,912	1,448,426,402
Total employee benefits obligation	668,995,885	-	782,977,027	1,451,972,912	1,448,426,402

30. Long Term Loans

Description	2023-2024	2022-2023
	KShs	KShs
NHIF Loan	129,900,997	166,130,959
Total	129,900,997	166,130,959

Retirement benefit Asset/ Liability

Moi Teaching and Referral Hospital does not operate a defined benefit scheme for all full-time employees but contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The Entity's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs. 840 per employee per month. Other than NSSF the Entity also has a defined contribution scheme operated by MTRH Pension Scheme. Employees contribute 7% while employers contribute 14% of basic salary. Employer contributions are recognised as expenses in the statement of financial performance within the period they are incurred.

31. Cash Generated from Operations

	2023-2024	2022-2023
	Kshs	Kshs
Surplus for the year before tax	277,229,987	(619,922,162)
Adjusted for:		
Depreciation	356,154,850	362,909,041
Gains and losses on disposal of assets	(799,974.26)	(1,386,871.80)
Working Capital adjustments	355,354,875	361,522,169
Increase in inventory	66,383,410	(41,717,752)
Change in Current Receivables from Exchange Transactions	(706,020,632)	(500,611,074)
Change in Current Receivables from Non- Exchange Transactions	(78,416,669)	(668,166,666)
NHIF Loan (Liability)	(36,229,963)	(36,229,963)
Increase in payables	(156,956,977)	513,994,212
Employee Benefit Obligations	3,546,510	900,645,028
Increase in payments received in advance	4,044,680	(5,719,574)
KCB Finance Lease	0	(1,684,796)
Sub Totals	(903,649,641)	160,509,414
Net cash flow from operating activities	(271,064,778)	(97,890,579)

32. 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. 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. MTRH does not hedge any risks and has in place

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policies to ensure that credit is only extended to customers with an established credit history. MTRH 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, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the MTRH management based on prior experience and their assessment of the current economic environment.

Financial Risk management

The carrying amount of financial assets recorded in the financial statements representing the MTRH 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
As at 30th June 2024				
Receivables from exchange transactions	3,809,815,161	2,763,729,916	2,763,729,916	1,046,085,245
Receivables from non-exchange transactions	-	668,166,666	-	444,609,989
Bank balances	215,388,514	215,388,514	-	-
Total	4,025,203,675	3,647,285,097	2,763,729,916	1,490,695,234
As at 30 June 2023				
Receivables from exchange transactions	5,321,368,320	3,469,750,548	3,469,750,548	1,851,617,772
Receivables from non-exchange transactions	1,191,193,324	-	-	444,609,989
Bank balances	179,994,017	179,994,017	-	-
Total	6,692,555,661	3,649,744,565	3,469,750,548	2,296,227,761

ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the MTRH directors, who have built an appropriate liquidity risk management framework for the management of the MTRH short, medium and long-term funding and liquidity management requirements. The MTRH manages liquidity risk through continuous monitoring of forecasts and actual cash flows. The table below represents cash flows payable by the 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
As at 30th June 2024				
Trade payables	-	1,504,412,232	-	1,504,412,232
Prepaid Fees	-	7,100,427	-	7,100,427
NHIF Loan	-	129,900,997	-	129,900,997
Employee benefit obligation	-	1,451,972,912	-	1,451,972,912
Total	-	3,093,386,567	-	3,093,386,567

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	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
As at 30th June 2023				
Trade payables	-	1,661,369,209	-	1,661,369,209
Prepaid Fees	-	3,055,747	-	3,055,747
NHIF Loan	-	166,130,959		166,130,959
KCB Finance Lease	-	-	-	-
Employee benefit obligation	-	1,448,426,402	-	1,448,426,402
Total	-	3,278,982,318	-	3,278,982,318

iii) Market risk

MTRH has put in place an internal audit function to assist it in assessing the risk faced by the MTRH 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 MTRH income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The 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 the MTRH exposure to market risks or the way it manages and measures the risk.

a) Foreign currency risk

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

Financial Risk Management

The carrying amount of the MTRH foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Current FY

	Ksh	Other currencies	Total (Kshs)
<u>FY 2023-2024</u>			
As at 30th June 2024			
Financial assets			
Cash	681,259	-	681,259
Debtors	3,469,750,548	-	3,469,750,548
Total financial assets	3,470,431,807	-	3,470,431,807
Financial Liabilities			
Trade and other payables	1,483,252,232	-	1,483,252,232
Total financial liabilities	1,483,252,232	-	1,483,252,232
Net foreign currency asset/(liability)	1,987,179,575	-	1,987,179,575
<u>FY 2022-2023</u>			
As at 30th June 2023			
Financial assets			
Cash	3,820,184	-	3,820,184

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	Ksh	Other currencies	Total (Kshs)
Debtors	2,763,729,916	-	2,763,729,916
Total financial assets	2,767,550,100	-	2,767,550,100
Financial Liabilities			
Trade and other payables	1,634,667,958	-	1,634,667,958
Total financial liabilities	1,634,667,958	-	1,634,667,958
Net foreign currency asset/(liability)	1,132,882,142	-	1,132,882,142

iv) Capital Risk Management

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

d) Capital Risk Management

	2023-2024	2022-2023
	Kshs	Kshs
Retained earnings	(117,070,475)	(394,300,462)
Capital reserve	5,593,021,906	5,062,521,906
Total funds	5,475,951,431	4,668,221,444
Total borrowings	-	-
Less: cash and bank balances	180,675,276	219,508,699
Net debt/(excess cash and cash equivalents)	5,295,276,155	4,448,712,745
Gearing	97%	95%
	2023-2024	2022-2023
	Kshs	Kshs
Transactions with related parties		
b) Grants /Transfers from the Government		
Grants from National Govt	9,189,000,000	8,048,000,000
Donations in kind	-	-
Capital Grant	530,500,000	
Total	9,719,500,000	8,048,000,000

33. Related Party Disclosures

Nature of related party relationships

Entities and other parties related to the 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 MTRH, holding 100% of 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:

Ministry of Health, National Health Insurance Fund, County Governments, Moi University, AMPATH, Indiana University, Key management, Board of directors;

	2023-2024	2022-2023
	Kshs	Kshs
Transactions with related parties		
b) Grants /Transfers from the Government		
Grants from National Govt	9,189,000,000	8,048,000,000
Capital Grant	530,500,000	
Total	9,719,500,000	8,048,000,000

34. Contingent Assets and Contingent Liabilities

Contingent Assets

MTRH support staff to attend training and the staff commit to offered service to MTRH for a number of years failure to which they will pay amount to MTRH.

Contingent Liabilities

MTRH received deposit from insurance companies during signing of Service Level Agreement for the provision of medical services to clients under the cover. This deposit is used to edge against default of payment for the services offered and is refundable upon expiry of Service Level Agreement.

35. Capital Commitments

(NB: Capital commitments are commitments to be carried out in the next financial year and are disclosed in accordance with IPSAS 17. Capital commitments may be those that have been authorised by the board but at the end of the year had not been contracted or those already contracted for and ongoing).

36. Events after the Reporting Period

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

37. Ultimate And Holding Entity

MTRH is a State Corporation under the Ministry of Health. Its ultimate parent is the Government of Kenya.

38. Currency

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

APPENDICES

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is a progress report on follow-up of Auditor’s Recommendations;
The following is a progress report on follow-up of Auditor’s Recommendations;

Basis for Qualified Opinion

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Variance in Transfers from the Ministry of Health	Management acknowledge the audit finding on transfer and the amount reported in the Financial statement is based on actual request and actual amount received in the Hospital.	resolved	30 th June 2024
2	Variance in Mortuary Fees	Management acknowledge the audit finding and wish to clarify that the variance of Kshs. 24,397,871 between the ledgers maintained at Mortuary Services Unit and the supporting schedules is as a result of classification of revenue within the new ERP system. It is important to note that all the revenue at variance was collected, although reported under Cost Sharing Income category. Management wish to further clarify that this happened during the initial stages of roll out of the ERP system. The reported amounts are accurate and no money was lost.	resolved	30 th June 2024
3	Unsupported Property, Plant and Equipment Balance	Previous efforts in the year 2018 to have the Hospital land revalue by a Professional Valuer was not successful due to high cost of valuation fees amidst budgetary constraints and Management pursue this through Government Valuers at the Ministry of Lands. land held by Moi Teaching and Referral Hospital including Location, size of land and terms under which each land is held. Eldoret Municipality Block 7/308, Eldoret Municipality Block 7/125 and Municipality Block 7/126 Measuring 29.67, 3.675 and 1.325 all leasedhold and Located in Eldoret Uasin Gishu County, Nandi Road	resolved	30 th June 2024

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		Land earmarked for the construction of the proposed new Multi-Specialty Moi Teaching and Referral Hospital (MTRH) is disclosed in Part 4 (e) of The Notes to The Financial Statements; MTRH maintains a comprehensive asset register, and currently working towards improving it through automation of its management in the new ERP system.		
4	Unconfirmed National Hospital Fund Loan Balance	Management acknowledge the finding on NHIF loan and wish to clarify that MTRH and NHIF signed the contract in the month of December 2023 and the current loan balance in the books of the two institutions are in agreement.	resolved	30 th June 2024
5	Non-Recoverability Receivables from Exchange Transactions -Individual Clients' Receivables	Management has put in place stringent measures through the Credit Control and Evaluation Committee to evaluate credit requests and recommend appropriately. However, some patients are too poor and have no security to leave. Those who leave securities including Motor Vehicle Logbooks and Title Deeds do it in good faith as a promissory note that they will return and pay the debt. As a public entity providing healthcare which is a right to every Kenya as provided for in the Bill of Rights of the Constitution of Kenya 2010, MTRH does not have the mandate to sell patient property to recover the debt.	resolved	30 th June 2024
6	Unsupported Impairment Allowances on Receivables- Policy on the provision for doubtful debts	MTRH uses the guidelines as per IFRS 16 which allows the management to assess the collectability of accounts receivables and provide for doubtful debts.	resolved	30 th June 2024
7	Variations in Acting Allowances Expenditure	Eleven (11) Management Positions have been substantially filled following competitive recruitment process which were initially non responsive and the other positions were the process took over a month to conclude due to the requirement of authentication	resolved	30 th June 2024

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>before reporting on appointment and the requirement of chapter six.</p> <p>The last 32 cases were short acting of 30 days for holding brief in the Directorates or Departments were the incumbent Directors or Heads of Departments were on annual leave</p>		

Emphasis of Matter

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Financial Performance of the Hospital	Financial performance of the Hospital resulted from under funding by Government of the Recurrent Grant used to meet staff salaries and emoluments. Management submitted request for additional funds through Supplementary Estimates II of FY 2022/2023 and although it was allocated Kshs. 400 million to bridge the funding gap. It is anticipated however that the performance in FY 2023/2024 will reflect improved revenue reserves as the Grant allocation for Personnel Emoluments is adequate to cover the personnel costs.	resolved	30 th June 2024
2	Budgetary Control and Performance	Management adhered to the approved budget with vote reallocation/ virement approved by the Board as indicated in the resolution of the 79th Full Board meeting. All vote lines for operational expenses were within the approved budget and	resolved	30 th June 2024

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		non exceeded by 10%. Employee Costs had over-expenditure due to underfunding of Personnel Emoluments. Although MTRH was allocated additional through Supplementary Estimates II of FY 2022/2023, the same was not disbursed by the Exchequer.		

Others matters

Unresolved Prior Year Matters

Report on Lawfulness and Effective use of Public Resources

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Irregular Purchase of Oxygen	MTRH Management advertised a framework tender for the Supply and Delivery of Medical Gases and Related Accessories for the financial year 2020-2022 on 14th July 2020. The resulting contracts were to subsist for two years. Guided by the provision of section 136 of the Public Procurement and Asset Disposal Act 2015, M/s Noble Gasses International Ltd who was the first alternative tenderer was awarded the contract on a need basis. MTRH had indeed acquired an oxygen-generating plant, and services of M/s Noble Gasses International Limited were sought when MTRH's plant was undergoing maintenance.	resolved	Waiting for OAG concurrence
2	Irregular Use of Low Value Procurement Method	MTRH entered into several framework contracts with suppliers for the supply and delivery of assorted Lab Reagents, Food, Fuel & Gas, and Cafeteria Supplies. Further, for purposes of complying with Government directives, MTRH Management is required to source pharmaceuticals	resolved	Waiting for OAG concurrence

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>from the Kenya Medical Supplies Authority (KEMSA) and there are categories of foodstuff that must be procured from either the National Cereals & Produce Board or Kenya National Trading Corporation for purposes of promoting Buy - Kenya – Build Kenya.</p> <p>MTRH Management occasionally encounters situations where contracted suppliers are not able to honor their contractual obligations. Taking into consideration that the above-listed product portfolios are geared towards enhancing MTRH service provision towards patient care, the Management is compelled to use low-value procurement to bridge the gap.</p> <p>Section 93(1) of the Public Procurement and Asset Disposal Regulations (2020) provides that “where the accounting officer finds it necessary to use low-value procurement method, that accounting officer may only delegate that function to the head of the procurement function to procure the goods, works or services from a reputable outlet or provider through direct shopping or using credit cards or direct funds transfer to that outlet”. The threshold under low-value procurement for goods is Kshs. 50,000/- per item per financial year.</p>		
3	Irregular Payment for Services in Advance	<p>That acquisition of accommodation for MTRH Board members was competitively done using the request for quotation procurement method. Four hotels were invited to participate in this procurement proceeding and only three responded</p> <p>The hotel communicated at the eleventh hour that they were not able to accommodate the entire team and committed to accommodating 5 members at different the second hotel demanded payment before members checked in and this informed imprest.</p>	resolved	Waiting for OAG concurrence
4	Irregular Payment of	Management acknowledge finding on payment of subsistence	resolved	Waiting for OAG

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Subsistence Allowances	allowances and wish to clarify that the allowances was paid in accordance with the provisions of the MTRH Human Resource Policy and Procedures Manual, 2018.		concurrence
5	Unremitted Payroll Deductions	MTRH acknowledges finding on pension and wish to clarify Pension Dues is a payroll liability of Unremitted Salary Obligations. The reason for delay in remittance is due to Unremitted Grants 400,000,000 allocated through Supplementary Estimates II of FY 2022/2023. Management is following up with the National treasury & Economic Planning and Ministry of Health for additional allocation to offset this pending payroll liability.	resolved	Waiting for OAG concurrence
6	Irregular Payment of House Allowances	House allowances was approved by SRC through Letter of No Objection to MTRH	resolved	Waiting for OAG concurrence
7	Non-Compliance with Human Resource Policy on Recruitment of Staff	The recruitment of staff was done as per Human Resource Management Advisory Committee recommendations.	resolved	Waiting for OAG concurrence
8	Non-Compliance with the Law on Ethnic Diversity	MTRH is addressing compliance to One-Third Rule in Staff Establishment as required under Section 7 (1) & (2) of the National Cohesion and Integration Act, 2008 through any new recruitment.	resolved	Waiting for OAG concurrence
9	Unapproved Expenditure f Board of Directors Retreats	Approval by the Ministry of Health to hold Board retreat outside the principal/registered place of business was granted.	resolved	Waiting for OAG concurrence
10	Supply, Delivery, Installation and Commissioning of Medical Equipment	MTRH Management contracted a company under Local Purchase Order number PUR-EX-ORD-2022-00265 to supply 200 pieces of ordinary beds with mattresses and 30 pieces of infusion pumps. Both goods were physically received on 7 th October 2022, beds with mattresses being non-complicated goods were inspected and put to use	resolved	Waiting for OAG concurrence

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>on the same day. The infusion pumps were delivered to the service area to be tested on 9th October 2022 and upon them being confirmed to be good for the purpose on 19th October 2022 they were formally accepted and put on charge.</p> <p>Guided by the provision of section 48(3) (a) of the Public Procurement and Asset Disposal Act 2015, the Inspection and Acceptance Committee is mandated to immediately after delivery of goods to inspect and test the goods received. Beds with mattresses are not complex goods, hence their inspection and commissioning may not require more time than for other complex medical equipment.</p>		
11	Long Outstanding Salary Advance Receivables	MTRH acknowledge the finding on salary Advance receivables and wish to clarify that the outstanding advances relate to Intern Doctors who exited a long time ago without full clearance. MTRH has followed up through written demands to the concerned officers and their current employers where it is known and is progressing with recovery efforts.	resolved	Waiting for OAG concurrence

Report on Effectiveness of Internal Controls, Risk Management and Governance

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Lack of an Approved Staff Establishment	MTRH has an approved Establishment of 4803 approved by Ministry of Health (MOH) and State Corporation Advisory Committee (SCAC). This is found in the HR Instrument -The Organization Structure,	resolved	Waiting for OAG concurrence

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		Grading and Staff Establishment for MTRH August, 2018		
2	<p>Weak Information and Communications Technology (ICT) Controls</p> <p>2.1 Lack of physical Controls, Contracts and Service Level Agreement</p>	<p>The Hospital has implemented effective physical controls against unauthorized access to the data centre and the CCTV control room. These devices had a fault after the power UPS failed and had to be switched off until the UPS was replaced. The UPS has since been replaced and the biometric access to the data centre has also been setup. The Hospital is in the process of effecting the same access control to the CCTV control room but currently it is manned 24/7 by security personnel who are in charge of the control room. All access to and from all these areas are also manned by CCTV cameras.</p> <p>The contract for provision for internet services which also form part of terms of engagement is available.</p> <p>The implementation of the ERP in the Hospital is a unique innovation in the public sector as the Hospital is perhaps the first public institution to implement an ERP at zero acquisition cost with huge implications on saving costs and improving efficiency. The project was undertaken and is monitored through performance contracts signed between the MOH and the MTRH Board/CEO, the CEO and Director Informatics/CIO as well as CIO and Manager ICT and Manager HRIS. All other performance contracts in the Hospital also have the ERP implementation tracking, approved implementation plan for the ERP, there is an ERP project implementation team appointed by the CEO</p>	resolved	Waiting for OAG concurrence
	2.2 Lack of Secondary Back Up Site	MTRH has secondary backup at APATH centre	resolved	Waiting for OAG concurrence


 DR. PHILIP KIRWA -
 CHIEF EXECUTIVE OFFICER

MOI TEACHING AND REFERRAL HOSPITAL
 CEO
APPROVED
 30 DEC 2024
 SIGN:.....
 P. O. Box 3-30100, ELDORET

APPENDIX II: PROJECTS IMPLEMENTED BY MTRH

Projects implemented by MTRH Funded by development partners and/ or the Government.

Status of Projects completion

(Summarise the status of project completion at the end of each quarter, i.e. total costs incurred, stage which the project is etc)

APPENDIX III: INTER-ENTITY TRANSFERS

MTRH does not have branches or joint ventures

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APPENDIX IV- INTER-ENTITY CONFIRMATION LETTER

Break down of Transfers from the State Department for Medical Services to Moi Teaching and Referral Hospital FY 2023/2024

a. Recurrent Grants

Bank Statement Date	Receipt number	Amount (KShs)	FY to which the amounts relate	
15/08/2023	REC-23-08161025712690	746,583,333	2023/2024	
15/08/2023	REC-23-08161027176748	2,500,000		
13/09/2023	REC-23-09131119491595	746,583,333		
13/09/2023	REC-23-09131117927589	2,500,000		
23/10/2023	REC-23-10231515199995	746,583,333		
27/10/2023	REC-23-10271506573214	2,500,000		
17/11/2023	REC-23-11171030812943	746,583,333		
17/11/2023	REC-23-11171026970054	2,500,000		
19/12/2023	REC-23-12191046206528	746,583,333		
19/12/2023	REC-23-12191049842157	2,500,000		
12/01/2024	REC-24-01121451455465	749,083,333		
12/01/2024	REC-24-01121451455465	200,000,000		
14/02/2024	REC-24-02161001669661	746,583,333		
14/02/2024	REC-24-02161004329722	2,500,000		
13/03/2024	REC-24-03140950661251	746,583,333		
13/03/2024	REC-24-03140947629670	2,500,000		
12/04/2024	REC-24-04151257002273	746,583,333		
12/04/2024	REC-24-04151258420572	2,500,000		
17/05/2024	REC-24-05211555125520	746,583,333		
17/05/2024	REC-24-05211557445609	2,500,000		
17/06/2024	REC-24-06190955073724	746,583,333		
17/06/2024	REC-24-06190956831136	2,500,000		
04/07/2024	REC-24-07041616665944	746,583,333		
04/07/2024	REC-24-07041634848106	2,500,000		
Total		9,189,000,000		

b. Development Grants

Bank Statement Date	Receipt number	Amount (KShs)	FY to which the amounts relate	
3/07/2023	REC-23-07041410768964	150,000,000	2023-2024	
03/07/2023	REC-23-07041411925045	100,000,000		
28/02/2024	REC-24-03041710358291	17,500,000		
28/02/2024	REC-24-03041715962201	17,500,000		
28/02/2024	REC-24-03041712501886	25,000,000		
28/02/2024	REC-24-03041722959442	25,000,000		
28/02/2024	REC-24-03041714022968	25,500,000		
28/02/2024	REC-24-03041717999769	25,500,000		
28/02/2024	REC-24-03041718152502	34,750,000		
28/02/2024	REC-24-03041720602021	34,750,000		
28/02/2024	REC-24-03041707948099	37,500,000		
28/02/2024	REC-24-03041719422991	37,500,000		
Total		530,500,000		

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c. Donor Receipts

No cash grant donation was received from any donor.

d. Prior Year Receipts


Bank Statement Date		Amount (KShs)	FY to which the amounts relate
03/07/2023	REC-23-07041413650479	668,166,667	2022-2023
03/07/2023	REC-23-07041423379295	2,500,000	2022-2023
Total		670,666,666.70	

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

Head of Accounts Department – Ministry of Medical Services:

Name Sign Date

Head of Accounts Department - Beneficiary Entity:

Mathews Birgen Sign  Date 31/2/2024

APPENDIX V- STATEMENT OF CASH FLOWS FOR YEAR ENDED 30TH JUNE 2024

1. CASH FLOW FROM OPERATING ACTIVITIES.	NOT E	2023-2024	2022-2023
Surplus/Deficit	I S	277,229,987	(619,922,162)
Add:			
Depreciation of Assets	13	356,154,850	362,909,041
Gain on Disposal	19	(799,974)	(1,386,872)
TOTAL		355,354,875	361,522,169
Operating Profit Before Working Capital Changes		632,584,862	(258,399,993)
Working capital changes:			
Change in Current Receivables from Exchange Transactions	22 (a)	(706,020,632)	(500,611,074)
Change in Current Receivables from Non-Exchange Transactions	22(b)	(78,416,669)	(668,166,666)
Change in Stock	23	66,383,410	(41,717,752)
NHIF Loan Prepayments (Assets)		-	-
Change in Trade and other Payables	25	(156,956,977)	513,994,212
Prepaid Fees	26	4,044,680	(5,719,574)
KCB Finance Lease	28	0	(1,684,796)
Employee Benefit Obligations	29	3,546,510	900,645,028
NHIF Loan (Liability)	30	(36,229,963)	(36,229,963)
TOTAL		(903,649,641)	160,509,414
Net Cash In/Outflow from Operating Activities.		(271,064,778)	(97,890,579)
2. CASH FLOW FROM INVESTING ACTIVITIES.			
Purchase of Fixed Assets	24	(299,368,642)	(844,824,230)
Proceed from Asset Disposed		1,100,000	2,000,000
Net Cash used in investing activities		(298,268,642)	(842,824,230)
3. CASH FLOW FROM FINANCING ACTIVITIES			
Government Grants- Capital Donations	6(b)	530,500,000	304,250,000
		530,500,000	304,250,000
Change in Cash and Cash Equivalents.(i)		(38,833,420)	(636,464,809)
Cash and Cash Equivalent a the beginning of the year (ii)		219,508,700	855,973,509
Cash and Cash Equivalent (i)+(ii)		180,675,280	219,508,700



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