

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

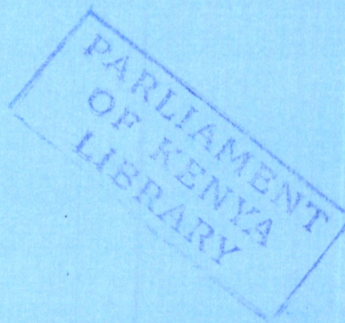


THE NATIONAL ASSEMBLY  
PAPERS LAID

DATE: 04 JUL 2019 DAY: Thursday

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REPORT



OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF  
KENYA MEDICAL TRAINING COLLEGE

FOR THE YEAR ENDED  
30 JUNE 2018



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KENYA MEDICAL TRAINING COLLEGE

*ANNUAL REPORT AND FINANCIAL STATEMENTS*

FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2018

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

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## KENYA MEDICAL TRAINING COLLEGE

### I INSTITUTIONAL DETAILS/INFORMATION

#### **Incorporation/Establishment**

Kenya Medical Training College is a body corporate established under the provisions of the Kenya Medical Training College Act, (Cap 261) of the laws of Kenya and it is domiciled in Kenya.

#### **Registered Office and Principal Place of Business**

Kenya Medical Training College  
Off – Ngong Road  
P. O. Box 30195  
Nairobi  
Kenya

#### **Bankers**

National Bank of Kenya  
Kenyatta National Hospital Branch  
P. O. Box 30763  
Nairobi  
Kenya

Kenya Commercial Bank  
Moi Avenue Branch  
P. O. Box 30081  
Nairobi  
Kenya

#### **Independent Auditor**

Auditor General  
Kenya National Audit Office  
Anniversary Towers  
P. O. Box 30084  
Nairobi  
Kenya

## KENYA MEDICAL TRAINING COLLEGE

### Vision Statement, Mission Statement and Strategic Objectives

#### Vision Statement

A model institution in the training and development of competent health professionals

#### Mission Statement

To produce competent health professionals through training and research, and provide consultancy services.

#### Strategic Objectives

1. To ensure KMTC retains the quality of its training
2. To maintain KMTC as the institution of choice for training of health professionals by the year 2022
3. To increase KMTC's internally generated revenue by 50% by the year 2022.

**BOARD OF DIRECTORS**



**Prof. Philip Kaloki, MBS  
Chairman**

He was born on 10.12.1960 and holds a PhD (Business Administration). He was appointed the Chair of the Kenya Medical Training College Board of Directors on 18<sup>th</sup> April 2018. He is a leading expert in Governance, Leadership, and strategic management, with over 30 years' National and international experience.



**Eng. David Muthoga**

**Vice Chairman, Board of Management**  
He was born on 26.03.1954 and holds a Bachelor's of Science (Civil Engineering). He has been engineering for over 20 years. He chairs the Human Resources Committee.



**Prof. Michael Kiptoo  
Chief Executive Officer**

He was born on 10.12.1960 and holds a PhD Immunology. He was appointed CEO of Kenya Medical training college on 30.11.2018. He has over 20 years of experience in Research, training and consultancy.



**Mr. Mithamo Muchiri  
Chairperson, Finance, Planning &  
Development committee**

He was born on 6.6.1982 and holds Bachelor of Arts in criminology and security studies and Certified Public Accountant. 14 years of experience, in Finance, leadership, and governance.

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**Mrs. Ruth Okowa**  
**Chairperson, Audit Committee**  
She was born on 4.2.1971 and holds Master's Degree in Demography. She has over 20 years' experience in local and international experience in advocacy, child welfare. Key experiences in vision and strategy development, Human Capital Development program development and Monitoring and Evaluation, Resource mobilization.



**Dr. Emily Koech**  
**Chairperson, Academic, training, standards and ethics committee**  
She was born on 7.5.1974 and has Master's in Public Health, MPH, and Epidemiology. She has extensive experience in program and clinical experience in HIV



**Ms. Susan Mucheru**  
**Rep. Principal Secretary**  
**National Treasury**  
She was born on 30.12.1962 and holds Masters of Arts (International Studies) and CPS (K). She has 33 years of experience in Human Resource Management.



**Mr. David N. Kanji**  
**Rep, Principal Secretary, DPSM**  
He was born on 22.12.1963 and holds Master of Science Human Resource Management. He is currently the Director of management consultancy services in the directorate of public service management. He has 28 years of service a Member of IHRM, Kenya Association of Public administration and Management.



**Dr. Thomas Mutie**  
**Ag. Chief Executive Officer, Kenyatta National Hospital**  
He was born on 22.12.1963 and holds Master of Science (MSc), Gastroenterology, University of London. He has 32 years of experience, Member Kenya Medical Association, Chair, Gastroenterology society of Kenya.



**Prof. James Machoki M'Imunya**  
**Principal**  
**College of Health Sciences, UON**  
He was born on 25<sup>th</sup> July 1959 and is on fellowship in medical anthropology. He is Master Trainer and a Cochrane Author, Reviewer, a member of the Society for Research Administrators (SRA) International, USA, with over 20 year of experience.



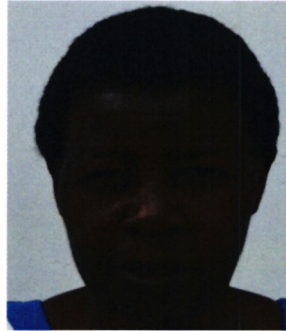
**Dr Evans Amukoye**  
**Rep. Director KEMRI**  
He was born on 18.01.1959 and holds Masters in Medicine (Paediatric) He is a Medical Doctor, MBChB, MMed (Paediatrics) with over 20 years of experience.



**Dr. Ishepe Nandili**  
**Ag. Director of Nursing Services (MOH)**  
She was born on 22.11.1964 and she holds PhD in public Health, Civil Society organizations and HIV/AIDS. She has been Nurse Midwife in Community health with Over 20 years of experience.



**Dr. John Nyaga**  
Principal  
Kenya Medical Training College  
Murang'a Campus  
He was born on 05.09.1966  
and holds Masters in Masters of Science  
in Public Health He is a 18 Years'  
experience in dental Surgery.



**Mrs. Caren Oyugi**  
Principal Medical Training College  
Homa Bay  
She was born on 29.10.1955 and she  
holds Bachelor's Degree (Nursing)





Nurse midwife in Community health,  
over 20 years of experience.



**Dr. Miriam Muthoka**  
Corporation Secretary  
She was born on 9.9.1985 and she holds  
PhD-Strategic Management and CPS (K)  
Over 10 years of experience in  
leadership, governance and strategic  
management.

KENYA MEDICAL TRAINING COLLEGE






III MANAGEMENT TEAM

NAME	PHOTO	PROFESSIONAL/ACADEMIC QUALIFICATIONS	MAIN AREAS OF RESPONSIBILITY
Prof. Michael Kiptoo		PhD Epidemiology	Chief Executive Officer
Dr. Miriam Muthoka		PhD –Strategic Management CPS(K)	Corporation Secretary  A member of institute of certified Secretary
Mr. John Anyira		Masters in Community Health and Development	Deputy Director (Finance and Administration)
Mrs. Nancy Michire		Masters of Mental Health/Psychiatric Nursing	Deputy Director Academics

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Dr. Lucy Waweru		PhD, Nursing Education	Registrar Academic
Dr. Silas E. Njeru		PhD (Supply chain Management)	Supply Chain Manager
Mr. John I. Obiye		Masters of Business Administration (MBA) - HR	Human Resource Manager
Mr. David O. Ondeng		Masters of Business Administration	Administration Manager
Mr. Elijah Mititi		Masters of Business Administration (MBA) – Finance	Finance Manager

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Mr. Matthew Kipturgo		Masters of Science in Nursing	Principal, KMTCC Nairobi Campus
Callen Nyabuto		Bachelor of Commerce (BCOM)	Chief Internal Auditor
Mr. Kamau Maina		Masters of Arts	Public Relations Officer
Ms. Lilian Obinju		Bachelor of Science (Computer)	Information Technology Manager
Ms. Caroline Musango		Bachelor of Law (LLB) Masters in Law and Governance	Legal Officer

**KENYA MEDICAL TRAINING COLLEGE**

**REPORT OF THE CHAIRMAN  
KENYA MEDICAL TRAINING COLLEGE**

**REPORT OF THE CHAIRMAN**

**Opening Statement**

On behalf of the Board of Directors, I am pleased to present the College annual Report statement for the year ended 30<sup>th</sup> June, 2018, I wish to point out an impressive performance characterized by remarkable improvements in financial and operational performance as well as expansion of the College in the entire Country.

**College Mandate**

Kenya Medical Training College is a State Corporation under the ministry of health established under Cap 261 of laws of Kenya, and exists to train and develop competent health professionals through training and research, and provision of Consultancy Services. It is the main arm of the Government that trains mid-level health professionals and contributes to over 80% of the health care workforce in Kenya. The College has 65 campuses spread in the country, with a total student population of 35,565 attending 76 courses in 18 departments. I am confident that the College performance of its mandate is at high level to address human resource for health gaps in the country.

**College Performance**

In line with the Government agenda on Universal Health Coverage (UHC) the College is committed in training adequate health care workers providers to create adequate workforce to support accessible, equitable and affordable health care services to all Kenyans. It is for this reason that the Board of Directors has deliberately grown the College in pursuit of the College expansion policy into a regional health training hub with a network of 65 campuses spread out in 42 out of 47 counties in Kenya. During the year under review, the Board introduced programs on Family medicine, and Short

## *Quality training of health professionals towards realization of Vision 2030*

courses on Community Health extension workers (CHEWS) to support achievement of UHC.

The Board has approved 2018-2023 strategic plan for the College. It provides a clear direction of the College and specific targets that we seek to achieve in the next five years. Specifically the strategic plan sets out eight strategic issues for achievement in the plan d.

CHAI  
The Board has developed a cordial working relationship with devolved units of government resulting to attraction of support totaling to proposals of approximate Ksh. million in the year. I wish to acknowledge the county government and support from President and the deputy president for officiating key College functions.

### **Future Outlook**

The Board is spearheading the revision of KMTC tools of governance; KMTC Act, statutes, and policies to ensure they are properly aligned to the emerging governance issues. This will ensure that the College Competitive edge is sharpened and it continues to offer training services in a more broadened perspective.

### **In conclusion**

I wish to convey my sincere gratitude to H.E the president Hon. Uhuru Kenyatta, the Deputy President H.E Hon. William Ruto, Cabinet Secretary, Ministry of Health, Mrs. Sicily Kariuki, Principal Secretary Mr. Peter Tum, County Governments and Development partner for their immense support. I also thank fellow Board of Directors, Chief Executive Officer, Management team, Principals, Staff, Students, for their steadfast support and contribution towards KMTC success in the year.



Prof. Philip Kaloki, MBS

Chairperson

26<sup>th</sup> September, 2018

**KENYA MEDICAL TRAINING COLLEGE**

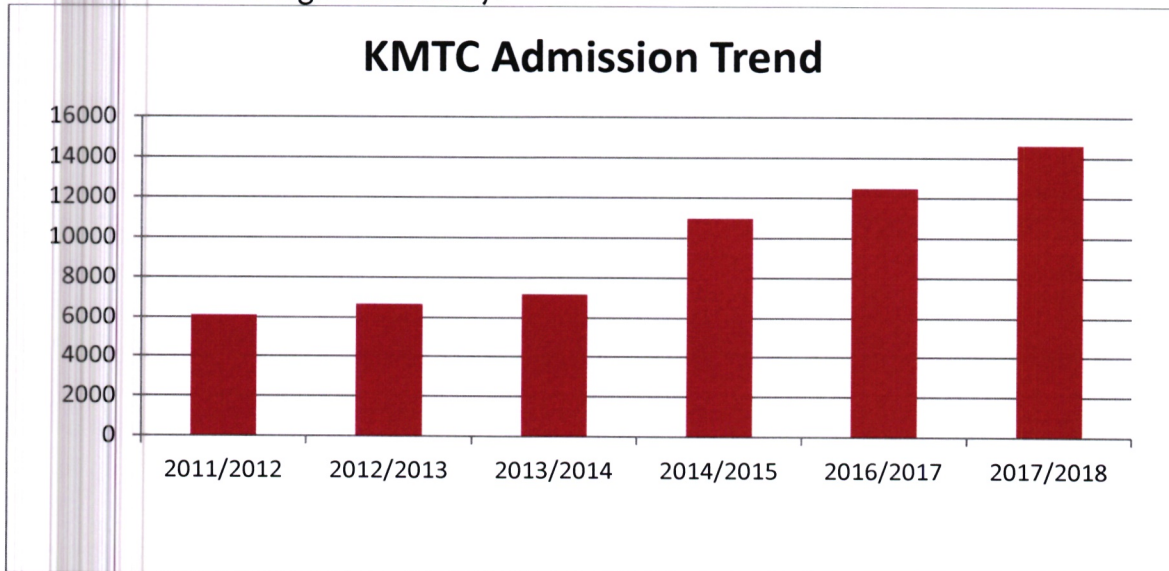
**CHIEF EXECUTIVE OFFICER’S STATEMENT**

The year 2017 was a great success to Kenya Medical Training College. As we conclude the year it gives me and staff joy and confidence that our understanding and implementation of strategies and polices set by the board has and is yielding results and KMTc is on course as it continues to be a model institution in providing quality training for health professionals.

**College Performance**

During the year, 14,804 new students joined the College for training while 8,967 graduated with various Certificates, Diplomas and Higher Diplomas in different courses to serve Kenyans and as part of efforts to generate new knowledge that is aimed at advancing the health of Kenyans, the College held its fifth bi-annual scientific conference in May 2018. The college is 9001:2008 ISO Certified and compliant and has gone through successful recertification to ISO 9001:2015.

Admission Trend Diagrammatically:



### **Technology**


The Board approved an ICT Policy and guidelines for implementation and Enterprise Resource Planning project which is a game changer and transformation of College operations. This is because ICT plays a crucial role in supporting growth and excellent service provision to our customers and stakeholders. The main focus is to lay a foundation for IT transformation journey whose main objective is to see KMTC fully automated.

### **Way Forward**

I am dedicated to the College performance and seeking to ensure that KMTC continues to offer quality training to elevate the gap of health professionals in the various courses. It is my believe that the road KMTC has taken in opening up more training opportunities will yield fruits and contribute to the Health Human Resource in the Country

### **Conclusion**

The impressive performance has been due to support from all our stakeholders and looks forward to working closely with them in future. I would also like to express gratitude to the Ministry of Health, Board of directors, management team and staff for their hard work, dedication and commitment



**Prof. Michael Kiptoo**  
Chief Executive Officer

**10<sup>th</sup> April, 2019**

## KENYA MEDICAL TRAINING COLLEGE

### CORPORATE GOVERNANCE STATEMENT

One of the core values is effective corporate governance. There are benefits of a properly implemented effective corporate governance system as it provides stakeholders confidence. The College has built its operations on very strong corporate governance principles based on the application of high and consistent ethical standards in its relationships with all customers, employees and other stakeholders. This is consistent with the institutions core values of effective corporate governance that has led to a strong commitment to conduct business in accordance with best business practices based on principles of transparency, accountability and responsibility, monitoring compliance with relevant laws and regulations, risk management, appropriate checks and balances and the delivery to commitments to all stakeholders. Ethical leadership and integrity, socio-environmental responsibility and determination of group strategy are the key principles that are taken into account while setting governance standards for the group. The College has kept abreast with international developments in corporate governance for the promotion of enhanced transparency, integrity and rule of law.

The Board of Directors is the representative of the stakeholders, and has the duty of validating financial results and the review of College performance, protecting assets, counseling the CEO on strategy and nurturing the next generation of leaders. Directors are all responsible for ensuring proper and sound corporate governance within the College. Good corporate governance is therefore a fundamental part of the culture and the business practices of the College.

#### **Oversight role of Board of Directors**

The Board of directors' most significant responsibilities includes guiding the institution with view to ensuring long-term, sustainable returns for stakeholders, whilst delivering exceptional services to our customers and having regard to the interests of all other stakeholders, including staff, regulators and the communities in which the College operates. The Board provides strategic direction with a focus on consistent business performance in an atmosphere of transparency and accountability whilst reviewing and monitoring proper governance throughout the institution. The Board has provided strong leadership to the institution, resulting to institution expanding to different parts of the country and generated stakeholder wealth.

## KENYA MEDICAL TRAINING COLLEGE

The Board has attracted outstanding directors who have grown great commitment and enthusiasm in discharging their duties and obligations to the institution while also demonstrating the spirit and ethos of the organization. The directors subscribe to the code of corporate governance and practices which guides them in the fulfillment of their duties and responsibilities to shareholders, customers, employees and respective communities. The code of corporate practices provides guidance on the following principles among others.

### **a) Principle on the appointment , composition, and qualification of the Board members**

The code states that appointment to the Board shall consider academic qualifications, technical expertise, experience, age and gender. The appointment of Board of directors is done by the Cabinet Secretary and appointment letters are issued. The Board is in adherence to this principle.

### **b) Principle on Board composition**

In accordance with the code, the Board shall ensure that no one person or group of persons shall have unfettered power and that there is an appropriate balance of power on the Board, and one third shall be independent members so that the board can exercise objective and independent judgment, as well as adequately represent minority shareholders. No one person or persons has unfettered power and there is an appropriate balance of power and authority on the Board.

The code states that directors have the following fiduciary duties:

- I. Duty to act within its powers; director is required to only exercise their powers for purposes which they were conferred;
- II. Duty to avoid conflicts of interest; a director should identify and disclose the nature of a conflict and procure authorization for the same if permitted. Conflicts of interests include situational conflict, transactional conflicts and third party benefits
- III. Duty to declare interests in proposed or existing transactions or arrangements
- IV. Exercise their role collectively and not individually.
- V. Determine the organization's mission, vision, purpose and core values
- VI. Set and oversee the overall strategy and approve significant policies of the organization.

## *Quality training of health professionals towards realization of Vision 2030*

- VII. Ensure that the strategy is aligned with the purpose of the organization and the legitimate interests and expectations of its shareholders and other stakeholders.
- VIII. Ensure that the strategy of the organization is aligned to the long term goals of the organization on sustainability so as not to compromise the ability of future generations to meet their own needs.
- IX. Approve the organizational structure
- X. Approve the annual budget of the organization.
- XI. Monitor the organization's performance and ensure sustainability.
- XII. Enhance the corporate image of the organization.
- XIII. Ensure availability of adequate resources for the achievement of the organization's objectives.
- XIV. Hire CEO, on such terms and conditions of service as may be approved by the relevant government organ(s) and approve the appointment of senior management staff.
- XV. Ensure effective communication with stakeholders.

### **c) Principle on roles of chairperson and chief executive officer and the Corporation Secretary**

The code recognizes the need to differentiate and distinguish between the roles played by the Chairman, Chief Executive Officer and the Corporation secretary. The roles are distinct and there is clear separation and the offices are held by different people in the College.

### **d) Principle on induction and continuous skill development**

The code points out that on appointment to the Board and board committees, all directors will receive a comprehensive induction on their individual requirements in order to become as effective as possible in their role within the shortest applicable time. These skills and knowledge shall be updated at regular intervals. The objective of this training is to among others, build an understanding of the College main relationships and ensure an understanding of the role of directors and the framework within which the Board operates. The Directors are well trained and updated on matters of the College and governance.

### **e) Principle on Board tools**

The College formulated a code of Ethics and conduct, which has been cascaded down to all employees. Additionally the College has a Board charter and a Board calendar developed annually to guide the activities of the Board.

## KENYA MEDICAL TRAINING COLLEGE

### **f) Principle on governance and legal audit**

An annual governance audit meant to ensure and confirm that the College is operating on sound governance practices is conducted and reports discussed by the Board and filled with relevant authorities.

### **g) Compliance with laws and regulations**

The College complies with the constitution of Kenya 2010, the KMTTC Act of 1990, code of governance, and other government law, regulations and procedures.

### **h) Committees of the Board**

To effectively discharge its mandate, The Board functions through four committees as statement below with specific terms of reference.

#### **1. Human Resource Committee**

- a. Human Resource Strategy, Policies and Procedures;
- b. Terms and conditions of employment for the college staff;
- c. To discuss all personnel issues affecting College employees.
- d. The College Retirement Benefits Scheme.
- e. Staff recruitment, selection, deployment and career development.

#### **2. Academic, Training, Standards And Ethics Committee**

- a. To receive and consider reports from the Academic Board and make appropriate recommendations to the Board.
- b. To advise the Board on issues relating to students affairs.
- c. To receive and consider reports from regulatory bodies pertaining to KMTTC's programs.
- d. To recommend and advice the Board on establishment of new colleges.
- e. Admissions and examinations.
- f. Curriculum development.
- g. Quality management systems

## KENYA MEDICAL TRAINING COLLEGE

### **3. Finance, Planning And Development Committee**

- a. The College planning and financial strategy
- b. Annual budget and medium Term expenditure Framework;
- c. Appointment of bankers, opening of accounts and signatories;
- d. Resource Mobilization
- e. Purchase and sale of property and disposal of idle assets.
- f. The College investment and borrowings;
- g. The progress of the implementation of plans and policies as outlined in the strategic plan.
- h. Approval of new construction projects;
- i. The progress of building projects;
- j. Maintenance and development of buildings and land;
- k. Development, investment and enterprise.

### **4. Audit, Risk, Governance And Compliance Committee**

- a. Internal and external audit reports
- b. Internal Audit annual plan
- c. Internal control
- d. Risk management
- e. Compliance to laws, regulations and standards.
- f. Governance
- g. Implementation of Performance Contract

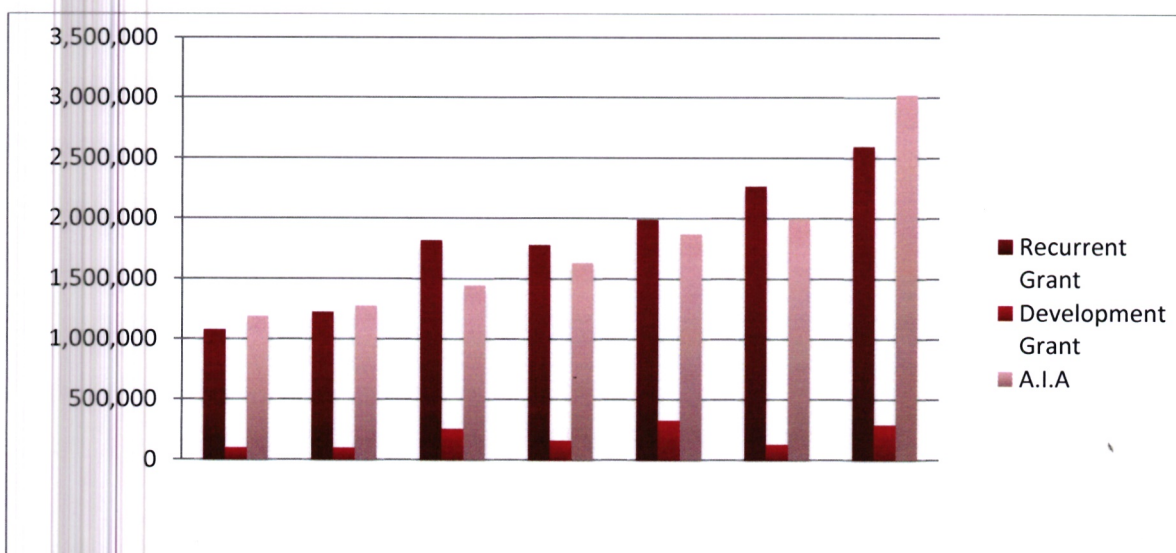
KMTC Board remains collectively responsible for the decisions and actions taken by any committee. A committee only perform the tasks delegated to it by the Board and does not exceed the authority or the powers of the Board

KENYA MEDICAL TRAINING COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS

Statement of Comprehensive Income

Internally generated revenue has grown from Kshs.1.1B in 2011/2012 to Kshs.3.4B in 2017/2018 Financial Year (See below). The policy KMTc is implementing in opening up more training opportunities has yielded fruits and contributed to the Human Resource for Health in the Country courtesy of continued revenue growth.



As depicted in the diagram, the internally generated revenue surpassed the grant allocation in financial 2017/2018 as result of strategic focus on expansion.

Total revenues from various streams during the year amounted to Kshs.7billion against a resource application of Kshs.6.3billion thus yielding a surplus of Kshs.715million. Notably for the first time the internally generated revenue surpassed the grants received from the government. This remarkable performance is attributed to the strategic expansion process.

Employee costs, General expenses, Repairs and maintenance and operational expenses accounted for 56%, 27%, 2%, and 6% respectively, whereas Board expenses took about 0.6% of the total resource application. There was an increase in revenue collection from exchange transactions of Kshs.422million compared to 2016-2017 financial year. This is largely due to the expansion of the college. The College was at 65 campuses as at 30<sup>th</sup> June 2018.

## **KENYA MEDICAL TRAINING COLLEGE**

The total expenses also increased by Kshs.768million to6.3billion up from 5.5billion in 2016-2017. This is largely due to implementation of the collective bargaining agreement which increased employee costs as well general college expansion.

### **Statement of Financial Position**

The balances of receivables and payables amounted to Kshs.417million and Kshs.1.2billion. Receivables were largely made up of outstanding fees whereas trade payables mainly consisted of outstanding claims relating to utilities, capital works in progress and personal emoluments related expenses which includes payment of health workers allowances.

### **Statement of Changes in Equity**

Accumulated fund balances at the end of the year totaled Kshs.2.495billion with an opening balance of Kshs.1.780 billion and Kshs.715million surplus for the year.

### **Capital Expenditure**

The College committed additional resources to the tune of Kshs.848 million on capital expenditure mainly building works, software computers and accessories, teaching equipment and furniture and fittings.

### **KEY PROJECTS/INVESTMENT DECISIONS IMPLEMENTED**

The College managed to increase the number of enrolled students from 25,601 as at 30<sup>th</sup> June 2017 to 35,426 in 2018. This is in line with the current health sector 2012-2017 plan to reduce health inequalities and reverse the downward trend in health related impact and outcome indicators.

### **COMPLIANCE WITH STATUTORY REQUIREMENTS**

The College in compliance with the Public Procurement and Disposal regulations managed to allocate projects to youth, women, and people with disability. This is amounted to 33% of procurement budget.

## KENYA MEDICAL TRAINING COLLEGE

The College in compliance with the Public Procurement and Disposal Act developed a procurement plan as part of the budgeting process and submitted it to the relevant

bodies within the statutory deadlines. The quarterly procurement plan implementation reports were submitted to Public Procurement and Oversight Authority in the required format.

The college has also been remitting statutory deductions such as Pay As You Earn, NHIF, NSSF and HELB as required by law.

In compliance with the Public Finance and Management Act, the college did the following:

- i. Submission of the Financial Programme Performance report to Controller of Budget every quarter within the deadline
- ii. Submission of Draft Budget Estimates by 30<sup>th</sup> April 2018
- iii. Submission of Annual Procurement Plan by 30<sup>th</sup> July 2017.
- iv. Submission of Annual Work plan and Cash flow projections by 30<sup>th</sup> July 2017.
- v. Compliance with other circulars from National treasury issued in 2017/2018

## CONCLUSION

The college's financial performance has been strong and improving. There have not been any material arrears in statutory or any other financial obligations that are likely to affect the going concern status of the college. The college is impressively performing and has a lot of opportunities for growth.

## KENYA MEDICAL TRAINING COLLEGE

### CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Since its establishment in 1927, the Kenya Medical Training College has embodied the true spirit of providing training opportunities in health to support the Government in its endeavour to safeguard the health of its people. We have not stopped there; we have gone a step further by initiating and participating in several initiatives geared towards giving back to the community.

Given the widespread reach of our campuses in the country, we recognize the potential impact of our business practices to the communities and therefore our public accountability.

As a result, in the past one year our campuses have carried out several CSR initiatives including: free medical camps, environmental clean-up exercises, tree planting activities and free health talks among others.

In September 2017, KMTC Kilifi students took part in a walk to create awareness on cancer. The students also gave a health talk during the event organized by Elite Hope for Change an NGO. In November, a team comprising of staff and students from the campus participated in World Diabetes Day celebrations where they checked blood pressure, blood glucose levels, body mass index and conducted HIV testing and counselling.

A combined team of staff and students from Nairobi, Kabarnet and Nakuru campuses on diverse dates in October, 2017 treated more than 1500 residents of Tiaty. This was at the height of the malaria outbreak in Baringo County where they also distributed food supplements to the residents. At the same time, a team of 20 students and 10 staff members from Kapenguria campus headed to Lomut in West Pokot for four days to carry out immunization, antenatal care, malaria and provision of food supplements to residents.

### *Quality training of health professionals towards realization of Vision 2030*

Gatundu Campus in Kiambu County students donated blood at Gatundu Level IV Hospital to save lives. On a separate occasion, students from the campus also organized an environmental day to plant trees as part of initiatives to protect the environment.

Nairobi, Lake Victoria, Bomet and Kisumu campuses are among KMTC campuses that have also organized environmental days in partnership with stakeholders as an acknowledgement of the College's responsibility to care and protect our eco-system. Activities on these days include clean up exercises, collection and proper disposal of garbage and planting of trees.

In the Open day held by KMTC Campuses across the country between March and May 2018, members of the public got a chance to receive free medical check-ups and treatment from our staff and students through the free medical camps organized by the campuses.

In May 2018, Msambweni campus staff and students joined the Presidents Awards (PA) team from Nairobi in cleaning up areas around Msambweni in Kwale County and removed jiggers from Msambweni Primary School pupils.

Other CSR initiatives in the 2017/2018 financial year included: Nairobi campus partnership with National Transport and Safety Authority (NTSA) to educate drivers, motorbike riders and other road users on road safety. Eye check-ups were also conducted for those who turned up to the event. The campus also visited Jirani Children's home in Nairobi where they donated food and clothes

Nairobi and Lodwar campuses PA members have been at the forefront of the College's initiatives to give back to society. The students and staff took part in health talks, jigger removal exercises and digging of pit latrines to ensure residents have dignity.

## **KENYA MEDICAL TRAINING COLLEGE**

### **REPORT OF THE DIRECTORS**

The directors have the pleasure of presenting their report together with the audited Financial Statements for year ended 30th June 2018 which show the state of the Board's affairs.

### **PRINCIPAL ACTIVITIES**

The Board is primarily engaged in management of Kenya Medical Training College together with other mandates specified in KMTTC Act Cap 261.

### **RESULTS**

The results of the college for the year ended June 30, 2018 are set out on pages 30 to 49

### **DIRECTORS**

The Board of Directors who held office during the year are shown on pages 4 to 8.


In accordance with section 9 (2) of KMTTC Act, the Board of Directors other than an ex officio member, shall hold office for a period of three years from the date of appointment as specified in the instrument of appointment, but shall be eligible for re-appointment. The appointment and vacation of office of any member of the Board shall be in accordance with section 9 sub section 3 of Kenya Medical Training College Act.

### **FINANCIAL STATEMENTS**

At the date of this report, The Board was not aware of any circumstances which would have rendered the financial statement misleading.

### **AUDITORS**

The Auditor General is responsible for statutory audit of Colleges accounts in accordance with section 81 of the Public Finance Management (PFM) Act, 2012 and section 14 and 39 (i) of chapter 12 of the Laws of Kenya, Public Audit Act, 2013.



**Dr. Miriam Muthoka**  
Corporation Secretary

**10<sup>th</sup> April 2019**

## KENYA MEDICAL TRAINING COLLEGE

### X STATEMENT OF BOARD OF DIRECTORS RESPONSIBILITIES

The Public Finance Management Act Section 81, requires the Directors to prepare financial statements in respect to the college which give a true and fair view of the state of the college affairs at the end of each financial year and operating results of the college for that year. The Board of Management is required to ensure that the college maintains proper accounting records which disclose, with reasonable accuracy, the financial position of the college. The Directors are responsible for safeguarding the assets of the college.

The Directors are responsible for preparation and presentation of the Colleges Financial Statements, which give a true and fair view of the state of affairs of the college for and as at the end of financial year ended June 30, 2018. This responsibility includes:

- i. Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the period;
- ii. Maintaining proper Accounting records, which disclose reasonable accuracy at any time financial position of the college;
- iii. Designing, implementing and maintaining Internal Controls relevant to preparation and fair presentation of Financial Statements, and ensuring they are free from Material Misstatements, whether due to error or fraud;
- iv. Safeguarding the assets of the college;
- v. Selecting and applying appropriate Accounting Policies; and
- vi. Making accounting estimates that are responsible in the circumstances.

The Directors accepts responsibility of Financial Statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimate, in conformity with International Public Sector Accounting Standards (IPSAS), and in manner required by PFM Act and State Corporations Act. The Directors confirm the completeness of accounting records maintained for the College; which have been relied upon in the preparation of the Colleges financial statements as well as the

*Quality training of health professionals towards realization of Vision 2030*

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

The Directors are of the opinion that the College's financial statements give a true and fair view of its transactions during the financial year ended June 30, 2018.

The colleges Financial Statements were approved by the Board and signed on behalf by:



PROF. MICHAEL KIPTOO  
CHIEF EXECUTIVE OFFICER

DATE.....10<sup>th</sup> April, 2019.....

PROF. PHILIP KALOKI, MBS  
CHAIRMAN

DATE.....10<sup>th</sup> April, 2019.....

# REPUBLIC OF KENYA

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P.O. Box 30084-00100  
NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON KENYA MEDICAL TRAINING COLLEGE FOR THE YEAR ENDED 30 JUNE 2018

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#### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Kenya Medical Training College set out on pages 30 to 55, which comprise the statement of financial position as at 30 June 2018, and the statement of financial performance, statement of changes in equity, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kenya Medical Training College as at 30 June 2018, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with Kenya Medical Training College Act, Cap 261 of the Laws of Kenya.

#### Basis for Qualified Opinion

##### 1. Revenue from Exchange Transactions

Included in the statement of financial performance for the year ended 30 June 2018 is tuition, boarding and application fees of Kshs.3,432,127,210 which includes fraudulent receipts totalling Kshs.19,389,345 caused by falsification of deposit slips in the payment of fees. There was no evidence that the same had been recovered by the time of audit in February, 2019.

Consequently, the accuracy of the tuition, boarding and application fees of Kshs.3,432,127,210 included in the statement of financial performance could not be confirmed for the year ended 30 June 2018.

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*Report of the Auditor-General on the Financial Statements of Kenya Medical Training College for the year ended 30 June 2018*

## **2.0 Cash and Cash Equivalents**

### **2.1 Cash at Hand**

As disclosed at note 14 to the financial statements, cash and cash equivalents balance of Kshs.1,623,526,964 as at 30 June 2018 include cash at hand balance of Kshs.1,591,694 out of which cash balances totalling to Kshs.50,024 made up of Tana River campus Kshs.44,360 and Chuka campus Kshs.5,664 were not supported by cash survey certificates.

### **2.2 Cash at Bank and Mpesa**

Note 14 to the financial statements reflects cash at bank balance of Kshs.1,621,655,576 as at 30 June 2018. However, a review of the reconciliation statements revealed the following anomalies;

#### **2.2.1 Bank and Mpesa Confirmation Certificates**

Confirmation certificates in respect to nine (9) bank accounts and one Mpesa account for the headquarter amounting to Kshs.18,661,278 were not availed for audit verification.

#### **2.2.2 Outstanding Reconciling Items**

A review of the various reconciliation statements revealed the following;

- (i) Un-presented cheques totalling to Kshs.101,186,927 in respect to five (5) bank accounts were outstanding as at 30 June 2018 and the clearance status had not been disclosed as at 29 March 2019.
- (ii) Receipts in bank not in cashbook totalling to Kshs.2,150,200 in respect to four (4) bank accounts were also outstanding as at 30 June 2018 and the clearance status as at 29 March 2019 had not been disclosed.
- (iii) Payments in bank not in cashbook totalling to Kshs.527,574 in respect to eight (8) bank accounts were outstanding as at 30 June 2018 and the clearance status had not been disclosed as at 29 March 2019.
- (iv) Receipts in cashbook not in bank statements totalling to Kshs.92,500 in respect to six (6) bank accounts were also outstanding as at 30 June 2018 and the clearance status had been disclosed as at 29 March 2019.

Further, the bank reconciliation statement for Othaya and Tana River Accommodation accounts reflect balance as per bank statement of Kshs.650,985 and Kshs.26,879 respectively but the bank confirmation certificates reflect Kshs.654,985 for Othaya and Kshs.46,764 for Tana River resulting in unreconciled difference of Kshs.4,000 and Kshs.19,885 respectively.

Consequently, the validity and accuracy of cash and cash equivalent balance of Kshs.1,623,526,964 as at 30 June 2018 could not be confirmed.

## 2. Receivables from Exchange and Non-Exchange Transactions

As previously reported, receivables from exchange and non-exchange transactions balances totalling Kshs.448,002,159 reflected in the statement of financial position as at 30 June 2018 include brought forward balances of Kshs.19,812,181 and Kshs.21,831,155 due from the Ministry of Health and Kenyatta National Hospital respectively and which, although recommended for write-off by the Board in February 2007, the same were not expunged from the books of account because approval in this respect had not been obtained from the parent Ministry by 30 June 2018. Further, the total receivables balance of Kshs.448,002,159 includes an amount of Kshs.67,459,840 in respect of accumulated rent arrears due from the University of Nairobi for ninety-six (96) rooms occupied by the University's medical students. However, no lease agreement between the College and the University was presented for audit verification. It is not clear under what circumstances the arrears accumulated to Kshs.67,459,840 as at 30 June 2018.

Consequently, the validity, accuracy, and full recoverability of receivables balance of Kshs.448,002,159 as at 30 June 2018 could not be confirmed.

## 4.0 Property, Plant and Equipment

### 4.1 Lack of land Ownership Documents

As previously reported, property, plant and equipment balance of Kshs.6,393,208,699 reflected in the statement of financial position as at 30 June 2018 includes the following 22 parcels of land at the headquarters and constituent colleges with a total acreage of 277.587 acres valued at Kshs.502,485,000 in the June 2018 assets valuation report but whose title documents have not been availed for audit review:

No.	Location of Parcel of Land	Size (Acres)	Value as at 30 June 2018
1	Nairobi	5	88,750,000
2.	Nakuru	16.82	32,730,000
3.	Mombasa	4.42	19,800,000
4.	Kakamega	16.41	34,500,000
5.	Homabay	9.12	14,750,000
6.	Garissa	16.83	5,845,000
7.	Embu	8.471	13,600,000
8.	Meru	6.946	17,350,000
9.	Kisumu	21.5	41,450,000
10.	Murang'a	4	8,710,000
11.	Siaya	11.29	6,800,000
12.	Lodwar	40.11	11,500,000
13.	Loitokitok	3	2,550,000
14.	Kitui	20	20,000,000

No.	Location of Parcel of Land	Size (Acres)	Value as at 30 June 2018
15.	Port Reitz	7.5	28,500,000
16.	Kabarnet	9.25	5,600,000
17.	Kilifi	4.34	9,600,000
18.	Eldoret	21.32	43,250,000
19.	Msabweni	19.76	6,200,000
20.	Karuri	5	6,000,000
21.	Mathare	1.5	22,500,000
22.	Karen	25	62,500,000
	<b>Total</b>	<b>277.587</b>	<b>502,485,000</b>

Further, the lands occupied by the following thirty-two (32) campuses have not been valued nor brought into the books of account:

S/No	Campus	S/No	Campus	S/No	Campus
1	Chwele	12	Lamu	23	Nyamira
2	Gatundu	13	Lugari	24	Nyandarua
3	Isiolo	14	Makindu	25	Othaya
4	Iten	15	Makueni	26	Rera
5	Kapenguria	16	Manza	27	Thika
6	Kaptumo	17	Migori	28	Ugenya
7	Kitale	18	Molo	29	Vihiga
8	Kombewa	19	Mosoriot	30	Voi
9	Kuria	20	Mwingi	31	Wajir
10	Kwale	21	Nyahururu	32	Webuye
11	Lake Victoria	22	Nyamache		

Consequently, it has not been possible to confirm ownership of the twenty two (22) parcels of land valued at Kshs.502,485,000 and that the property, plant and equipment balance of Kshs.6,393,208,699 in these financial statements as at 30 June 2018 is fairly stated.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Kenya Medical Training College in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### Key Audit Matters

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

## **Other Matter**

### **Budget and Budgetary Control**

During the year under review, the College's actual receipts amounted to Kshs.7,071,357,242 against budgeted receipts of Kshs.6,486,834,400 resulting in a revenue surplus of Kshs.584,522,842. This could be an indication of coming up with low budget targets. There is need therefore for the management to review its budget making mechanism with a view to coming up with more challenging targets to achieve even higher revenue growth. Further, the College's actual expenditure for the year amounted to Kshs.6,344,672,968 against budgeted expenditure of Kshs.6,988,495,054 resulting in an overall under absorption of Kshs.643,822,086. It is therefore clear that the College did not fully achieve its budget objectives which adversely affected delivery of the intended services to the public. Therefore, there is need for the College to review its budget implementation process with a view to coming up with a vibrant budget implementation follow up mechanism and feedback processes with a view to ensuring that all projects and activities are implemented as planned for the College to meet its mission and objectives for the benefit of Citizens of Kenya.

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Opening of New Constituent Colleges**

As reported in the previous year, the college opened twenty two (22) new constituent colleges during the years 2013/2014, 2014/2015, 2015/2016 and 2016/2017 contrary to Part 4.0 of Expansion and Policy Guidelines Section 1 and 3 which states that new infrastructure should only be developed after concept paper and proposal in compliant with the respective Kenya Medical Training College strategic plan are prepared and approved, and source of financing identified.

The new colleges are Makueni, Vihiga, Chwele, Kapenguria, Migori, Bomet, Kitale, Nyandarua, Kuria, Lake Victoria, Chuka, Gatundu, Iten, Kaptumo, Makindu, Molo, Mosoriot, Mwingi, Nyahururu, Rachuonyo, Rera and Othaya. These colleges were not budgeted for in the years when established and the total expenditure of Kshs.180,997,555 incurred on the same was not included in the annual estimates for the respective year. This is contrary to Section 12 of the State Corporations Act, Cap 446 which states that no

corporation shall without the prior approval in writing of the Minister and the Treasury incur any expenditure for which provision has not been made in annual estimates. No reason has been provided for failure to comply with the expansion Policy and the State Corporations Act Cap 446.

### **3. Quality of Training**

As at 30 June 2018, the Kenya Medical Training College had 66 campuses spread across the county with a student population of 34,918 and total number of lectures including principals, dean of students and head of departments of 542. This translates to lecture student ratio of 1:65 which is below the International Standards on Quality Training of Health Workers which places the lecturer student ratio during classroom teaching at 1:10 resulting to a shortfall of 2,950 lecturers for the college to attain quality training level.

It is not clear the strategies being put in place by the management to bridge the gap between the current lecture students' ratio and the recommended optimum ratio.

### **4. Composition of the Board**

During the year under review, the KMTC Board of Directors comprised of thirteen (13) board members excluding the Chief Executive Officer and the Corporation Secretary. The composition of the board is guided by the KMTC Act Cap 261 Revised Edition 2012 (1990) which allows a board composition of eighteen (18) members. However, this is inconsistent with the Mwongozo Code of Governance for State Corporations 2015 that requires Boards to comprise of a minimum of seven (7) and a maximum of nine (9) members and the State Corporations Act Cap 446 Section 6(1) that recommends board composition of eleven (11) members.

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

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

## **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

### **Conclusion**

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

The audit was conducted in accordance with ISSAI 1315 and ISSAI 1330. The standards requires that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and 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 control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and governance.

In preparing the financial statements, management is responsible for assessing the College's ability to continue as a going concern / sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the management either intends to liquidate the College or to cease operations, or have no realistic alternative but to do so.

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, revenue 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 College's revenue reporting process, reviewing the effectiveness of how the entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

### **Auditor-General's Responsibilities for the Audit**

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could

reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

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

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

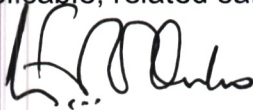
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the College's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify

my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the College's to cease to continue to sustain its services.

- Evaluate the overall presentation, structure and content of the revenue statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the College's to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



**FCPA Edward R. O. Ouko, CBS**  
**AUDITOR-GENERAL**

**Nairobi**

**18 April 2018**

**KENYA MEDICAL TRAINING COLLEGE  
STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE YEAR ENDED 30TH JUNE 2018**

	Notes	2017-2018	2016-2017
<b>Revenue from Non-Exchange Transactions</b>			
Grants and donations	3	3,582,904,400	2,901,981,667
		<b>3,582,904,400</b>	<b>2,901,981,667</b>
<b>Revenue From Exchange Transactions</b>			
Tuition, Boarding and application fees	4	3,432,127,210	2,962,923,630
Rental revenue from facilities and equipment	5	22,491,583	23,544,945
Other income	6	33,834,050	34,661,560
		<b>3,488,452,843</b>	<b>3,021,130,135</b>
<b>Total Revenue</b>		<b>7,071,357,243</b>	<b>5,923,111,802</b>
<b>Expenses</b>			
Employee costs	7	3,590,678,857	3,214,499,673
General expenses	8	1,748,981,591	1,376,466,821
Repairs and maintenance	9	265,185,604	266,266,643
Operational expenses	10	404,985,893	367,957,498
Depreciation and amortization expense	11	295,541,344	268,177,460
Expenses of the boards, committees & conferences	12	34,982,237	37,866,788
Finance costs	13	4,317,442	6,575,437
<b>Total Expenses</b>		<b>6,344,672,968</b>	<b>5,537,810,320</b>
<b>Surplus for the Period</b>		<b>726,684,275</b>	<b>385,301,482</b>

The notes set out on pages 35 to 52 form an integral part of the Financial Statements

KENYA MEDICAL TRAINING COLLEGE

STATEMENT OF FINANCIAL POSITION  
AS AT 30TH JUNE 2018

	Note	2017-2018	2016-2017
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	14	1,623,526,964	603,200,080
Receivables from exchange transactions	15	428,189,979	432,299,868
Receivables from non-exchange transactions	16	19,812,180	24,878,847
Inventories	18	21,394,795	18,058,635
<b>Total Current Assets</b>		<b>2,092,923,918</b>	<b>1,078,437,430</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	17	6,393,208,699	5,840,132,791
<b>Total Assets</b>		<b>8,486,132,617</b>	<b>6,918,570,221</b>
<b>Current Liabilities</b>			
Trade and other payables from exchange transactions	19	1,251,803,653	410,764,444
Bank overdraft	20	-	161,088
<b>Total Liabilities</b>		<b>1,251,803,653</b>	<b>410,925,532</b>
<b>Net assets</b>		<b>7,234,328,964</b>	<b>6,507,644,689</b>
<b>Equity</b>			
Capital fund	21	4,727,538,005	4,727,538,005
Accumulated fund	22	2,506,790,959	1,780,106,684
<b>Total Equity</b>		<b>7,234,328,964</b>	<b>6,507,644,689</b>

The Financial Statements set out on pages 29 to 54 were signed on behalf of the Board of Directors by:



Prof. Michael Kiptoo  
CHIEF EXECUTIVE OFFICER

DATE 10<sup>th</sup> April 2019



Prof. Philip Kaloki, Mbs  
CHAIRMAN

DATE 10<sup>th</sup> April 2019

KENYA MEDICAL TRAINING COLLEGE

STATEMENT OF CASHFLOWS  
FOR THE YEAR ENDED 30TH JUNE 2018

CASH FLOWS FROM OPERATING ACTIVITES	Note	2017-2018	2016-2017
		Kshs	Kshs
Cash generated from operations	23	1,869,105,223	652,456,164
<b>Net cash flow from operating activities</b>		<b>1,869,105,223</b>	<b>652,456,164</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant, equipment and intangible assets	17	-848,617,251	-477,186,215
<b>Net cash flows used in investing activities</b>		<b>-848,617,251</b>	<b>-477,186,215</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase /(decrease) Bank overdraft	20	-161,088	-56,546
<b>Net cash flows used in financing activities</b>		<b>-161,088</b>	<b>-56,546</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>1,020,326,884</b>	<b>175,213,403</b>
Cash and cash equivalents at 1 JULY 2016		603,200,080	427,986,677
<b>Cash and cash equivalents at 30 JUNE 2017</b>		<b>1,623,526,964</b>	<b>603,200,080</b>

**KENYA MEDICAL TRAINING COLLEGE**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30TH JUNE 2018**

	Capital Fund	Accumulated Funds	Total
		Kshs.	
	Kshs.		Kshs.
Balance as at 01.07.2016	4,727,538,005	1,394,805,202	6,122,343,207
Surplus for the year	0	385,301,482	385,301,483
<b>Balance as at 30.06.2017</b>	<b>4,727,538,005</b>	<b>1,780,106,684</b>	<b>6,507,644,690</b>
Balance as at 01.07.2017	4,727,538,005	1,780,106,684	6,507,644,689
Surplus for the year	0	726,684,275	726,684,275
<b>Balance as at 30.06.2018</b>	<b>4,727,538,005</b>	<b>2,506,790,959</b>	<b>7,234,328,964</b>

**KENYA MEDICAL TRAINING COLLEGE  
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS  
FOR THE YEAR ENDED 30TH JUNE 2018**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	%	Remarks
	2017-2018	2017-2018	2017-2018	2017-2018	2017-2018		
	Kshs	Kshs	Kshs	Kshs	Kshs		
<b>Revenue from Non-Exchange Transactions</b>							
Grants and donations	9,278,280,000	5,695,375,600	3,582,904,400	3,582,904,400	0		
	<u>9,278,280,000</u>	<u>5,695,375,600</u>	<u>3,582,904,400</u>	<u>3,582,904,400</u>	<u>0</u>		
<b>Revenue from Exchange Transactions</b>			0		0		
Tuition, Boarding and application fees	2,845,750,000		2,845,750,000	3,432,127,210	586,377,210	19	Postive variance due to additional WB sponsored classes for ECN.
Rental revenue from facilities and equipment	35,090,000		35,090,000	22,491,583	-12,598,417	39	Negative variance due to conversion of staff houses to student hostels
Other income	<u>23,090,000</u>		23,090,000	33,834,050	10,744,050	45	Postive variance due to additional income from higher number of students graduating.
<b>Sub Total</b>	<u>2,903,930,000</u>	-	<u>2,903,930,000</u>	<u>3,488,452,842</u>			
<b>Total Revenue</b>	<u>12,240,390,000</u>		<u>6,486,834,400</u>	<u>7,071,357,242</u>			
<b>Expenses</b>							
Employee costs	9,278,280,000	5,684,312,583	3,593,967,417	3,593,967,417	0		Payment of health workers allowances
General expenses	1,619,612,000	149,503,637	1,769,115,637	1,748,981,591	20,134,046		
Repairs and maintenance	227,400,000	50,000,000	277,400,000	265,185,604.30	12,214,396		
Operational expenses	385,024,000	95,823,000	480,847,000	404,985,893	75,861,107		
Depreciation and amortization expense	816,876,000		816,876,000	295,541,344	521,334,656		Anticipated capital expenditure not being undertaken due to resource constraints
Expenses of the boards, committee & conferences	50,000,000	10,000,000	40,000,000	31,693,676	8,306,324		
Finance costs	<u>10,289,000</u>		10,289,000	4,317,442	5,971,558		
<b>Total Expenses</b>	<u>12,387,481,000</u>	<u>5,989,639,220</u>	<u>6,988,495,054</u>	<u>6,344,672,968</u>			

**KENYA MEDICAL TRAINING COLLEGE**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH JUNE 2018**

**Statement of Compliance and Basis of Preparation**

The college's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the college and all values are rounded to the nearest shillings. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

**Summary of Significant Accounting Policies**

**1) Revenue Recognition**

**i) Revenue from Non – Exchange Transactions – IPSAS 23**

**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 college and can be measured reliably.

**ii) Revenue from Exchange Transactions – IPSAS 9**

***Rendering of Services***

The college 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 labor hours incurred to date as a percentage of total estimated labor hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

**KENYA MEDICAL TRAINING COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30TH JUNE 2018**

***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 college.

***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.

***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.

**2) Budget Information – IPSAS 24**

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the college. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or college differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

**3) Property, Plant and Equipment – IPSAS 17**

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

KENYA MEDICAL TRAINING COLLEGE

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH JUNE 2018

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.

- (ii) Basis of Depreciation: Non-current assets are fully depreciated in the year of acquisition and no depreciation is provided for in the year of disposal using the straight line basis at annual rates estimated to write off the asset over useful lives. The following annual depreciation rates in use are:-

	<u>Percentage (%)</u>
1. Land	Nil
2. Buildings	2.5
3. Work in Progress	Nil
4. Motor Vehicles	25
5. Plant, Office and Other Equipment	12.5
6. Furniture and Fittings	12.5
7. Computers and Accessories	30

**5) Intangible Assets–IPSAS 31**

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.

**6) Financial Instruments – IPSAS 29**

***Financial Assets***

***Initial Recognition and Measurement***

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

**KENYA MEDICAL TRAINING COLLEGE**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH JUNE 2018**

***Loans and Receivables***

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

***Impairment of Financial Assets***

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

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

**7) Financial Liabilities**

***Initial Recognition and Measurement***

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

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

**KENYA MEDICAL TRAINING COLLEGE**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH JUNE 2018**

***Loans and Borrowing***

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

IPSAS 29.65

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

**8) Inventories – IPSAS 12**

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

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

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the College.

**9) Nature and Purpose of Reserves**

The College creates and maintains reserves in terms of specific requirements. College to state the reserves maintained and appropriate policies adopted.

**KENYA MEDICAL TRAINING COLLEGE**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH JUNE 2018**

**10) Changes in Accounting Policies and Estimates – IPSAS 3**

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

**11) Employee Benefits – IPSAS 25**

**Retirement Benefit Plans**

The College provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which an college pays fixed contributions into a separate college (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

**12) Related Parties – IPSAS 20**

The College 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 College, or vice versa. Kenya Medical Training College is related to The National government, The Ministry of Health, Key management personnel and the Board of management. The board of management consists of 18 members who are responsible for strategic direction and operational management of KMTC and is entrusted with significant authority to execute KMTC's mandate.

<b>Related party transactions</b>	<b>2018</b>	<b>2017</b>
Ministry of health		
Transfers from Ministry of Health	3,577,950,000	2,893,066,667
Transfers to Ministry of Health	Nil	Nil

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30TH JUNE 2018**

Compensation to key Management	2018	2017
Directors Emoluments	14,128,004	14,259,900
Key management staff	37,128,004	42,807,540
<b>Due from related parties</b>		
Due from Ministry of Health	19,812,180	19,812,180

### 13) Cash and Cash Equivalents

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

### 14) Comparative Figures

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

### 15) Significant Judgments and Sources of Estimation Uncertainty – IPSAS 1

The preparation of the College'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.

### 16) 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 College based its assumptions and estimates on parameters

**KENYA MEDICAL TRAINING COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30TH JUNE 2018**

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 College. Such changes are reflected in the assumptions when they occur IPSAS 1.140

***Useful Lives and Residual Values***

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

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

**17) Subsequent Events – IPSAS 14**

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, 2018

**18) Taxation**

The statement of financial performance for the year ended June 30, 2018 does not include a taxation charge since the institution is exempted from corporation tax.

**19) Financial Risk Management**

The College's activities expose it to a variety of financial risks including credit and liquidity risks. The College does not deal with foreign currency and thus has no effects of changes in foreign currency. The college's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The company does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

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

**KENYA MEDICAL TRAINING COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30TH JUNE 2018**

(i) **Credit risk**

The college 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 trade and other receivables.

Management controls credit risk through a strict fee collection policy that endeavours to ensure revenue is collected in full. Management assesses the credit quality of each customer, mostly sponsors, 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 board of directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the college's management based on prior experience and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impair ed Kshs
<b>At 30TH JUNE 2018</b>				
Receivables from exchange transactions	428,189,979	428,189,979	Nil	Nil
Receivables from non-exchange transactions	19,812,180	0	19,812,180	Nil
<b>Total</b>	<b>448,002,159</b>	<b>428,189,979</b>	<b>19,812,180</b>	
<b>At 30 June 2017</b>				
Receivables from exchange transactions	432,299,867	432,299,867	Nil	Nil
Receivables from non-exchange transactions	24,878,180	5,066,667	19,812,180	Nil
<b>Total</b>	<b>457,178,714</b>	<b>437,366,534</b>	<b>19,812,180</b>	

**KENYA MEDICAL TRAINING COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**Credit risk (Continued)**

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The entity has significant concentration of credit risk on amounts due from outstanding tuition fees.

The board of directors sets the college's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

**(ii) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the college's board of directors, who have built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

**20) Contingent Liabilities**

The college 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. The following are considered as contingent liabilities.

<b>Wathanagu Holdings Ltd -Vs- The Hon.Attorney General &amp; 4 Others</b>	Plaintiff states that the defendants have been interfering with its rights of ownership and occupation of its property LR No. 209/12109 and prays that the court makes a declaration that the defendants are jointly and severally liable to compensate them by way of damages for the loss of user and other infringement of its rights and privileges amounting to Kshs.1,652,087,004 and the costs of the suit. Our legal team is pursuing the matter towards speedy conclusion.
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**KENYA MEDICAL TRAINING COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30TH JUNE 2018**

**21) Project Accounts**

As at close of the financial year 2017/2018 the college had two project accounts that did not form part of the assets of the college. This donor funded project accounts are:

- a) Kenya mental health project: 0100305856100: National Bank Hospital Branch: kshs.1,288,806.45
- b) VVOB SKILLS Lab project: 01020058377000: National Bank Hospital Branch: Kshs.4,005,611.40

**Note 3:**

**Revenue from Non Exchange Transactions**  
**Grants and Donations**

	2018		2017
	(Kshs.)		(Kshs.)
Government of Kenya grants	3,577,950,000		2,893,066,667
Funzo Kenya Project grant	-		475,000
UNICEF	4,954,400		3,080,000
ALDAI CDF	-		4,400,000
USAID AFYA JIJINI	-		960,000
<b>TOTAL</b>	<b>3,582,904,400</b>		<b>2,901,981,667</b>

**Note 4:**

**Revenue from Exchange transactions**

	2018		2017
	(Kshs.)		(Kshs.)
Tuition and Boarding fees	3,385,497,644		2,899,142,098
Application fees	46,629,566		63,781,532
<b>TOTAL</b>	<b>3,432,127,210</b>		<b>2,962,923,630</b>

**Note 5:**

**Rental Revenue from Facilities and Equipment**

	2018		2017
	(Kshs.)		(Kshs.)
i. Rental income	22,491,583		23,544,945
<b>TOTAL</b>	<b>22,491,583</b>		<b>23,544,945</b>

**KENYA MEDICAL TRAINING COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30TH JUNE 2018**

**Note 6:**  
**Other Income**

	2018		2017
	(Kshs.)		(Kshs.)
Sale of tender documents	27,000		34,650
Sale of Non-Capital goods	-		11,170
Miscellaneous income	33,807,050		34,615,740
<b>TOTAL</b>	<b>33,834,050</b>		<b>34,661,560</b>

**Note 7:**  
**Employee Costs**

	2018		2017
	(Kshs.)		(Kshs.)
Salaries and wages	1,610,971,192		1,529,506,283
Contributions to pensions	292,631,849		313,814,137
House allowances	393,489,531		484,044,593
Medical insurance	237,958,535		195,140,914
Commuter and other allowances	827,897,234		483,213,859
Health workers extraneous allowances	227,730,516		208,779,887
<b>TOTAL</b>	<b>3,590,678,857</b>		<b>3,214,499,673</b>

**Note 8:**  
**General Expenses:**

	2018		2017
	(Kshs.)		(Kshs.)
Travelling and accommodation – local	547,248,957		409,056,121
Travelling and accommodation – external	6,874,749		1,204,714
Purchase of uniforms and clothing	17,036,176		21,827,560
Fees and commission	240,740,522		195,408,203
Staff training expenses	13,979,164		9,813,391
Postal and telegrams	17,621,775		21,300,034
Telephone	28,355,648		24,537,038
Electricity	60,164,338		60,203,529

**KENYA MEDICAL TRAINING COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30TH JUNE 2018**

Water and conservancy	33,389,076	47,479,122
Stationery	89,015,047	81,784,755
Rent and rates	25,492,398	1,562,621
Contracted professional services	348,431,340	202,646,051
Insurance of property	172,873,067	144,580,837
Internet Expenses	21,816,614	22,068,605
Advertising, printing and publicity	71,248,226	71,462,011
Official entertainment	25,937,970	26,842,883
Computer expenses	27,664,920	29,500,701
Audit Fee	1,160,000	1,160,000
Increase/Decrease in provision for bad debts	-68,396	4,028,644
<b>TOTAL</b>	<b>1,748,981,591</b>	<b>1,376,466,821</b>

**Note 9:**  
**Repairs and Maintenance**

	2018	2017
	(Kshs.)	(Kshs.)
Maintenance of plant and machinery	49,948,704	73,461,972
Maintenance of buildings and stations	215,236,901	192,804,672
<b>TOTAL</b>	<b>265,185,604</b>	<b>266,266,643</b>

**Note 10:**  
**Operational Expenses:-**

	2018	2017
	(Kshs.)	(Kshs.)
Transport operating	63,776,136	54,948,478
Food and rations	22,062,605	24,275,651
Library expenses	39,692,644	33,868,063
Cleansing materials	9,949,609	11,732,916
Teaching materials	73,614,951	110,144,912
Students activity and sports	80,624,200	74,335,044
Student Allowance	87,342,619	37,509,135
Fuel, gas and firewood	1,160,072	2,542,882
Insecticides and pesticides	6,366,376	3,851,504
Drugs and dressings	20,396,680	14,748,914
<b>TOTAL</b>	<b>404,985,893</b>	<b>367,957,498</b>

**KENYA MEDICAL TRAINING COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30TH JUNE 2018**

**Note 11:**

Depreciation and Amortization Expense	2018	2017
	(Kshs.)	(Kshs.)
Depreciation expenses	295,541,344	268,177,460
<b>TOTAL</b>	<b>295,541,344</b>	<b>268,177,460</b>

**Note 12:**

**Expenses of Boards, Committees and Conferences:**

	2018	2017
	(Kshs.)	(Kshs.)
Sitting allowances	10,889,000	12,560,000
Honoraria (Chairman's)	124,934	843,900
Lunch allowances	810,000	856,000
Mileage	2,135,458	3,045,412
Travelling and accommodation (local)	17,187,990	17,404,812
Medical insurance	546,294	-
CEOs Emoluments	3,288,561	3,156,664
<b>Total</b>	<b>34,982,237</b>	<b>37,866,788</b>

**Note 13:**

**Finance Costs**

	2018	2017
	(Kshs.)	(Kshs.)
Bank charges	4,317,442	6,575,437
Interest charges	-	-
<b>Total</b>	<b>4,317,442</b>	<b>6,575,437</b>

**Note 14:**

**Cash and Cash Equivalents**

	2018	2017
	(Kshs.)	(Kshs.)
Cash at Hand	1,591,694	260,518
Cash at Bank	1,621,655,576	601,907,461
Pay bill	279,694	1,032,102
<b>Total</b>	<b>1,623,526,964</b>	<b>603,200,080</b>

KENYA MEDICAL TRAINING COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH JUNE 2018

Note 15

Receivables from Exchange Transactions

	2018		2017
	(Kshs.)		(Kshs.)
Trade receivables (outstanding fee balances)	379,607,417		381,532,483
Rent receivable	68,920,775		67,679,670
Outstanding imprests	10,286,700		11,852,501
Salary advances	638,624		648,096
Prepayments	13,589,282		15,508,333
Provision for bad debts	-44,852,819		-44,921,215
<b>Total</b>	<b>428,189,979</b>		<b>432,299,868</b>

Note 16:

Receivables from Non-Exchange  
Transactions

	2018		2017
	(Kshs.)		(Kshs.)
Government of Kenya grant	-		5,066,667
Ministry of Health	19,812,180		19,812,180
<b>Total</b>	<b>19,812,180</b>		<b>24,878,847</b>

**KENYA MEDICAL TRAINING COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30TH JUNE 2018**

Note 17:								
PROPERTY, PLANT AND EQUIPMENT								
	Land	Buildings	Work in Progress	Motor Vehicles	Plant, Office and Other Equipment	Furniture and Fittings	Computers and Accessories	Totals
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
<b>COST</b>								
Balance b/f (01.07.2016)	1,165,920,000	3,267,527,074	507,971,318	293,189,945	2,041,937,025	334,558,338	376,326,680	7,987,430,380
Transfer TO/FROM		391,348,306	(391,348,306)					-
Additions during the year	-	-	144,518,087	4,400,000	177,139,992	86,224,254	64,903,883	477,186,216
<b>Balance as at 30.06.2017</b>	<b>1,165,920,000</b>	<b>3,658,875,380</b>	<b>261,141,099</b>	<b>297,589,945</b>	<b>2,219,077,017</b>	<b>420,782,592</b>	<b>441,230,563</b>	<b>8,464,616,596</b>
<b>DEPRECIATION:</b>								
Balance as at 01.07.2016	-	694,567,516	-	225,339,866	1,057,639,772	130,078,601	248,680,591	2,356,306,346
Charge for the year	-	64,323,988	-	16,962,520	123,037,156	25,559,967	38,293,827	268,177,458
<b>As at 30.06.2017</b>	<b>-</b>	<b>758,891,504</b>	<b>-</b>	<b>242,302,386</b>	<b>1,180,676,928</b>	<b>155,638,568</b>	<b>286,974,418</b>	<b>2,624,483,804</b>
<b>Net Book Value (as at 30.06.2017)</b>	<b>1,165,920,000</b>	<b>2,899,983,876</b>	<b>261,141,099</b>	<b>55,287,559</b>	<b>1,038,400,089</b>	<b>265,144,024</b>	<b>154,256,145</b>	<b>5,840,132,792</b>
<b>COST:</b>								
Balance b/f (01.07.2017)	1,165,920,000	3,658,875,380	261,141,099	297,589,945	2,219,077,017	420,782,592	441,230,563	8,464,616,596
Transfer TO/FROM	-	-	-	-	-	-	-	-
Additions during the year	-	-	294,231,490	68,631,000	289,980,681	63,679,736	132,094,343	848,617,251
<b>Balance as at 30.06.2018</b>	<b>1,165,920,000</b>	<b>3,658,875,380</b>	<b>555,372,589</b>	<b>366,220,945</b>	<b>2,509,057,698</b>	<b>484,462,328</b>	<b>573,324,906</b>	<b>9,313,233,847</b>
<b>DEPRECIATION:</b>								
Balance as at 01.07.2017	-	758,891,504	-	242,302,386	1,180,676,928	155,638,568	286,974,418	2,624,483,804
Charge for the year	-	72,499,597	-	13,821,890	129,800,011	33,143,003	46,276,844	295,541,344
<b>As at 30.06.2018</b>	<b>-</b>	<b>831,391,101</b>	<b>-</b>	<b>256,124,276</b>	<b>1,310,476,939</b>	<b>188,781,571</b>	<b>333,251,262</b>	<b>2,920,025,148</b>
<b>Net Book Value (as at 30.06.2018)</b>	<b>1,165,920,000</b>	<b>2,827,484,279</b>	<b>555,372,589</b>	<b>110,096,669</b>	<b>1,198,580,759</b>	<b>295,680,757</b>	<b>240,073,645</b>	<b>6,393,208,699</b>

**KENYA MEDICAL TRAINING COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30TH JUNE 2018**

<b>Note 18:</b>		
<b>Inventory</b>		
	<b>2018</b>	<b>2017</b>
	<b>(Kshs.)</b>	<b>(Kshs.)</b>
Food and rations	517,859	789,361
Stationery and related items	17,887,003	13,922,144
Other consumables	2,989,934	3,347,130
<b>Total</b>	<b>21,394,795</b>	<b>18,058,635</b>
<b>Note 19:</b>	-	-
	<b>2018</b>	<b>2017</b>
	<b>(Kshs.)</b>	<b>(Kshs.)</b>
Trade and other Payables from Exchange Transactions	431,903,654	410,764,444
Health workers allowances & absorption	819,900,000	0
	<b>1,251,803,654</b>	<b>410,764,444</b>
<b>Note 20:</b>		
<b>Overdrawn Ac</b>		
	<b>2018</b>	<b>2017</b>
	<b>(Kshs.)</b>	<b>(Kshs.)</b>
Overdrawn Ac	-	161,088
<b>Note 21:</b>		
<b>Capital Fund</b>		
	<b>2018</b>	<b>2017</b>
	<b>(Kshs.)</b>	<b>(Kshs.)</b>
GOK capital investment	4,727,538,005	4,727,538,005
<b>Note 22:</b>	-	-
<b>Accumulated Fund</b>	-	-
	<b>2018</b>	<b>2017</b>
	<b>(Kshs.)</b>	<b>(Kshs.)</b>
Balance at start of the year	1,780,106,684	1,394,805,202
Surplus for the year	726,684,275	385,301,482
<b>Balance at end of year</b>	<b>2,506,790,959</b>	<b>1,780,106,684</b>

**KENYA MEDICAL TRAINING COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH JUNE 2018**

Note 23: Cash generated from operations		
	2018	2017
	(Kshs.)	(Kshs.)
Surplus for the year before tax	726,684,275	385,301,482
Adjusted for:		
Depreciation expense	295,541,344	268,177,460
<b>Working capital adjustments:</b>		
Decrease (Increase) in inventory	-3,336,160	22,953,654
Decrease(Increase)in receivables	9,176,554	385,714,702
Increase (Decrease)in payables	841,039,210	-409,691,134
<b>Net cash flows from operating activities</b>	<b>1,869,105,223</b>	<b>652,456,164</b>

### Appendix 1: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received	Nature: Recurrent/Development/Others	Total Amount – KES	Where Recorded/recognized					Total Transfers during the Year
	as per bank statement			Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
UNICEF	21.03.2018	Recurrent	4,954,400.00	Grants & donations	N/A	N/A	N/A	N/A	4,954,400.00
<b>Total</b>			4,954,400.00						4,954,400.00

**APPENDIX II: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status	Timeframe
1.1	Receivables from exchange and non-exchange transactions include brought forward amounts of Kshs.19,812,181 & 21,831,115 from Kenya National Hospital and Ministry of Health respectively and which although recommended for write off by the Board were not expunged from the books of account because approval had not been obtained from the parent ministry	The issue has been presented to the Public Investment Committee	Chief Executive Officer-KMTC	Not resolved	Ongoing
1.2	No lease agreement between Kenya Medical Training College & Nairobi University to enable verification of receivables amount of Kshs.61,853,440 from Nairobi University	The issue has been presented to the Public Investment Committee. The college has issued a vacation notice to the university	Chief Executive Officer-KMTC	Not resolved	Ongoing
2.	Title documents of 22 parcels of land which form part of the Property Plant and Equipment valued at Kshs.502,485,000 have not been availed for audit	The college has appointed regional surveyors to sort out the valuation and	Chief Executive Officer-KMTC	Not resolved	Ongoing

Quality training of health professionals towards realization of Vision 2030

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status	Timeframe
	review	title deed issue			
3.	The college opened new constituent campuses contrary to part 4.0 of expansion and policy guidelines section 1 and 3	The issue is being handled by the Board of Directors	Board of Directors- KMTC	Not resolved	Ongoing



Chief Executive Officer

Date...10<sup>th</sup> April, 2019.....



Chairman

Date...10<sup>th</sup> April 2019.....

