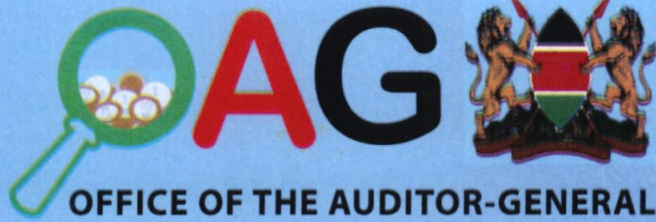
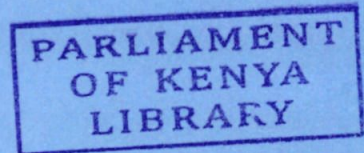


REPUBLIC OF KENYA



Enhancing Accountability

REPORT




OF

THE AUDITOR-GENERAL

ON

KENYATTA NATIONAL HOSPITAL

FOR THE YEAR ENDED
30 JUNE, 2024

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 29 APR 2025	DAY. Tuesday
TABLED BY:	Hon. Julius Melly, MP on behalf of LOM
CLERK-AT THE-TABLE:	Benson Inzofu



OFFICE OF THE AUDITOR GENERAL
P.O. Box 30084 - 00100, NAIROBI
REGISTRY

24 DEC 2024

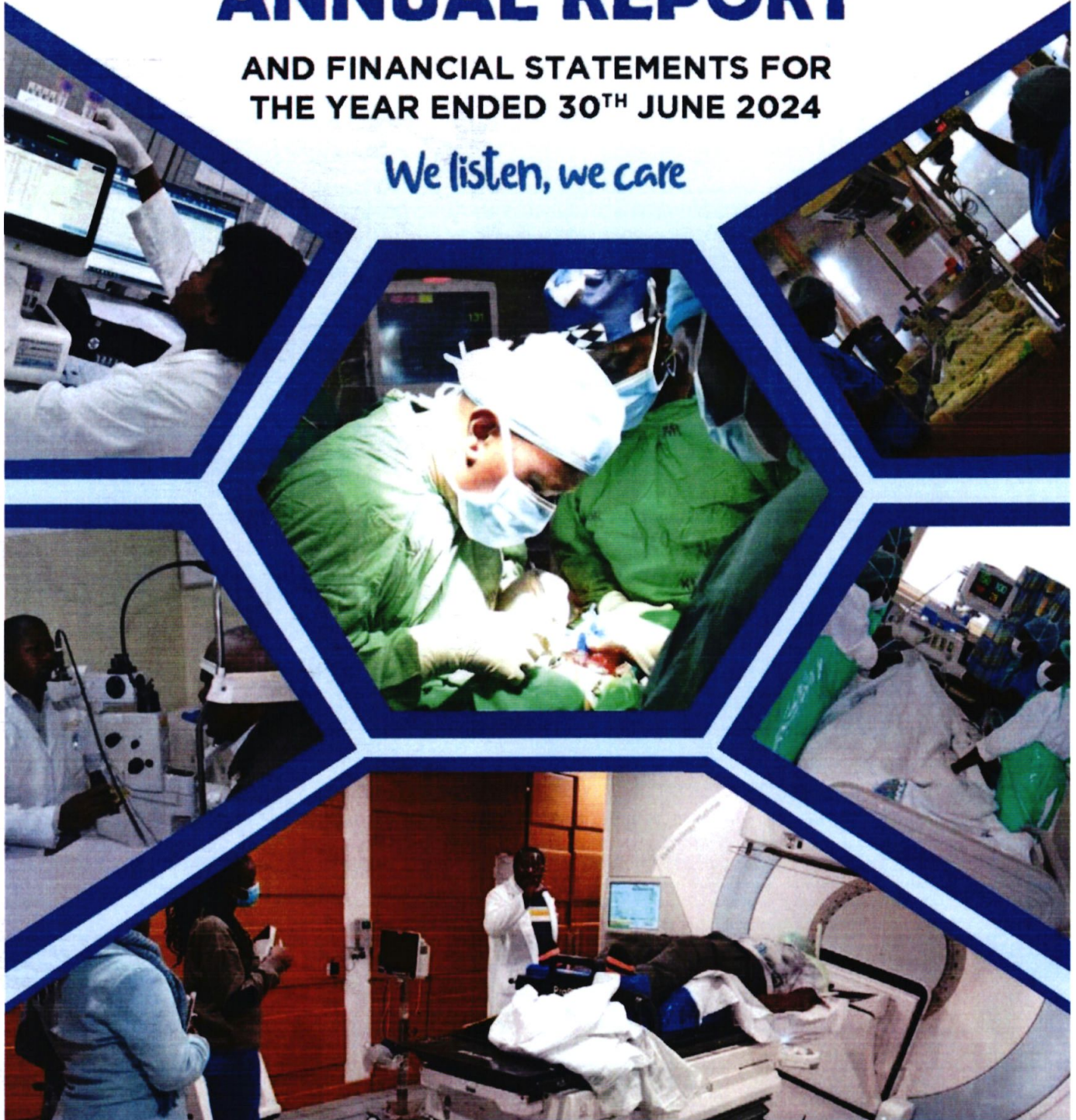
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Kenyatta National Hospital

ANNUAL REPORT

AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2024

We listen, we care



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

Kenyatta National Hospital
Annual Report and Financial Statements for the Year Ended June 30, 2024



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Abbreviations and Acronyms

A&E	Accident & Emergency
ABC Study	Air Pollutant Exposures and Brain Development in Children
ACS	American Cancer Society
ACTIV	A phase 3, multicentre, randomized, double-blind, 24-week study of the clinical and antiviral effect of S-217622 compared with placebo in non-hospitalized participants with COVID-19
AGYW Study	Adherence among Adolescent Girls and Young Women in Kenya
AIA	Appropriation in Aid
AID	Affiliation and Institutional Development
AI NEO Study	Leveraging interactive SMS messaging to monitor and support maternal health in Kenya
ALOS	Average Length of Stay
AMR	Colonization & Transmission Routes of Multi-Drug-Resistant Bacteria
AMREF	African Medical & Research Foundation
BADEA	Banque Arabe pour le Development Economies in Afrique
BoM	Board of Management
Bubble CPAP	Feasibility of implementing VAYU Bubble CPAP device for respiratory support among neonates
CAJ	Commission on Administrative Justice
CCU	Critical Care Unit
CEO	Chief Executive Officer
CFAR	University of Washington/Fred Hutch Center for AIDS Research
CHV-NEO Study	CHV-NEO: Community-based digital communication to Support neonatal health
CONNECT StudyCounty	Ownership and Networks to maintain Nairobi Epidemic Control
CPA	Certified Public Accountant
CTC	Cancer Treatment Centre
DC	Defined Contribution
DMU	Debt Management Unit
DRIP ASSIST	Evaluation of an Infusion Monitoring Device as a Cost-Effective Way to Increase Safe Access to Oxytocin and Magnesium Sulfate
ELEWA Study	Causes and risk factors for death in HIV-positive adolescents and youth in Kenya
EMC	Executive Management Committee
ENT	Ear, Nose, and Throat
ERP	Enterprise Resource Planning
Fertility Intentions	FP Measurement Improvement using a Digital Counselling Tool
FHH	Friends of Hope Hostel
FP Plus Study	Integrating PrEP delivery in family planning clinics in Kenya Study
FY	Financial Year
Genova RCT	Novation-1: A randomized, Double-Blind placebo-controlled, Phase III study to evaluate the safety and Efficacy of Aerosolized Nivaferon + SOC vs. Placebo + SOC in Hospitalized Adult Patients with moderate to severe COVID-19
GIRL Study	High-yield HIV testing facilitated linkage to care and prevention for female youth in Kenya
GoK	Government of Kenya
HAIs	Hospital Acquired Infections
HACCAP	Hazard Analysis & Critical Control Point
HDU	High Dependency Unit
HIV AECl study	Evaluation of HIV Testing and care in African Emergency Care for the injured Study
HIV Cascade Study	Improving the HIV Care Cascade in Kenya through implementation Science
HIV-TB EMORY Study	The role of antibodies in infants in TB prevention
HIV-TB Study	The effect of HIV exposure and infection on immunity to TB in children



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HCV-TX Study	Optimizing Hepatitis C Virus Treatment for Kenyan people who inject drugs to achieve micro-elimination
HMIS	Health Management Information System
HOPE-Kenya	HIV/cervical cancer control and Prevention clinical site in Kenya
IAD	Internal Audit Department
IAEA Study	The International Atomic Energy Agency Fellowship
ICPAK	Institute of Public Accountants of Kenya
ICPS	Institute of Certified Public Secretaries
ICS	Institute of Company Secretaries
ICT	Information Communication Technology
ICU	Intensive Care Unit
IHRM	Institute of Human Resource
INTEGRATE	Integrating prevention and treatment of non-communicable diseases and HIV care through research training in Kenya
IPPD	Integrated Payroll and Personnel Database
IPSAS	International Public Sector Accounting Standards
ISO	International Standards Organization
KCV HIV Study	Chronic Inflammation and Early Risk of Atherosclerosis among HIV infected Adults in Kenya
KEMRI	Kenya Medical Research Institute
KIM	Kenya Institute of Management
KMTC	Kenya Medical Training College
KNH	Kenyatta National Hospital
KNH HEU	Population Evaluation and Screening Strategies Hope Study
KHSPIV	KNH Strategic Plan Four
KPCC	KNH Prime Care Centre
KPI	Key Performance Indicators
KRA	Kenya Revenue Authority
KURA	Kenya Urban Roads Authority
LAI	Acceptability of Sustained-Release Antiretrovirals for Treatment in Kenya
MDR-TB Study	MultiDrug Resistant Tuberculosis
MIIA Study	Evaluating Peer-mediated assisted partner services among people who inject drugs in Kenya: Delivery cost and budget impact
MITIPS Study	Mycobacterium Tuberculosis Infections in HIV
MICROBIOTA Study	Impact of Periconceptual Vaginal Microbiota on Women's Risk of Preterm Birth
MKH	Mwai Kibaki Hospital
MMAF	Development of Global Good for Measurement and Programme Study
MMUH	Mama Margaret Uhuru Hospital
MoH	Ministry of Health
MOFC	Medical Out-patient Clinic
MOU	Memorandum of Understanding
Mpact	Health Strategies for the Paediatric to Adult HIV Transition
MTRH	Moi Training & Referral Hospital
MWACH Empower	Mobile solutions to empower reproductive life planning for women living with HIV Study
Mwach Neo Study	Mobile Watch Neo: Communication Empowering Mothers and New-borns
Mwach PrEP Study	An SMS-based support Intervention to enhance PrEP adherence during pregnancy and breastfeeding Study
NACC	National AIDS Control Council
NBK	National Bank of Kenya
NBTS	National Blood Transfusion Services
NCD's	Non-Communicable Diseases
NQCL	National Quality Control Laboratory



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NHIF	National Hospital Insurance Fund
NLC	National Land Commission
NPEP	Non-Invasive Pharmacokinetic Evaluation of PrEP Adherence among
NPHLS	National Public Health Laboratories Services
NSSF	National Social Security Fund
NT	National Treasury
OED	Operation Ear Drop
OPEC	Organization of Petroleum Exporting Countries
OPI	Operation Performance Index
OSHE	Occupational Safety & Health Act
PAS	Performance Appraisal System
PEU	Paediatric Emergency Unit
PFM	Public Finance Management
PIC	Public Investment Committee
PIMA Study	Understanding current Nairobi viral load monitoring systems, identifying and addressing potential gaps in implementation and establishing a city-county-level collaborative network to identify program-level indicators for viral load monitoring.
PPP	Public-Private Partnership
PRIMA DTG	Drug, microbiome, and immune determinants of birth and neurodevelopmental outcomes in children with exposure to HIV infection
SCAC	State Corporations Advisory Committee
SEKU	South Eastern Kenya University
SPU	Sterile Preparation Unit
SRC	Salaries Regulation Commission
STI's	Sexually Transmitted Infections
PRIMA Study	Pre-Exposure Prophylaxis Implementation for Mothers in Antenatal Care
PRIMA Ancillary	Biological mechanisms for altered neurodevelopment in infants exposed to antiretrovirals in utero and during breastfeeding
PRIMA X Study	Evaluating Infant PrEP Exposure during Pregnancy and Breastfeeding Study
SHARP Study	Integrating Assisted Partner Services & Phylogenetics for HIV and HCV Prevention
SUMMIT	Evaluation of an Infusion Monitoring Device as a Cost-Effective Way to Increase Safe Access to Oxytocin and Magnesium Sulfate
TES-NES EFFICACY	Clinical Evaluation of Nestorone Gel for Male Contraceptive
TIMIZA Study	Understudying the roles of schools in supporting HIV treatment outcomes among HIV-infected adolescents
UHC	Universal Health Care
UNITID	University of Nairobi Institute of Tropical & Infectious Diseases
UON	University of Nairobi
VAT	Value Added Tax
VCT	Voluntary Counselling & Testing
VVF	Vaginal-Vesical Fistula
WIBA	Work Injury Benefits Act
WARMA	Water Resources Authority
ZINGATIA	Optimizing HIV care for non-adherent adolescents enrolled in care



About Us

Key Hospital Information

Kenyatta National Hospital was established as a State Corporation in 1987 through Legal Notice No. 109 of 6th April 1987 as amended by the KNH Amendment Order of 2021 with the following mandate;

- i. To receive patients on referral from other hospitals or institutions within or outside Kenya for specialized health care.
- ii. To provide facilities for medical education for the University of Nairobi and research either directly or through other cooperating health institutions.
- iii. To provide facilities for education and training in nursing and other health and allied institutions.
- iv. To participate in national health planning as a nationally referred hospital.

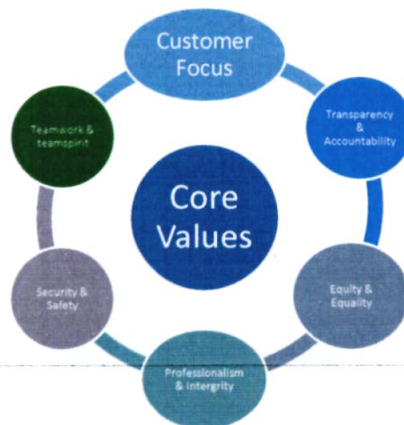
Vision: A world-class patient-centred specialized care Hospital

Strategic Destination: A multi-specialized centre of excellence offering services that meet international certification Standards

Mission: To optimize patient experience through innovative, evidence-based specialized healthcare; facilitate training and research; and participate in national health policy formulation

Motto: We Listen, We care

Core Values:



Our journey:

Kenyatta National Hospital is the oldest hospital in Kenya, established in 1901 with an initial bed capacity of 40 under the name Native Civil Hospital. In 1952, it was renamed King George VI Hospital, and following Kenya's independence, it was renamed Kenyatta National Hospital in honour of Jomo Kenyatta, the first President of the Republic of Kenya. KNH also manages an annex, the Mwai Kibaki Hospital in Othaya, Nyeri County. This annex was handed over to the KNH Board through a Presidential directive in September 2019 to be operationalized as a Level VI tier hospital.



Other Hospital Information

a) KNH Address

Kenyatta National Hospital
P. O. Box 20723 – 00202,
Hospital Road, off Ngong Road,
Nairobi, Kenya.

b) KNH Contacts

Tel: +254 20 2726300,
+254 20 2726550,
+2540730643000, +2540709854000,
Email: knhadmin@knh.or.ke,
Website: www.knh.or.ke

c) Independent Auditors

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

d) Principal Legal Adviser

The Attorney General,
State law office and Department of Justice
Harambee Avenue,
P. O. Box 40112 - 00200,
Nairobi, Kenya.

e) KNH Bankers

National Bank of Kenya Limited
Hospital Branch,
P. O. Box 30763 – 00100,
Nairobi, Kenya.

Kenya Commercial Bank Limited,
Moi Avenue Branch,
P. O. Box 30081 - 00100,
Nairobi, Kenya.

Equity Bank Limited,
Equity Centre Branch,
P.O. Box 75104–00200,
Nairobi, Kenya

Key Management



The Hospital's day-to-day management is under the following key organs:

i) Chief Executive Officer

The CEO takes overall responsibility for the day-to-day running of the Hospital on behalf of the Board of Management. The CEO is charged with the following key responsibilities;

- a) Ensure the Hospital mandate and policies are implemented fully and effectively in line with the strategic plan.
- b) Formulate strategies, business plans, and lead teams for high performance and innovation.
- c) Ensure prudent management of resources for the achievement of the Hospital's mandate and strategic objectives.
- d) Overseeing and directing the development and implementation of the Hospital's strategic initiatives and capacity building in line with the goals and aspirations of Kenya's Vision 2030 and the National Health Sector Strategic Plans and ensuring they are implemented on time.
- e) Initiate, establish, strengthen, and oversee inter-institutional collaborations and strategic partnerships for the realization of the Hospital's mandate and strategic objectives.
- f) Ensure the Hospital employees remain motivated to discharge their responsibilities effectively and efficiently and in compliance with human resource management policies and practices.
- g) Establish and sustain effective relationships with the Board of Management, the Government, the parent ministry, and other stakeholders.
- h) Promote a culture of compliance with regulations, statutory requirements, good corporate governance principles, and best practices in the Hospital.

ii) Executive Management Committee

The team consists of the CEO, Directors, and any other member as directed by the BoM or appointed by the CEO. EMC holds meetings weekly and is responsible for:

- a) Support to Board of Management for effective oversight.
- b) Evaluate the Hospital's long-term healthcare service effectiveness.
- c) Review and recommend appropriate actions for strategic operational plans and policies.
- d) Review performance improvement activities and patient safety efforts.
- e) Identify, evaluate and implement the scope of service, practice, and governance of the Hospital.
- f) Prudent management of resources.

iii) Public Finance Management Standing Committee

- a) The committee is chaired by the CEO and consists of Senior Directors, Director Finance who is the Secretary to the "Standing Committee", other Directors and HoDs dealing with finance management matters. The PFMS Committee is to provide strategic guidance to the hospital management on public finance management matters. The committee meets every quarter and has specific terms of reference which include;
- b) Ensuring prioritization of resources allocated by The National government for the smooth implementation of the mission Strategy, goals, risk policy plans and objectives.



- c) Regularly review and monitor budget implementation and advice on the hospital accounts, and capital expenditures and review performance and strategies on a quarterly basis.
- d) Identify risks and implement appropriate measures to manage such risks and anticipate changes that may impact the hospital's performance.
- e) Review regularly the adequacy and integrity of the hospital's internal control, acquisition and divestitures and management information systems including compliance with applicable laws, regulations, rules and guidelines,
- f) Establish and implement a system that provides necessary information to the stakeholders including stakeholder communication policy for the hospital in line with Article 35 of the Constitution;
- g) To monitor the effectiveness of the corporate governance practices under which the entity operates and propose revisions as may be required from time to time;
- h) To monitor the timely resolution of audit issues
- i) Any other matter referred to it from time to time by the responsible Cabinet Secretary or in the case of Parliament, Judiciary, Independent office and commissions and the CEO.

iv) Hospital Senior Management Committee

The committee is chaired by the Senior Director, Clinical Services. Members of this committee include Senior Directors, Directors, Heads of Departments and Heads of Units, and any other member as directed by the Committee. The committee's responsibilities include;

- a) To spearhead and provide leadership and guidance in service provision affecting health care delivery.
- b) To implement issues arising from the Executive Management Committee and provide feedback.
- c) Receive and act upon weekend coverage reports, OPI, ISO, and departmental performance for efficient service delivery.
- d) Initiate surveys and research to enhance and ascertain gaps in service delivery and take appropriate action.
- e) To receive reports on the implementation of the Hospital Budget and procurement plans (Quarterly).
- f) To discuss Human Resource staff welfare issues.
- g) To discuss Hospital strategic issues and progress of implementation of Board Performance.
- h) To receive and discuss Hospital briefs on Hospital upcoming activities from the Marketing & Communications department.

v) Budget Implementation Committee

The team is chaired by the Senior Director, Corporate Services, and consists of Senior Directors, Directors, and HoDs. The committee meets monthly and has specific terms of reference which include to:

- a) Review and consider cash flow plans for the Hospital and ensure that approval of any changes to the initial cash flow plan is communicated to the Ministry of Health.
- b) Review the utilization of cash limits and consider any changes as may be required.
- c) Review the utilization of donor funds allocated to KNH and recommend corrective action.
- d) Advise the Chief Executive Officer on any challenges related to the Budget implementation with recommendations on ways of mitigating the challenges.



- e) Review and recommend reallocation of expenditures.
 - f) Review and approve submission of expenditure returns, IPPD, pending bills, and A-I-A returns for KNH and recommend action to be taken.
 - g) Facilitate participation of KNH in the Health Sector Working Group.
 - h) Oversee preparation of the Hospital budget and ensure timely submission to The National Treasury.
 - i) Review periodic circulars from the Government about the Budget and ensure Hospital Compliance.
- vi) Performance Steering and Coordination Committee**

The team is chaired by the Senior Director, Corporate Services, and consists of Senior Directors, Directors, and HoDs. The Committee meets every quarter and has specific terms of reference which include:

- a) Coordinate the development of the annual Board Performance Contract;
- b) Coordinate the cascading of performance targets to divisional, departmental and individual staff levels;
- c) Prepare evidence in support of the annual Board performance contract for evaluation;
- d) Facilitate and coordinate the mid-year and end-year staff appraisal exercise;
- e) Identify staff performance gaps within the Hospital and come up with mitigating measures and recommendations;
- f) Recommend staff for rewards or sanctions or other interventions to the Chief Executive Officer.

vii) Human Resource Management Advisory Committee

The team is chaired by a Senior Director appointed by the CEO and consists of Senior Directors, Directors and HoDs. The Committee is comprised of not more than nine officers. The Committee meets every quarter and has specific terms of reference, which include:

- a) To oversee the recruitment process.
- b) To constitute interview panels.
- c) To oversee induction and confirmation of new employees.
- d) Oversee the promotion of employees.
- e) Recommend secondments and unpaid leave days.
- f) To oversee the Performance Management Process.
- g) Approve training programmes.
- h) To determine staff disciplinary matters for employees in Grade KNH 4 and below; and
- i) To compile reports in accordance with statutory requirements.

Fiduciary Management

The key management personnel who held office during the period ending June 30, 2024, and had direct fiduciary responsibility were:



Table 1: Key Management

No.	Name	Position Held
1.	Dr. Evanson N. Kamuri, CBS, EBS	Chief Executive Officer
2.	Dr. Irene Inwani, OGW	Senior Director, Clinical Services
3.	Mr. Job Makanga, OGW	Senior Director, Corporate Services
4.	Dr. John Ngigi, OGW	Senior Director, KNH Prime Care Centre
5.	Dr. Peter Muiruri	Ag. Senior Director, Mwai Kibaki Hospital
6.	CS Calvin Nyachoti	Corporation Secretary & Director Legal Services
7.	Mrs. Rose Njoroge, OGW	Director, Supply Chain Management
8.	Dr. Caroline Robai	Director, Clinical and Nursing Services – Mama Margaret Uhuru Hospital
9.	Ms. Raheli Mukhwana	Ag. Director, Nursing Services
10.	Dr. Kennedy Ondede, OGW	Director, Surgical Services
11.	Dr. Rose Nyabanda	Director, Diagnostics Services & Health Information
12.	Dr. Alfred Birichi	Director, Pharmaceutical Services
13.	Mr. Kennedy Mbogo	Ag. Director, Affiliation, and Institutional Development
14.	Dr. William Sigilai, OGW	Director, Medical Services
15.	Eng. Richard Binga	Director, Facilities, and Services
16.	CHRP Winnie Mwangi, OGW	Director, Human Resource Management
17.	CPA Michael Kihuga	Director, Finance
18.	Dr. Lydia Okutoyi, OGW	Director, Health Care Quality
19.	CPA Erick Otieno Omondi	Director, Internal Audit
20.	Mr. Dave Opiyo	Chief Manager, Marketing and Communication
21.	Mr. Vincent Chagara	Director, Planning & Strategy
22.	Dr. John Kinuthia	Director, Training, Research and Innovation



Fiduciary Oversight Arrangements

The overall oversight responsibility of the Hospital rests with the Board of Management, which has four standing committees as below:

- a) Clinical Research and Standards Committee
- b) Human Capital, Finance and Administration Committee
- c) Corporate Strategy and Enterprise committee
- d) Risk and Audit Committee



Board of Management



Dr. Samier Muravvej
Chairman of the Board

Dr. Samier Muravvej is the Chairman of the KNH Board of Management appointed on February 6, 2023. With over 20 years of experience gained from working at the Coast General Provisional Hospital, he is well-versed in the clinical field.

He is the Founder and CEO of North Coast Healthcare Solutions Ltd; Founder and Chairman of Pharmaken Ltd; Chairman and CEO of Neotech Kenya Ltd; and Chairman and CEO of Muravvej Holdings Ltd. He has a wealth of experience in leadership; project conceptualization and implementation; strategic direction; and resource mobilization for project development.

He holds a Master in Implant Prosthetics, Bachelor of Dental Surgery and is a Fellow in Dental Surgery.



Dr. Evanson N. Kamuri,
CBS, EBS

Chief Executive Officer

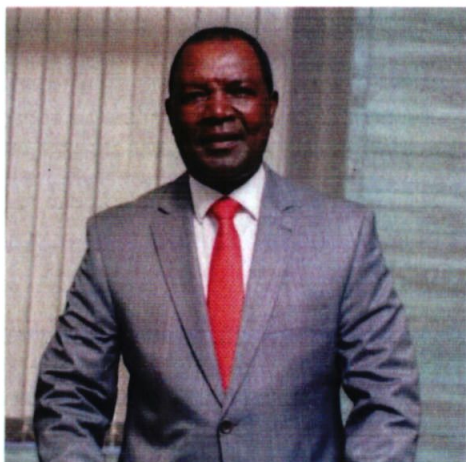
Dr. Evanson Kamuri, is the Chief Executive Officer of Kenyatta National Hospital, a position he has held since 15th October 2019.

Dr. Kamuri has served in the Hospital for more than 20 years having joined in 1998. Prior to his appointment, he was the Director in charge of the KNH Prime Care Centre. He also has served as the Director in charge of Affiliation and Institutional Development. Professionally, Dr. Kamuri is a Chief Medical Specialist in the field of Dermatology and Venereology. He is also the President of the African Society of Dermatology and Venereology and the Chairman of the Kenya Association of Dermatologists.

He holds a Master of Science in Clinical Dermatology, a Masters in Business Administration (Strategic Management), and a Bachelor of Medicine and Surgery.

Dr. Kamuri was honoured by H.E. the President of the Republic of Kenya with the Presidential Order of Service Award, and Uzalendo Award, for his contribution to efforts to contain the spread of coronavirus in the country.





Prof. Njuguna Ndung'u, CBS

Cabinet Secretary, The National Treasury

Prof. Njuguna Ndung'u, CBS, is the Cabinet Secretary of the National Treasury since 27th September 2022. Prior to the current appointment, Prof. Ndung'u was serving as the Executive Director of the African Economic Research Consortium (AERC), a Pan-African premier capacity-building network of researchers, trainers, students, universities, policymakers and international resource persons. He is an associate professor of economics at the University of Nairobi, Kenya and the immediate former Governor of the Central Bank of Kenya.

Prof. Ndung'u has been a member of the Global Advisory Council of the World Economic Forum, Visiting Fellow of Practice at Blavatnik School of Government, Oxford University, Director of Training at AERC, Program Specialist at IDRC and Team Leader in Macro-modelling at the Kenya Institute for Public Policy Research and Analysis.

He holds a PhD in economics from the University of Gothenburg, Sweden. He is a Member of the Brookings Africa Growth Initiative, a Member of the Advisory Committee of the Alliance for Financial Inclusion that coordinates financial inclusion policies in Africa, Asia and Latin America and a Senior Advisor for the UNCDF-based Better Than Cash Alliance.



Mr. Harry K. Kimutai

Principal Secretary, State Department for Medical Services, Ministry of Health

Mr. Harry Kimtai is the current Principal Secretary of the State Department for Medical Services at the Ministry of Health. He previously served as Principal Secretary of State Department for Livestock from 2018 to 2023. Other positions held include Director at the Capital Markets Authority from 2016 to 2017.

Between 2008 and 2014, he was a General Manager at Branded Fine Foods Ltd, a leading private industry player. Prior to joining Branded Fine Foods Ltd., he had started his career at Kenya Revenue Authority as a management trainee in 1996 and rose through the ranks to the position of Principal Revenue Officer in the period 2003 – 2006.

He holds a Bachelor of Arts degree in Economics, a Master of Arts in Economics and a Master of Philosophy Economics, specialised in Regional Planning and Economic Development from Bhopal University, India (1989 – 1995)





Mr. Michael A. Kagika, EBS

Alternate Director to the Cabinet Secretary, The National Treasury

Mr. Alfred Kagika is the Alternate Director to the Cabinet Secretary of the National Treasury. He is also the Pensions Secretary & Director of Pension at The National Treasury.

Mr. Kagika has more than 28 years of experience in the Public Sector and has previously served as CEO/Secretary of the Power of Mercy Advisory Committee, Social Administrator at both State House and the Cabinet Office. Other positions held include District Commissioner, Provincial Administration & Internal Security; Assistant Secretary, State House; Assistant Secretary, Ministry of Roads & Public Works; and Chief Executive Officer of the Rent Tribunal and District Commissioner

He holds both a Master's and Bachelor's degree in Public Health Administration and is a Certified Public Accountant.



Mr. Mark Gakuru, HSC

Alternate Director to the Hon. Attorney General

Mr. Mark Gakuru, HSC is the Alternate Director to the Hon. Attorney General since August 2023. He currently heads the Insolvency Division of Government and is charged with advising Government Ministries, Departments and State Corporations on matters relating to administrations, restructuring, liquidations and/or bankruptcies, and licensing all insolvency practitioners in Kenya.

Mr. Gakuru has more than 19 years of rigorous professional legal and administrative experience which spans both Private & Public Sectors, with majority of this experience being at the engaging State Law Office.

He has served as a Deputy Chief State Counsel in the Office of the Attorney-General, a Refugee-Consultant at the United Nations High Commissioner for Refugees (UNHCR), and practised both as an entry-level Legal Assistant and practising Advocate of the High Court at Gichachi & Co. Advocates and R.K. Muthiga Advocates.

Mr. Gakuru holds a Master of Laws and Bachelor of Laws degrees from the University of Nairobi.





Dr. Elizabeth Wangia

**Alternate Director to the Principal
Secretary, State Department of
Medical Services**

Dr. Elizabeth Naukusi Wangia is the Alternate Director to the office of the Principal Secretary, State Department for Medical Services, Ministry of Health. She is also the Director, Health Financing, Projects and Infrastructure.

Dr. Wangia has seventeen years experience of in practice as both a clinician and public health specialist. She has close to 10 years of experience in Monitoring and Evaluation, Health Policy, Planning, Budgeting and Financing.

She holds both a Master of Science in Medical Statistics and Bachelor of Medicine, Bachelor of Surgery; and is a member of the Scientific Council of the Global Burden of Disease.



Ms. Catherine Kathure

Independent Director

Ms Catherine Kathure is an independent Board Member appointed on 6th March 2023. She currently holds the position of Managing Director at Homelink Mabati Factory, since 2018. In addition, Ms. Kathure has also worked as an Associate Project leader for Africa Turn Around Ltd Practical Action; Project Leader for Netherlands Development Organization Renewal Energy; and Associate Consultant with Smart Edge Solutions, Upper Tana Natural Resources Management Project. She has extensive experience in project management, monitoring and evaluation, as well as training and capacity development.

Ms. Kathure holds a Master in Development Studies (Community Development) and a Bachelor of Education (Mathematics and Chemistry).



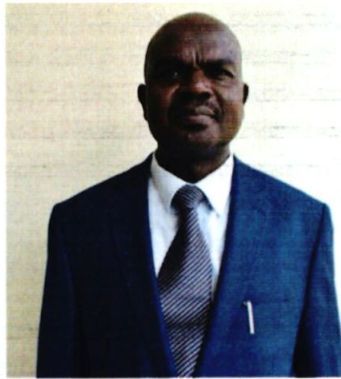


Mr. Thomas Kipkoskei Cheruiyot

Independent Director

Mr Thomas Cheruiyot (59 years) is an independent Board Member appointed on 6th March 2023. He has been the Managing Director at Waiyat Logistics Kenya Ltd since 2008, and he previously worked for 17 years at Kenya Power and Lighting Company.

Mr. Cheruiyot holds a Bachelor of Business Management with a specialization in Marketing and a Diploma in Electrical Engineering with a focus on Power.



Dr. Joseph Wafula Mutunga

Independent Director

Dr. Joseph W. Mutunga is an independent Board Member appointed on 6th March 2023. He has been the Director at Adenchem Stores Ltd since 2011 and has also held previous positions such as Regional Manager for Murphy Chemicals EA Limited and Manager for Faiz Pharmacy/Schifachem Limited.

Dr. Mutunga has amassed more than two decades of experience in animal health, particularly in the pharmaceutical industry. He holds a Bachelor's degree in Veterinary Medicine.





Prof. George Osanjo

**Dean, College of Health Sciences,
University of Nairobi**

Prof. George Osanjo is the Dean of the College of Health Science, University of Nairobi since 2022. He is also an Associate Professor in the Department of Pharmacology and Pharmacognosy, University of Nairobi and coordinates the Master of Science in Molecular Pharmacology programme.

He has served as a technical expert in national and inter-governmental committees to improve medicines safety and public health. He has led projects and collaborations that support capacity development for institutions of higher learning. As a Trustee of the Universities' Academic Staff Union (UASU), he worked to improve the work environment for all universities' academic staff in Kenya and internationally; and support quality higher education.

He holds a Ph.D. in Pharmacology; Master of Science in Molecular Pharmacology; Bachelor of Pharmacy; Diploma in Law; Certificate in Health Law and Policy Research; and is a postdoctoral Fellow.



CS Calvin Mogute Nyachoti

**Corporation Secretary & Director
for Legal Services**

CS Calvin Nyachoti (44 years) is the Corporation Secretary and Director for Legal Services. He has more than 10 years of experience as an Advocate of the High Court, a certified Corporate Secretary and a practising Arbitrator/Mediator and Trainer.

CS Nyachoti is a member of various professional bodies among them: the Chartered Institute of Arbitrators (CI Arb.); Institute of Certified Public Secretaries of Kenya (ICPSK); Law Society of Kenya (LSK); East Africa Law Society (EALS); International Law Association (ILA); UK Institute of Management of Information Systems (IMIS) and is a registered Environmental Impact Assessment/Audit Expert.

CS Nyachoti holds a Master in Business Administration (Strategic Management), a Masters degree in Law (International Environmental Law), a Bachelor of Laws degree, and Post-graduate Diploma in Law, and various studies in governance, team skills, and retirement benefits amongst others.

Management Team





DR. EVANSON N. KAMURI, CBS, EBS
Chief Executive Officer, Kenyatta National Hospital

Qualifications

- PhD ongoing (Leadership & Strategy) (JKUAT)
- Master of Science Degree in Medicine Dermatology (University of London)
- MBA, Strategic Management (UoN)
- Bachelor of Medicine and Surgery (MBChB) (UoN)

Appointed

2019

Experience

- A Chief Medical Specialist in the field of Dermatology and Venereology with more than 20 years of experience
- Joined KNH in 1998 as a Medical Officer
- Served as the Director in charge of the KNH Prime Care Centre and also Deputy Director in charge of Affiliation and Institutional Development

Membership

- The current President of the African Society of Dermatology and Venereology
- Chairman of the Kenya Association of Dermatologists

Awards

- CBS - October 2023
- EBS- June 1, 2020
- Uzalendo Award (2020) for his contribution to efforts to contain the spread of coronavirus in the country

Responsibilities

Providing strategic leadership; drawing and execution of plans for implementation of the Hospital's mandate and overall implementation of the Board's decisions.





DR. IRENE INWANI, OGW
Senior Director, Clinical Services

Qualifications

Masters degree in public health (epidemiology and international health), School of public health, Department of epidemiology and international health program, University of Washington, Seattle, Washington, USA, 2006
Master of Medicine (MMed) in pediatrics and child health, University of Nairobi, Kenya, 2002
MD degree, Bachelor of medicine, bachelor of surgery, Zaporozhe State Medical University, (USSR), 1991
Diploma in Russian language, Zaporozhe State Medical University, 1984-1985

Certified in

Research Administration and compliance, Society of Research Administrators International, USA, 2015
Strategic Leadership Development , Kenya school of government. 2014

Ethics and research, University of Washington division of human subjects, IARTP, Seattle, Washington, USA and ethical and scientific review committee, Kenyatta National Hospital, Nairobi, Kenya, 2004

Appointed
2019

Experience

I have over thirty two years of wide experience in medical practice mainly in the areas of paediatrics and child health, research regulation, program implementation, coordination, monitoring and evaluation and hospital management, Served as Director Affiliation and Institutional development, KNH

Membership

Member (Kenya Paediatric association), Member (Kenya medical association), Member (National paediatric and adolescent health policy development committee, MOH, Kenya), Member (East African community health committee, Maternal, neonatal and child health), Member (Africa network of caregivers of children affected by HIV/AIDS (ANECCA), Member (Paediatric AIDS Treatment in Africa (PATA), Member (Center for AIDS Research (CFAR), University of Washington, Seattle, USA), Faculty for the University of Nairobi, Global Health Equity Scholars (GHES) and Fogarty Global Health training program

Awards

2024 KMA Meritorius award by the Kenya medical association for outstanding contribution to the association and the medical field, 2022 Order of the Grand Warrior of Kenya – OGW , awarded by H.E. the President of the Republic of Kenya for an outstanding service rendered to the country in different responsibilities and capacities., 2015 – Recognition by the Kenyatta National Hospital for contribution in infrastructural development by writing successful proposals for donor funding, 2010 – Recognition by the University of Nairobi for role played in training in the areas of HIV/AIDS, research and grants management and research ethics

Responsibilities

Currently I carry out an oversight and clinical governance management role at the Kenyatta National hospital (KNH) charged with providing strategic leadership, Planning, organizing and co- coordinating clinical, research, training as well as administrative services



MR. JOB MAKANGA, OGW
Senior Director, Corporate Services

Qualifications

- PhD ongoing (Strategic Management) (UoN)
- MBA, Strategic Management (UoN)
- BSc., Hospitality and Institutional Management (Maseno University)
- Certified Balance Score Card Master Professional
 - Project Management Specialist (University of Washington, USA)
- Certified monitoring and evaluation professional (Kenya Institute of Management)
- Trainer of Trainers in Change Management (Africa Institute of Management)
- Certified policy analyst (Strathmore University)

Appointed
2022

Experience

- More than 17 years of work experience in the private and public sectors.
- Previously served as the Director Planning & Strategy from 2015 to 2022.

Membership

- Kenya Institute Planners,
- Kenya Institute of Management
- Institute of Economic Affairs (IEA)
- Institute of Internal Auditors (Global)
- The Association for Strategic Planning (Global)
- Balanced Scorecard Institute (BSI)

Awards

- OGW-December 17, 2021

Responsibilities

Providing administrative support, ensuring effective execution of Hospital mandate, ensuring optimal utilization of resources, and providing overall leadership to Finance, Facilities & Services, Planning & Strategy, Human Resources, Administration, Marketing & Communication, and Security & Safety functions in the Hospital.



DR. JOHN NGIGI, OGW
Senior Director, KNH Prime Care Centre

Qualifications

- MBA in Health Care Management (Strathmore University)
- Master of Science in Medicine- Internal Medicine (UoN)
 - Master of Surgery (UoN)
- Bachelor of Medicine and Bachelor of Surgery (MBChB) (UoN)

Appointed
2019

Experience

- More than 24 years of experience as a medical practitioner
- A senior medical specialist in Nephrology
- Head of the Renal department at Kenyatta National Hospital

Membership

- Fellow, the International Society of Nephrology (ISN) (University of Stellenbosch)
- Fellow, Tygerberg Academic Hospital (Cape Town)
 - Pioneer student in MBA (Healthcare Management) (Strathmore Business School)
- Member, ASN
- ISN fellowship committee
- Various boards of companies and societies

Awards

- OGW - October 2023

Responsibilities

Providing strategic leadership at the KPCC in a direction aligned to the Hospital vision; setting up prudent clinical governance; leading a well-sourced team to ensure good performance management.





DR. PETER MUIRURI,
Ag. Senior Director – KNH Othaya

Qualifications

- Masters of Tropical Health (University of Queensland, Australia)
- Bachelor of Medicine and Bachelor of Surgery (MBChB) (UoN)

Appointed
2020

Experience

- A Senior Medical Specialist with more than 20 years of experience in managing HIV/AIDS, Tuberculosis & other infectious diseases
- The former Head of Comprehensive Care Centre at Kenyatta National Hospital
- Project Director of the KNH-CDC-supported UoN Centre of Excellence in HIV Medicine (COEHM) Program

Membership

- Fellow, HIV Disease Research at Harvard University
- Pioneer scholar of advanced training in HIV Management and Treatment, New York University (NYU)
- National ART Technical Working Group, HIV Drug Resistance, Mentorship TWG
- KNH-UoN Ethics Review Committee

Responsibilities

He oversees the implementation of the strategy and operational decisions of the directorate and is responsible for ensuring the Hospital meets its statutory obligations.



CS CALVIN MOGUTE NYACHOTI
Corporation Secretary & Director for Legal Services

Qualifications

- MBA, Strategic Management (Daystar University)
- Master's degree in Law (International Environmental Law) (University of Nottingham)
- Bachelor of Laws Degree (LL. B) (Moi University)
- Postgraduate Diploma in Law (Kenya School of Law)
- Various studies in governance, team skills, and retirement benefits amongst others

Appointed
2013

Experience

- More than 10 years of experience as an Advocate of the High Court
- Certified Corporate Secretary
- Practicing Arbitrator/Mediator and Trainer

Membership

- Chartered Institute of Arbitrators (CI Arb.)
- Institute of Certified Public Secretaries of Kenya (ICPSK)
- Law Society of Kenya (LSK)
- East Africa Law Society (EALS)
- International Law Association (ILA)
- UK Institute of Management of Information Systems (IMIS)
- Registered Environmental Impact Assessment/Audit Expert

Responsibilities

Providing secretarial services to the Board of Management; providing in-house legal advisory services; handling corporate governance arrangements; provision of dispute resolution services; participating in the formulation and review of legal policies and procedures amongst others.



MRS. ROSE NJOROGE, OGW
Director, Supply Chain Management

Qualifications

- PhD ongoing in Leadership & Governance (JKUAT)
- MBA, Strategic Management (KEMU)
- BSc General Supplies (Egerton University)
- Diploma & Graduate Diploma in Purchasing and Supplies (CIPS – UK) foundation stage
- Certificate in Corporate Governance (Centre for Corporate Governance)
- Certificate in Strategic Leadership Development Program (SLDP) (KSG)
- Performance Measure Process (PuMPR) Certification (Stacey Barr Pty)

Appointed
2020

Experience

More than 20 years of result-oriented experience in Strategic Supply Chain Management gained across organizations in the Private Sector and Non-Governmental Organizations.

Membership

- Chartered Institute of Supplies Management (MCIPS)
- Licensed member of the Kenya Institute of Supplies Management (MKISM)

Awards

- OGW-July 8, 2022

Responsibilities

Facilitating the procurement of goods works, and services, inventory management, and disposal per the requirements of the law.



DR. CAROLINE ROBAI

**Director, Clinical and Nursing Services –
Mama Margaret Uhuru Hospital**

Qualifications

Mmed Family Medicine, Agakhan University Hospital, Masters in Public Policy and Management Strathmore University, and University College of London. Fellowships; 1. Quality healthcare management; ISQUA 2. Public Sector Management ALU; Kigali 3. Global Health Stanford/Yale University.

Appointed:
2023

Experience

More than 12 years of experience as a medical practitioner

Former Unit Head of Medicine (Accident and Emergency department) -KNH

Provision of quality emergency care in Kenya, patient-centered care, Research, Policy formulation, and Telemedicine practice Part of the team that helped in implementation of the national referral policy

Appointed as the Director in October 2023

Membership

ISQUA, Emergency Medicine Kenya Foundation (EMKF), KAFP (Kenya Association of Family Physicians (KAFP)), CIGH (Centre for Innovation for Global Health), SAEM (Society for America Academic Emergency Medicine)

Responsibilities

Operationalized newly established Mama Margaret Uhuru Children's Hospital, Provide technical and professional guidance to team members and management as required, Promote teaching and research activities at the facility, Capacity-building activities such as pediatric emergency care training and simulations for the staff, Prepared and implemented the disaster management plan for the facility. Members of staff were trained in disaster response, participated in several training activities, drills and simulations in line with the national disaster management plan, Participated in the development of the telemedicine standards in the country, Recruitment of staff, appraisal, and attending disciplinary meetings as stipulated in the Human resource policies, Manage and coordinate grants and contracts for the hospital and ensured compliance with institutions and external requirements, Management of the financial resources for the hospital and participating in annual budgeting cycle



MS. RAHELI MUKHWANA
Ag. Director Nursing Services

Qualifications

- PHD (Ongoing) in Global Health, Liverpool School of Tropical Medicine UK.
- BSc, Nursing (UEAB)
- Masters in Public Health (MPH) Reproductive Health (Kenyatta University)
- Diploma in Sexual Reproductive Health and Rights (Lund University Sweden)

Appointed

Ag. Director Nursing Services in 2021.

Experience

More than 24 years of experience in Nursing and Midwifery working at Kenyatta National Hospital.

Participated in;

National guidelines and policy formulation; The Saving Mothers Lives, Confidential Enquiry into Maternal Deaths in Kenya, Review of the National Guidelines for Quality Obstetrics and Perinatal Care, Development of Maternal Neonatal and Child Health Essential Equipment List, and Emergency Obstetric and Newborn Care Training package.

Researcher with several publications in peer-reviewed journals.

Membership

Treasurer, Africa Midwives Research Network Kenya Chapter (AMRN)

Member, Midwives Association of Kenya (MAK)

Member, National Nurses Association of Kenya (NNAK)

Responsibilities

Formulation, review, and interpretation of KNH health care policies relating to nursing services; ensuring compliance to Nursing Statutory and regulatory requirements; facilitating development and review of training programs for nurses in the Hospital.



Mr. Vincent Chagara
Director, Planning & Strategy

Qualifications

MBA (Strategic Management) (UoN)

BSC (Applied Statistics with Computing) (Kabianga)

Appointed
2023

Experience

- More than 10 years of experience in Mathematics, applied statistics, strategic planning, performance management, applied research, quality management, polarity management, systems management, monitoring, and evaluation

Previously worked as Chief Manager Strategy and Performance Management with Britam general Insurance as a Senior Underwriter

Membership

• Balanced Scorecard Institute (BSI),

• Kenya Institute of Management (KIM),

• Fellowship International Society for Quality in Health Care (FISQUA)

Responsibilities

Responsible for providing technical guidance on formulation and implementation of strategies & policies; performance management; establishment of monitoring and evaluation systems; corporate budgeting; development of quality improvement initiatives; risk management co-ordination; and institutionalization of information communication technology for process improvement.





MRS. JUDITH MUGAMBI
Director, Nursing Services

Qualifications

- MSc in Critical Care Nursing & Health Systems Management
- Postgraduate diploma in Health care management & Project management
- Currently pursuing a Ph.D. in Organizational Leadership

Appointed
2019

Experience

- Professional nurse for 32 years
- Served as a lecturer at the KNH School of Nursing
- Head nurse in the Specialized Surgery department and has served in several capacities in nursing management prior to her appointment

Responsibilities

Formulation, review, and interpretation of KNH health care policies relating to nursing services; ensuring compliance to Nursing Statutory and regulatory requirements; facilitating development and review of training programs for nurses in the Hospital.



DR. KENNEDY ONDEGE, OGW
Director, Surgical Services

Qualifications

- Master of Medicine in General Surgery (MMED) (UON)
- Bachelor of Medicine and Bachelor of Surgery (MBChB) (UoN)
 - Dip Laparoscopy (DELHI)
 - Cert. Endoscopy (CAIRO CTC)
 - Cert. Liver Transplant (DELHI)

Appointed
2020

Experience

- More than 18 years of experience as a Medical Specialist
- Consultant General Surgeon and has been the head of Theaters for three years before his appointment as Director, Surgical Services

Membership

- International Hepatobiliarypancreatic Association, Europe
- African Hepatobiliarypancreatic Association
 - Surgical Society of Kenya
 - Gastro Society of Kenya
- World Association for Laparoscopic Surgeons

Awards

- OGW - October 2023

Responsibilities

Management of Surgical Services, overseeing the planning, scheduling, and coordination of surgical care, and promoting research, innovation, and technology transfer in the provision of surgical services in the Hospital.



DR. ROSE NYABANDA
Director, Diagnostic Services & Health Information

Qualifications

- Master of Medicine in Radiology and Imaging (MMed. Rad) (UoN)
- Bachelor of Medicine and Bachelor of Surgery (MBChB) (UoN)
- Certificate in Chest Radiology and Chest Interventional Radiology (The University of Manchester, UK)

Appointed
2020

Experience

- Chief Medical specialist in Radiology
- Spearheaded the AFROSAFE campaign in Africa on radiation protection and the safe use of ionizing radiation in medicine

Membership

- Fellowship CT/MRI (Massachusetts General Hospital, Harvard Medical School) USA
- Kenya Society of Radiology (KAR)
- Africa Society of Radiology (ASR)
- Kenya Medical Women Association (KMWA)
- KNH/UON Ethics and Research committee

Responsibilities

Develop, implement and review policies, procedures, and strategies in Diagnostics Services and Health Information. Promote research, innovation, and technology transfer in the provision of Diagnostics Services and Health Information. Establish strategic partnerships, and collaborate with stakeholders in support of the development of Diagnostics services and Health Information as well as formulating professional standards and ethics governing medical practice.





DR. ALFRED BIRICHI
Director, Pharmaceutical Services

Qualifications

- Master of Pharmacy (M. Pharm) (Clinical Pharmacy) (UoN)
- Bachelor of Pharmacy (B. Pharm) (UoN)
- Post Graduate Diploma in Marketing Management (KIM)

Appointed
2019

Experience

- Joined KNH in 2005
- Management Representative (MR)
- Lead Auditor in Quality Management Systems (QMS)

Membership

- Former board member of the Pharmacy and Poison Board
- Member, Pharmaceutical Society of Kenya

Responsibilities

Coordinating pharmaceutical services; providing leadership and professional guidance on pharmaceutical policies, laws, regulations, standards, and guidelines; monitoring and evaluating pharmaceutical research, projects, and programs, and ensuring quality management systems are established and maintained.



MR. KENNEDY MBOGO
Ag. Director, Affiliations and Institutional Development

Qualifications

- Master of Arts Degree (MA), Project Planning and Management (UoN)
- Bachelor of Arts Degree (BA), Political Science (UoN)

Appointed

Appointed Ag. Director, Affiliations and Institutional Development in 2021.

Experience

- Resource mobilization specialist with over 10 years of experience in the Public Sector and Non-Governmental Organizations (NGOs)
- Joined Kenyatta National Hospital in 2018

Membership

- Served as a Board Member for Men Engage Kenya Network (MENKEN)
- Served as Project Coordinator for the DREAMS Program at St. Johns Community Centre

Responsibilities

Coordinating partnerships and resource mobilization for the Hospital in its endeavor to be self-sustainable. He is also charged with coordinating, planning, and implementing infrastructure development for the Hospital projects. He is also responsible for the execution of Universal Health Coverage (UHC) activities including medical outreach.



DR. WILLIAM KIPRONO SIGILAI, OGW
Director, Medical Services

Qualifications

- Bachelor of Medicine and Bachelor of Surgery (MBChB) (UoN)
- Master of Medicine (MMed) (Internal Medicine) (UoN)

Appointed
2020

Experience

- Senior Medical Specialist with 22 years of experience in Diabetes and Endocrinology
- Providing care to diabetes patients over the years

Membership
Chairman of;

- The KNH Medicines and Therapeutics Committee
- Kenya Association of Physicians, and Kenya Diabetes Study Group

Awards

- OGW - October 2023
- Employee of the year, 2006 Kenyatta National Hospital.

Responsibilities

His main responsibilities include formulating, implementing, and reviewing health policies, regulations, standards, guidelines, and protocols providing clinical care, general/community diagnosis, and treatment as well as rehabilitation of patients. He is also charged with undertaking medical examinations, conducting disease prevention, surveillance, and control, and providing emergency response and clinical care services during disasters.





ENG. RICHARD BINGA
Director, Facilities, and Services

Qualifications

- Bachelor of Science (BSc.) Mechanical Engineering (UoN)
- Postgraduate Diploma in Project Planning and Management (UoN)
- Certified Measurement and Verifications Professional (CMVP) (Association of Energy Engineers)

Appointed
2013

Experience

More than 20 years of experience in engineering.

Membership

- Registered Consulting Mechanical Engineer with the Engineers Board of Kenya
- Corporate member of the Institution of Engineers of Kenya (IEK)
- Association of Energy Engineers (AEE, USA)
- Class 'A' Licensed Energy Auditor by the Energy and Petroleum Regulatory Authority (EPRA)

Awards

- Energy Management Awards 2020
- Energy Management Awards 2021
- Energy Management Awards 2022

Responsibilities

Reviewing and implementing maintenance & replacement policies for infrastructure, plant, and equipment ensuring safe and efficient operation and execution of infrastructure development projects.



CHRP WINNIE MWANGI, OGW
Director, Human Resource

Qualifications

- MBA in Human Resource Management (UoN)
- Postgraduate Diploma in Human Resource Management (Kenya Institute of Management [KIM])
- Bachelor of Education (B.Ed) (Science) (Egerton University)

Appointed
2020

Experience

More than sixteen (16) years of experience in Human Resource Management.

Membership

Institute of Human Resource Management and a Certified Human Resource Practitioner (CHRP).

Awards

- OGW - October 2023

Responsibilities

Her main responsibilities include formulating, implementing, and evaluating human resource management policies, strategies, guidelines, and procedures, providing guidance and support in all matters relating to human resources, managing human capital, handling staff welfare, employee and industrial relation matters establishing performance as well as develop and ensure implementation of remuneration compensation policies and strategies to attract, motivate and retain employees.



CPA MICHAEL KIHUGA,
Director, Finance

Qualifications

- MBA (Finance) (Moi University)
- Bachelor of Education (B.Ed) (Economics and Mathematics) (Moi University)

Appointed
2020

Experience

- More than 20 years of experience in Finance.
- Worked in the Oserian Development Company as a Management Accountant
- Worked at Moi Teaching and Referral Hospital as a Chief Accountant

Membership

- Certified Public Accountant
- Certified Public Secretary

Responsibilities

Organize and coordinate financial management functions; Ensure optimal utilization of financial resources, Ensure compliance with statutory requirements; Financial reporting to management and regulatory bodies.





**DR. LYDIA OKUTOYI,
OGW**
Director, Health Care
Quality

Qualifications

- Masters in Obstetrics and Gynecology (MMed) (UoN)
- Masters in Public health (MPH) (University of Roehampton UK)
- Bachelor of Medicine and Bachelor of Surgery (MBChB) (UoN)
- Training in Safety, Quality, Informatics and Leadership (SQIL) (Harvard Medical School)
- Postgraduate Diploma in Hospital Management (Strathmore University)

Appointed
2018

Experience

Senior medical Specialist with 17 years of experience in Obstetrics and Gynecology.

Membership

- Fellow, International Society of Health Care (FISQua)
- A Green belt in Lean Six Sigma

Awards

- OGW - October 2023

Responsibilities

She provides an oversight role on the quality of care that patients receive at Kenyatta National Hospital. Her other roles include enhancing clinical governance, facilitating patient engagement in planning, implementation, and continuity of care, and participating in the Hospital and national health care quality and safety policy and strategic planning.



**CPA ERICK OMONDI
OTIENO**
Director, Internal Audit

Qualifications

- MBA (Corporate Management) (KCA)
- B.Com. (Accounting option) (KCA)

Appointed
2014

Experience

- More than 15 years of experience in auditing
- Previously worked with ICPAK as Head of Internal Audit

Membership

- Institute of Certified Public Accountants of Kenya (K)
- Institute of Internal Auditors, Kenya,
- Information Systems Audit and Control Association (ISACA)
- Association of Chartered Fraud Examiners as well as a member of the Institute of Certified Secretary of Kenya (ICS)

Responsibilities

Strategy development and planning of the department, implementation of departmental and Hospital policies, review and approval of the risk matrix and how they are being managed, ensuring proper communication, and promoting team spirit in the department.



MR. DAVE OPIYO
Chief Manager, Marketing
and Communication

Qualifications

- M.A, Digital Journalism (Graduate School of Media and Communications – Aga Khan University)
- B.A Com. and Media Technology (Maseno University)

Appointed
2020

Experience

- More than 15 years in Communication and Journalism
- Worked at Nation Media Group's Daily Nation Newspaper where he was assigned various roles; Assistant News Editor and Assignments Editor
- Was Regional Editor (Bureau Chief) Nation Media Group's Kisii, Kisumu, and Eldoret's regional offices

Membership

- Former fellow with the United Nations Framework Convention on Climate Change media group
- Editors Guild

Awards

- Kenya Open Data Awards, 2016.

Responsibilities

Developing, reviewing, and implementing communications strategies to support the Hospital's objectives, developing and implementing corporate communications plans to enhance the visibility of the Hospital, managing the Hospital's corporate image, coordinating branding activities, media management as well as coordinating the marketing of Hospital services.



DR JOHN KINUTHIA
Director Training, Research
and Innovation

Qualifications

- Masters of Medicine in Obstetrics and Gynaecology from the University of Nairobi.
- Masters in Public Health (Epidemiology International Health) and Graduate certificate in HIV and STIs from the University of Washington.
- Bachelors in Medicine and Surgery

Appointed
2022

Experience

Senior medical specialist with over 20 years experience in Obstetrics and Gynecology.

Membership

- Director of the Kenyatta National Hospital /University of Washington - Integrating prevention and treatment of non-communicable diseases and HIV care through research training in Kenya-INTEGRATE Program.
- Mentor for the Global Health Equity Scholars Program and Northern Pacific Global Health Fellowship program as well as coordinating implementation science training for various programs in Kenya.

- Member of the Kenyatta National Hospital- University of Nairobi Ethics and Research Committee.

Responsibilities

Coordinating and facilitating training, research and innovation at the Hospital and participation in national health policy formulation.



Chairman's Statement



I am pleased to present the Kenyatta National Hospital's Annual Report and Financial Statements for the financial year 2023/2024. This year has been marked by significant progress in advancing the hospital's mission to provide quality healthcare to the people of Kenya. As the Board of Management, we remain committed to upholding the highest governance standards, financial integrity, and strategic oversight in our stewardship of this great institution.

Financial performance

The financial performance of the hospital for the year 2023/2024 reflects a stable and resilient institution. Despite economic challenges, we have maintained prudent financial management practices that have ensured the sustainability of our operations. The hospital recorded a moderate increase in revenue, driven by improved service uptake, enhanced billing systems, and optimized operational efficiencies. Expenditure was carefully managed to prioritize essential services while investing in critical infrastructure and technological upgrades.

Innovation and infrastructure

Over the past year, Kenyatta National Hospital has continued to expand its capacity and upgrade its facilities. We have successfully implemented several key projects to improve service delivery, including installation of a modern oxygen-generating plant, upgrading equipment, and scaling up our surgical, medical, and nursing programs. These efforts are critical in addressing the growing demand for healthcare services and meeting the evolving needs of our patients. Our commitment to innovation has also led to the introduction of advanced technologies in patient management, enhancing both the efficiency and quality of our services.

Strengthened Partnerships

We have focused on strengthening partnerships with both local and international stakeholders to build capacity and improve healthcare outcomes. The Hospital has continued to work closely with the State Department for Medical Services, Ministry of Health and other stakeholders to align our operations with national healthcare goals and priorities. The Hospital has further put in place elaborate measures for resource mobilization to fill identified resource gaps.

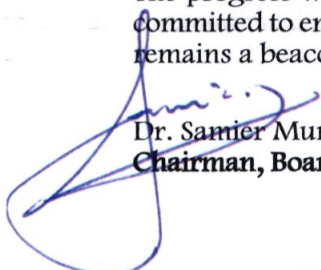
Human Resource Development

The Board emphasizes the continuous development of staff and healthcare professionals through training and mentorship programs. We are committed to fostering an environment of growth and innovation, ensuring our staff have the resources and expertise required to deliver world-class care. In addition, the Hospital remains focused on retaining top talent and enhancing staff productivity.

Commitment of the Board

As the Board, we have remained steadfast in our role of providing strategic direction and ensuring robust governance frameworks are in place. Our current strategic plan (2023-2027) focuses on expanding access to specialized healthcare, improving patient experience, and achieving operational excellence.

In conclusion, I extend my sincere gratitude to the State Department for Medical Services, Ministry of Health, our dedicated staff, partners, and all stakeholders for their unwavering support throughout this financial year. The progress we have achieved would not have been possible without the collective effort of all. We remain committed to ensuring that Kenyatta National Hospital continues to deliver exceptional healthcare services and remains a beacon of hope for Kenyans and the region.


Dr. Samier Muravvej
Chairman, Board of Management



Chief Executive Officer's statement



It is an honour to present Kenyatta National Hospital's Annual Report and Financial Statements for the financial year 2023/2024. This year has been one of significant growth, resilience, and progress as we strive to fulfil our mission of providing world-class healthcare to all Kenyans. Our commitment to service excellence, patient-centred care, and operational efficiency remains the cornerstone of our strategic initiatives.

Service delivery

During this financial year, Kenyatta National Hospital recorded notable improvements in service delivery across all departments. The hospital served an increased number of critical patients, reflecting our growing role as a national referral and teaching hospital. We focused on expanding our specialized services and upgrading key medical equipment to meet the ever-evolving needs of our patients.

Financial Stewardship

The financial year 2023/2024 saw Kenyatta National Hospital maintain sound financial health despite the challenging economic environment. We achieved steady revenue growth, primarily driven by improved service uptake, efficient billing, and enhanced resource management. Expenditure was carefully controlled to prioritize essential services while ensuring that strategic investments were made in areas critical to our long-term sustainability. The hospital continued to adhere to strict financial governance and accountability practices.

Equipment and infrastructure

Our strategic focus during this period has been on enhancing our capacity to deliver specialized healthcare. We have prioritized the modernization of our facilities and the adoption of advanced medical technologies. This includes the completion of several infrastructure projects aimed at expanding our capacity and improving service delivery. The Hospital has also adopted the use of modern medical equipment to enhance clinical care and improve patient outcomes.

Way forward

As the hospital moves forward, our focus remains on driving innovation, improving healthcare outcomes, and ensuring the sustainability of our operations. We are committed to executing our strategic plan with a clear vision for future growth while staying true to our mandate as a national referral hospital. Our key priorities include expanding specialized services, strengthening our research and training capacity, and deepening our partnerships to achieve our goals.

In closing, I would like to extend my heartfelt thanks to the Board of Management, the Ministry of Health, our staff, partners, and the entire KNH community for their unwavering dedication and commitment. Together, we have navigated a challenging year and emerged stronger. We look forward to another year of growth, service, and shared success.



Dr. Evanson Kamuri, CBS, EBS
Chief Executive Officer



Statement of Performance against predetermined objectives

Kenyatta National Hospital has made significant progress in achieving the objectives set out in its Strategic Plan for 2023-2027. The plan adopts a Balanced Scorecard approach, with objectives categorized under four key perspectives: Customer, Financial, Internal Processes, and Organizational Capacity. Performance of Key indicators for FY 2023-24 are as highlighted below;

Customer Perspective

- The customer satisfaction index is at 75.8
- Specialized teams: Sports medicine, Pharmaceutical services, and IV established
- Commenced production of CAPD fluids and liquid detergents
- Operationalized Cancer Treatment Centre
- Renovated the operating theatres
- Trained 2,870 staff and 2,368 stakeholders on complaints resolution, customer service
- Created 1 centre of excellence for organ transplant and tissue typing. Screened, identified and prepared 154 patients for kidney transplants and conducted 16 kidney transplants

Financial Stewardship

- Generated Kshs. 8,544million against a target of Kshs. 8,814million.
- Mobilized Kshs 3,226.5M
- Engaged 31 new partners
- Ksh.578M externally mobilized resources absorbed
- The hospital has onboarded all services on the eCitizen payment platform

Internal Processes

- Theatre Utilization is at 97.2%
- Average Length of stay stands at 10.2 days
- 3 governance audits were conducted: systems, clinical and assurance services
- Mwai Kibaki Hospital certified for ISO 9001:2015
- Implementation of value re-engineering initiatives ongoing including Business Process Re-engineering, value process mapping, process improvement and implementation of ERP



- Reviewed Service delivery charter: 2,125 staff sensitized on the Service Delivery Charter
- Implementation of medical error identification & documentation framework
- Framework contracting for consumables and other common user items implemented

Organizational Capacity

- Staff performance index FY 2022/23 at 90.9
- 5 employees awarded OGW, and one awarded CBS
- Equipment availability is at 84.9%
- Upgraded IT infrastructure in Cloud, LAN/WAN, primary disaster recovery data centre and VOIP/IP Telephone
- LIMS and E-Hospital integration completed at KPCC

Board Performance Contract

The Board Performance Contract is a formal agreement between the Hospital's Board of Directors and the Government of Kenya, facilitated by the Ministry of Health. This contract specifies performance targets, strategic objectives, and key deliverables that the Board commits to achieving within a fiscal year. The primary goals are to enhance accountability, drive efficiency, and ensure that the hospital's governance aligns with its strategic objectives and public service mandate. Kenyatta National Hospital has been implementing Performance Contracts since the 2005/2006 fiscal year.

Cascading of Performance Targets

As part of the Hospital's continuous improvement efforts, a structured approach is used to cascade performance contract targets throughout the organization. This strategic initiative ensures that every department, unit, and individual staff member aligns with the hospital's overarching goals, thereby enhancing overall performance and service delivery.

Cascading Model

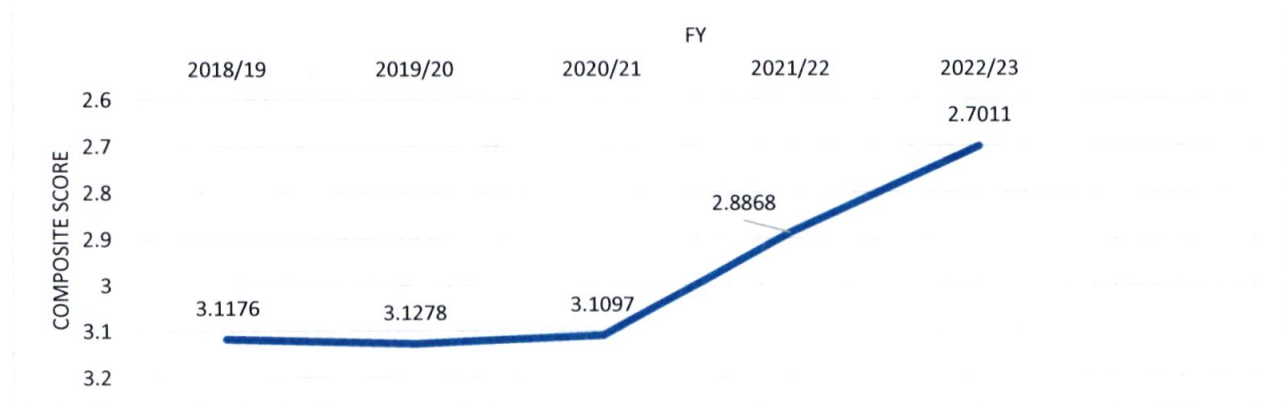
Kenyatta National Hospital has adopted a three-tier cascading model derived from the broader organizational goals. This model ensures that the hospital's strategic objectives are translated into specific, actionable targets at every level, from the Board of Directors to individual staff members. The process is illustrated below:



Board Performance Contract Composite Score

The composite score is an aggregate rating that reflects the performance contract (PC) parameters, including financial management, service delivery, core mandate, implementation of presidential directives, promotion of local content, and cross-cutting issues. This score is calculated by summing the weighted scores of all performance indicators in the contract. The rating ranges from 1.00 (Excellent) to 5.00 (Poor). The hospital has observed a positive trend in its Board Performance Contract composite score, as illustrated below:

Figure 1: Board Performance Contract Composite Score



The Hospital is currently awaiting external evaluation for the FY 2023/24 by the Public Service Performance Management Unit.

Key Performance Indicators in FY 2023-24

Digitalization of services

The hospital has taken significant steps to accelerate the adoption of ICT solutions, aiming to enhance service delivery through improved accessibility, speed, cost-effectiveness, convenience, and efficiency. During the contract period, the hospital implemented an Enterprise Resource Planning (ERP) system, providing integrated applications designed to manage and automate core business processes, including finance, human resources, supply chain, and materials management. In addition, the hospital on-boarded all services to the eCitizen platform.

Specialized Renal Services

The hospital provided a range of other renal services, totalling 15,370 procedures beside kidney transplants. These services include Continuous Renal Replacement Therapy (CRRT), tissue typing, venesection, haemodialysis, peritoneal dialysis, dialysis catheter procedures, and renal biopsy.

Heart Surgeries

The Hospital conducted 614 heart surgeries in FY 2023-24 compared to 796 last year. The reduction in numbers is due to the doctors' strike during the year.



Minimally invasive surgeries

In the fiscal year 2023/24, the hospital performed 5,054 minimally invasive surgeries. This achievement was supported by ongoing patient education about the benefits of these procedures and the allocation of two dedicated operating theatres for minimally invasive surgeries.

Specialized Surgeries Conducted

The hospital conducted a total of 29,050 specialized surgeries, including dental surgery, obstetrics and gynaecology, pediatric surgery, cardiothoracic surgery, neurosurgery, and general surgery, among others. To support these efforts, the hospital held monthly multidisciplinary team meetings and implemented framework contracts for implants and other surgical appliances.

Statement of Corporate Governance



The Board acknowledges its overall responsibility for the governance of the Hospital and is dedicated to providing strategic direction, support, and guidance to Management. Guided by the Hospital’s mission, vision, and values, the Board is committed to upholding high ethical standards, including effective and responsible leadership, accountability, fairness, integrity, transparency, efficiency, and effectiveness. The Board is also committed to recognising the legitimate interests of key stakeholders, including staff, customers, the government, and the public.

Recognizing that the long-term sustainability of the Hospital relies on effective stewardship, the Board has carefully developed strategies and policies to support the Hospital’s strategic objectives. The Board is also focused on ensuring that Management remains aligned with the execution and achievement of established goals and targets while fostering a culture that prioritizes ethical conduct, integrity, and respect. Furthermore, the Board is committed to ensuring that the Hospital operates under a generally accepted corporate practice and has embedded good corporate governance into its structure, policies, practices, and day-to-day operations.

Board Appointment, Composition and Diversity

The Board is composed of a non-executive independent Chairman, the Chief Executive Officer of KNH, the Cabinet Secretary of the National Treasury and Planning, the Principal Secretary for the State Department of Medical Services, the Hon. Attorney General, the Dean of the Faculty of Health Science at the University



of Nairobi, and three independent non-executive members. Currently, eight out of the nine members of the Board are non-executive directors, with four of them, including the Chairman, being independent.

The Chairman is appointed by H.E. the President, while the three independent non-executive directors are appointed by the Cabinet Secretary for Health. Each director has a detailed letter of appointment setting out the terms and conditions of service including their fiduciary duties. The Chairman has a specific letter of appointment as Chairman of the Board.

The Board considers that collectively, the directors have the range of skills, knowledge and

experience necessary to effectively lead and govern the Hospital and strive to comply with the 1/3 gender parity rule.



Board of Directors

The Board is currently composed of nine (9) Directors and the Corporation Secretary as set out below:

- Dr Samier Muravvej - Independent Non-Executive Director (Chairman)
- Dr. Evanson Kamuri - Chief Executive Officer
- Mr Michael Kagika - Non-Executive Director (Rep. of CS, the National Treasury)
- Dr. Elizabeth Wangia - Non-Executive Director (Rep. of PS, State Department of Medical Services, Ministry of Health)
- Mr. Mark Gakuru - Non-Executive Director (Rep. of Hon. Attorney General)
- Prof. George Osanjo - Non-Executive Director (Dean of Faculty of Health Sciences, University of Nairobi)
- Ms. Catherine Kathure - Independent Non-Executive Director
- Mr. Thomas Cheruiyot - Independent Non-Executive Director
- Dr. Joseph Wafula - Independent Non-Executive Director
- FCS Calvin Nyachoti - Corporation Secretary

The Chairman is responsible for effective leadership and effective performance of the Board and for the maintenance of relations between the Board and key stakeholders. The Board acts collectively but remains aware that Directors are individually and collectively responsible for the governance of the Hospital.

The Corporation Secretary is an ex-officio member, providing advisory support to the Board and serves as the primary point of reference for the Board on matters of governance, statutory compliance, and adherence to regulatory requirements. The Corporation Secretary holds active membership in good standing with the Institute of Certified Secretaries. The Corporation Secretary serves as a primary point of reference for the Board on matters of governance, statutory compliance, and adherence to regulatory requirements. The roles and responsibilities of the Corporation Secretary are delineated in the Code of Governance for State Corporations.

Changes in the Board

During the review period, the Hon. Attorney General appointed Mr Mark Gakuru on 14th August 2023, to replace Mr Samuel Kaumba as the alternate member. Mr. Kaumba was reassigned to represent the Attorney General in the Human Resource Management Professionals Examinations Board (HRMPEB). Further, the Principal Secretary for the State Department of Medical Services appointed Dr Elizabeth Wangia on 19th



December 2023 as the new alternate, replacing Dr Bartilol Kigen, the Director of Health Standards, Quality Assurance, and Regulations and the Ministry of Health's representative to United Nation Fund for Population Activities (UNFPA). Dr. Wangia assumed her position on 5th February 2024.

Responsibilities of the Board

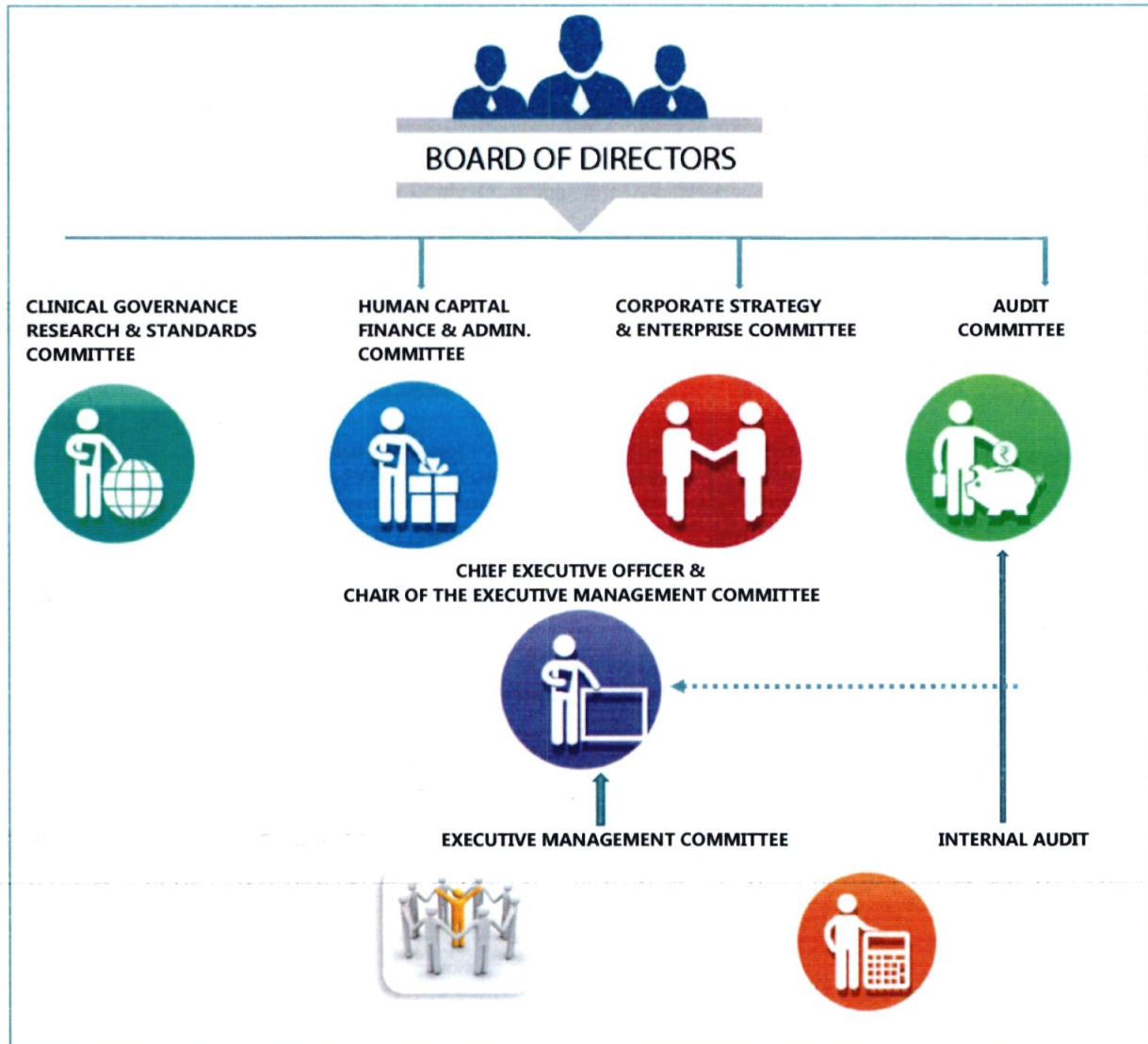
The Board's primary role is to provide leadership, oversight and stewardship of the Hospital ensuring that its duties are carried out with utmost good faith. The Board derives its powers and authority from the State Corporations Act, Cap.446, relevant laws, and the Mwingozo Code of Governance for State Corporations. In fulfilling its mandate, the Board sets and oversees the Hospital's overall policy, strategic direction, and operational framework, while monitoring the progress of implementation. The Board consistently works to enhance the Hospital's internal controls and enterprise risk management, uphold the highest ethical business standards; and foster a culture of integrity to support the Hospital in achieving its strategic and financial goals.



Board Work Plan

The Board develops an annual work plan for each financial which is aligned with the Hospital’s strategic goals outlining key activities for consideration during Board and committee meetings. The agenda for meetings is prepared by the Corporation Secretary in consultation with the Chairman and the Chief Executive Officer. The agenda and papers for the meetings are circulated in time to allow for adequate preparations and effective participation during meetings.

Governance Structure



Board Meetings Attendance

Table 2: Board and Committee meetings attendance for the year ended 30th June 2024

Board Member	Board Position	Full Board	Board Committees					
			CGRS	HCFA	CSE	AUDIT	ADHOC (Disciplinary)	ADHOC (O2 Plant)
			MEETING ATTENDED					
		12	3	3	3	3	2	1
Dr. Samier Muravvej	Chairman	11	-	-	-	-	-	-
Dr. Evanson Kamuri, CBS, EBS	Chief Executive Officer	11	3	3	3	-	-	-
Prof. Njuguna Ndung'u, EGH	CS, The National Treasury	-	-	-	-	-	-	-
Mr. Michael A. Kagika, EBS	Alternate to CS, The National Treasury	10	-	-	-	3	2	-
Mr. Harry Kintai, CBS	PS, State Department of Medical Services	3	-	-	-	-	-	-
Dr. Bartilol Kigen	Alternate to PS, Medical Services	7	2	-	2	-	-	-
Dr. Elizabeth Wangia	Medical Services	1	1	-	1	-	-	1
Hon. Justin B.N. Muturi, EGH	Attorney General	-	-	-	-	-	-	-
Mr. Samuel Kaumba	Alternate to Hon. Attorney General	3	-	-	-	-	-	-
Mr. Mark Gakuru	Attorney General	9	-	3	-	-	2	-
Prof. George Osanjo	Dean of Faculty of Health Sciences, UoN	12	3	3	-	-	-	-
Ms. Catherine Kathure	Member	10	-	-	3	3	2	-
Dr. Joseph Wafula	Member	11	3	-	-	3	-	1
Mr. Thomas Cheruiyot	Member	12	-	3	3	-	2	1

Board Committees

During the year, the Board had four standing, and two Ad Hoc Committees established to enhance efficiency and effectiveness in the execution of its mandate. Appointment to these Board committees takes into consideration the diversity of the members' skills, expertise and experience required to handle respective functions. The committees operate in accordance with specified terms of reference. The Chief Executive Officer is the secretary to the Board and its committees, except the Audit Committee where the Director of Internal Audit performs this function. Committee reports are presented to the Board by respective chairpersons.



The current membership and responsibilities of the Board Committees are summarized below:

Table 3: Membership and responsibilities of the Board Committees

Board Committee	Terms of Reference
<p>Clinical Governance Research & Standards</p> <p>Members</p> <ol style="list-style-type: none"> 1. Dr. Joseph Wafula (Chair) 2. Prof. George Osanjo 3. Dr. Elizabeth Wangia 4. Chief Executive Officer 5. Corporation Secretary <p>By Invitation</p> <ol style="list-style-type: none"> 1. Senior Director, Clinical Services 2. Director, Mwai Kibaki Hospital-KNH Othaya 3. Director, Healthcare Quality 4. Director, Training Research & Innovation 5. Chair of the KNH-UoN Ethics Research Committee 6. Rep. Inspectorate of State Corporations 	<ol style="list-style-type: none"> 1. Identify and address healthcare service issues within the hospital, ensuring that they are effectively resolved to improve patient care and operational efficiency. 2. Review and assess any updates or changes to policies related to clinical standards, quality assurance, research, and innovation, ensuring they align with best practices and enhance the hospital's overall quality of care. 3. Collaborate closely with the Medical Advisory Committee to ensure the continuous delivery of high-quality healthcare services, fostering a cohesive approach to patient care; and 4. Conduct a thorough quarterly evaluation of the hospital's standards and quality assurance programs, guided by the principles outlined in the health professional's handbook on quality management in healthcare in Kenya, to maintain and elevate the hospital's care standards.
<p>Human Capital Finance & Administration</p> <p>Members</p> <ol style="list-style-type: none"> 1. Mr. Thomas Cheruiyot (Chair) 2. Prof. George Osanjo 3. Mr. Mark Gakuru 4. Chief Executive Officer 5. Corporation Secretary <p>By Invitation</p> <ol style="list-style-type: none"> 1. Senior Director, Corporate Services 2. Director, Finance 3. Director, Human Resource 4. Director, Supply Chain Management 5. Rep. Inspectorate of State Corporations 	<ol style="list-style-type: none"> 1. Review, quarterly, half-yearly and annual financial statements with Management; 2. Set long-term financial goals and determine funding strategies to achieve them; 3. Assess current and emerging risks and risk exposures relating to the Hospital's business and strategies, ensuring effective risk control and mitigation arrangements are in place. 4. Review multi-year operating budgets that align with the objectives and initiatives of the Strategic Plan; 5. Review and recommend the annual procurement plan for Board approval; 6. Oversee the financial restructuring of the Hospital; 7. Monitor the financial performance of the Hospital's Pension Fund (both Defined Benefits and Defined Contributions); 8. Develop, review and recommend the remuneration structure for staff for the Board for approval; 9. Oversee the appointment, promotion and disciplinary issues of senior staff for Board recommendation and approval; and 10. Develop and recommend Human Resource policies and corporate organizational structure for Board approval to support the Hospital business.
<p>Corporate Strategy & Enterprise</p> <p>Members</p> <ol style="list-style-type: none"> 1. Ms. Catherine Kathure (Chair) 2. Mr. Thomas Cheruiyot 3. Dr. Elizabeth Wangia 4. Chief Executive Officer 5. Corporation Secretary 	<ol style="list-style-type: none"> 1. Develop and review the Hospital's strategic direction and ensure business sustainability; 2. Oversee strategy implementation and monitor the performance of the Board and the Hospital; 3. Review and monitor key projects to ensure they align with the corporate strategy;



Board Committee	Terms of Reference
<p>By Invitation</p> <ol style="list-style-type: none"> 1. Senior Director, Corporate Services 2. Director, Affiliation & Institution Development 3. Director, Planning & Strategy 4. Rep. Inspectorate of State Corporations 	<ol style="list-style-type: none"> 4. Review the Information Communication and Technology (ICT) policy and evaluate ICT security issues and internal controls; 5. Assist the Board and Management in staying abreast of new developments, technologies and emerging trends in the industry; 6. Oversee engagements with key strategic partners and recommend the entering into strategic partnerships including public-private partnerships to the Board for approval; and 7. Coordinate resource mobilization activities.
<p>Audit Committee Members</p> <ol style="list-style-type: none"> 1. Mr. Michael Kagika (Chair) 2. Dr. Joseph Wafula 3. Ms. Catherine Kathure 4. Director, Internal Audit 	<ol style="list-style-type: none"> 1. Oversee the Hospital's financial reporting process and the disclosure of its financial information to ensure the accuracy, adequacy, and credibility of the financial statements; 2. Review half-yearly and annual financial statements before submission to the Board for approval; 3. Monitor and review the effectiveness of the Hospital's internal audit function and internal audit program; 4. Review the Hospital's internal control and risk management systems; 5. Evaluate the effectiveness of controls aimed at preventing or detecting fraud; 6. Review major findings on internal investigations and the management's response; 7. makes recommendations to the Board on business risks, internal controls and compliance; and 8. Oversight over the work undertaken by the external auditor (Auditor General).
<p>By Invitation</p> <ol style="list-style-type: none"> 1. Chief Executive Officer 2. Corporation Secretary 3. Various Directors 4. Rep. Inspectorate of State Corporations 	

Inspectorate of State Corporations

Section 18(2)(c) of the State Corporation Act provides the Inspector General (Corporations) with the power to attend meetings of any state corporation including the meetings of the Board and its Committees. In the FY2022/2023, Mr. Isaac Odek, Deputy Inspector General, was designated as the representative of the Inspector of State Corporation in all Board and Committee meetings.

Relationship between the Board and Management

There is a clear separation of roles between the Board and Management, and this separation has been stipulated in the Board Charter. The role of the Chairman of the Board is separate from that of the Group Managing Director and Chief Executive Officer, and in line with good governance practice, the Board has delegated authority for the conduct of day-to-day business to the Group Managing Director and Chief Executive Officer. This delegation has been clearly defined in the Board Charter. The Board nonetheless remains accountable for the overall management and long-term success of the Hospital.

Board Induction and Capacity Development

Upon appointment, Directors undergo a comprehensive and formal induction program, as outlined in the Board Charter. The program is designed to help new directors quickly become effective in their roles by providing them with essential information about the Hospital and their responsibilities. The induction includes first-hand experience of the Hospital's key operations through a detailed walkthrough program. Additionally, new directors meet with senior management, the Corporation Secretary, and the Chairman of the Board prior to their first Board meeting. They also receive an appointment letter that details important aspects of their role, along with copies of the Hospital's Strategic Plan, Board work plan, Board Charter, and relevant Hospital policies.



Each year, the Board develops a training calendar that identifies and schedules specific training needs. These trainings cover areas such as leadership, risk management, governance, finance, and other relevant topics. During the year under review, the Directors underwent extensive training on the enterprise risk management framework, governance, and financial management. For the FY2024/2025, a more robust and structured training calendar has been created, which will address various training needs identified during the Board evaluation exercise conducted in the year under review.

Board Evaluation

The Board conducts an annual self-evaluation exercise, facilitated by the State Corporations Advisory Committee (SCAC). This evaluation assesses the performance of the Board, its Committees, the Chairman, the Chief Executive Officer, the Corporation Secretary, and the Head of Internal Audit. The evaluation aims to gauge the maturity of the Board's operations, with the primary goal of positioning it as an engaged board, modelled around a structure that partners with the Chief Executive Officer by providing insight, advice, and support on key decisions affecting the Hospital, while maintaining oversight of the CEO and the Hospital's overall performance.

Independent Consultants

When necessary, the Board seeks external advice or assistance from independent consultants on matters of concern

Internal Controls

The Board, through the Audit and Risk Committee, ensures that the Hospital has as well-defined procedures for internal controls to safeguard the integrity of its assets and ensure accurate financial reporting. These procedures include systems for obtaining authorization for major transactions and ensuring compliance with laws and regulations that have significant financial implications. The Hospital also has measures in place to ensure proper physical control of assets and appropriate segregation of duties.

In evaluating the effectiveness of internal control systems, the Board reviews the findings from the Internal Audit team. The Hospital maintains a comprehensive management accounting system that provides financial and operational performance indicators. Executive Management holds weekly meetings to monitor performance and implement improvement measures. Management stays current with changes in legislation or regulations relevant to the Hospital, working closely with the Ministry of Health. They also participate in workshops and lobbying efforts, either independently or as part of the industry, through the Ministry of Health, for changes deemed prudent or likely to impact the Hospital

Code of Conduct & Ethics

The Hospital upholds the highest standards of integrity, behaviour, and ethics in its dealings with all stakeholders. The Board and employees are guided by a Code of Conduct and Ethics, which serves as a reference for value-based decision-making and expected behaviour. All Board members and employees are expected to avoid activities and financial interests that could compromise their responsibilities to the Hospital.

Conflict of Interest

The Board Directors are required to declare any conflict of interests upon their appointment. Directors with actual or potential conflicts of interest concerning matters before the Board must disclose such interests and recuse themselves from related discussions. To ensure transparency, the declaration of conflicts of interest is a standing agenda item at all Board and Committee meetings. Additionally, Directors must make an annual declaration of any conflicts of interest.

Legal Compliance and Governance Audit

During the year under review, the Hospital did not conduct an independent annual legal compliance and governance audits. However, the Hospital undertook progressive internal legal and compliance reviews to assess the state of its compliance with the expansive regulatory environment as well as governance audit in line with the Mwangozo Code of Governance for State Corporations.



Information Technology

The Board has implemented a hospital management information system (E-hospital) and integrated it with SAP aimed at enhancing the Hospital's technological capabilities by leveraging modern digital and innovative solutions. This initiative is designed to drive new business paradigms, enable operational excellence, and create value for clients and stakeholders.

Procurement

The Hospital's procurement policy is designed to deliver optimal value for money and efficiency by employing professional procurement practices aligned with the Hospital's corporate objectives. The policy emphasizes uniformity, inclusivity, fairness, professionalism, honesty, and transparency in procurement activities, all within the framework of Corporate Policies. The primary goal is to maximize value for money by enhancing supply chain efficiency, effectiveness, and supplier relationships. This is achieved by designing supply frameworks, streamlining the supplier base, and fostering long-term strategic partnerships with competent, like-minded suppliers.

Stakeholder Management

The reputation of the Hospital is a key focus for the Board. The Marketing & Communications Department plays a key role in how the public (stakeholder customers, suppliers, donors and the general public), as well as staff, perceive the Hospital. The Department manages the Hospital's reputation and ensures that the demands of the ever-changing business and regulatory environments are taken into consideration in decision-making. The Board is responsible for guiding the strategic direction of the Hospital's communication strategies, while the department is tasked with implementing these strategies.

Board Remuneration

Board remuneration is guided by limits set by the government for state corporations, as outlined in circular OP/CAB.9/21/2A/41/43 of 23/11/2004. The Chairman receives a monthly honorarium. Details of Directors remuneration during the year are shown in note 15 to the financial statements.

Financial and Business Reporting

The Board is satisfied that it has fulfilled its obligation to provide a balanced and clear assessment of the Hospital's financial position through the Annual Report. It is appropriate to treat the business as a going concern, as sufficient existing financing is available to meet the Hospital's needs for the foreseeable future.

Looking Forward

As KNH advances towards becoming a world-class patient-centred specialized care hospital, the Board remains committed to attracting and retaining high-performing, dedicated, and motivated staff to help achieve its objectives. The Board will continue to nurture positive relationships with unions and other stakeholders, ensuring that all staff contribute to the Hospital's progress. The focus will be on implementing policies that support objective and rigorous performance management while maintaining a positive working environment for staff.

Going Concern

The Board is satisfied that it has met its obligation to present a balanced and understandable assessment of the Hospital's position through the Annual Report. It is appropriate to treat this business as a going concern as there is sufficient existing financing available to meet expected requirements in the foreseeable future.



Management Discussions & Analysis

Clinical Services Performance

Outpatient attendances

Emergency (A&E) department and the Pediatric Emergency Unit (PEU). Specialized patient services are available daily on weekdays and cover several medical disciplines, including Pediatrics, Gynecology, ENT, Surgery, Medicine, Orthopedics, and Ophthalmology, among others. With the implementation of the national referral policy, patients with minor, uncomplicated conditions are encouraged to visit lower-level facilities, allowing the hospital to focus on more complex cases that require multidisciplinary intervention. As a result, while the overall number of patients seen at A&E has decreased, the proportion of patients admitted has increased, as illustrated in the figure below.

Figure 2: Accident and Emergency Patient Attendance

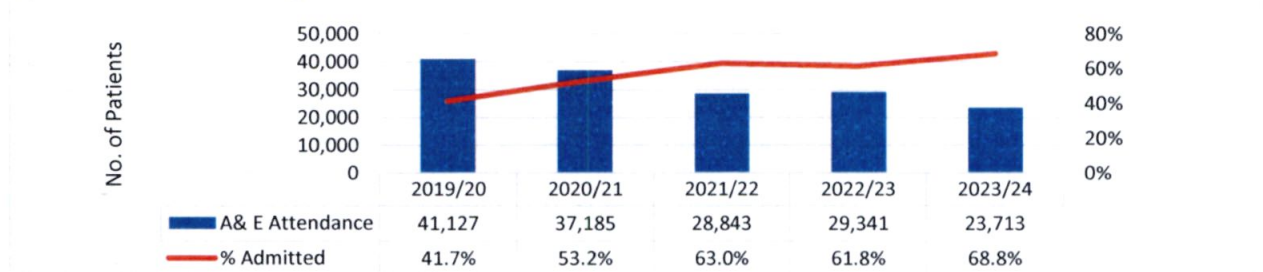


Figure 3: Paediatric Emergency Unit Patient Attendance

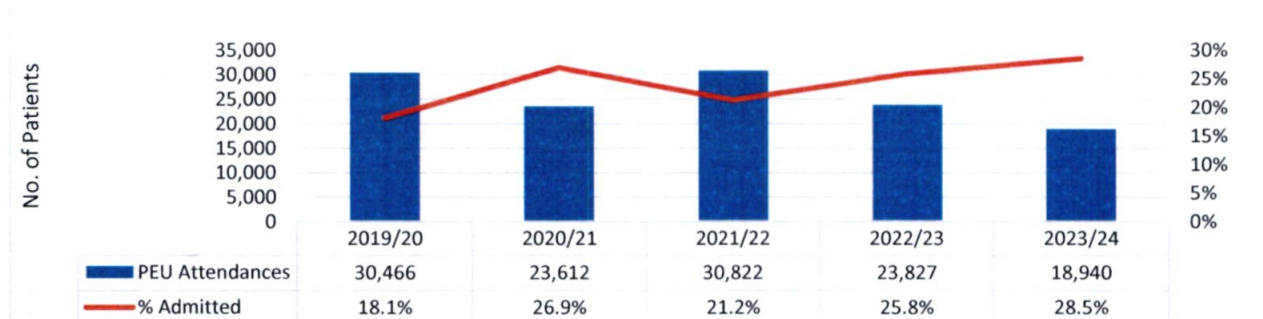
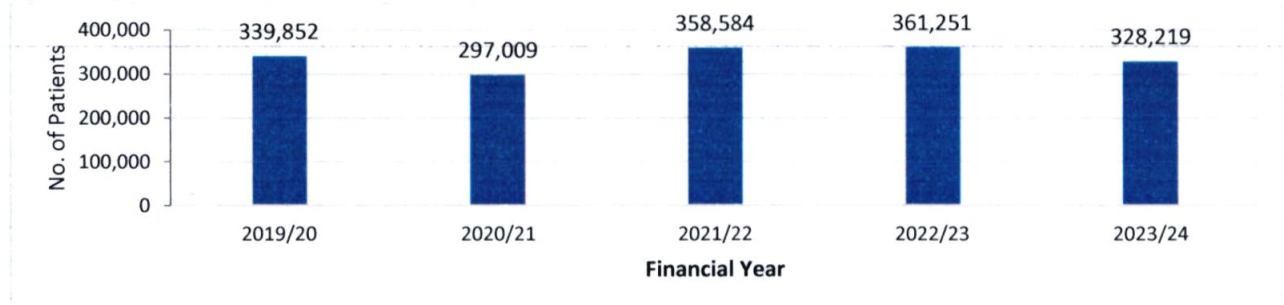


Figure 4: Specialized Clinics Patient Attendance



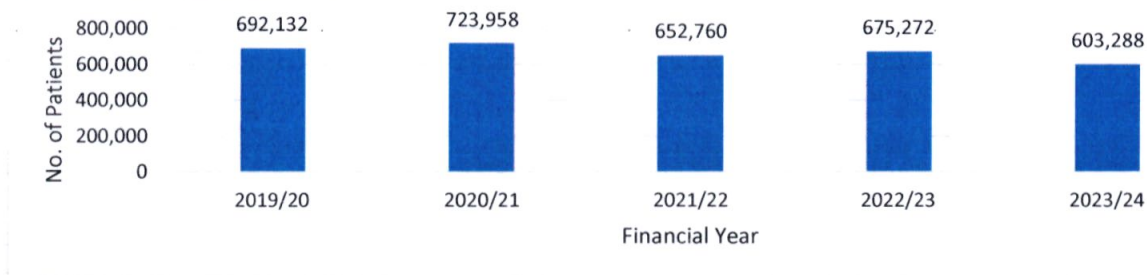
In 2023/24, the number of patients seen in specialized clinics decreased compared to 2022/23. The reduction was partly due to a nearly two-month doctors' strike, which impacted patient attendance in these clinics.



Patient Admissions

The hospital recorded more than 600,000 inpatient days, which represents a slight decrease from the previous year, also attributable to the doctors' strike.

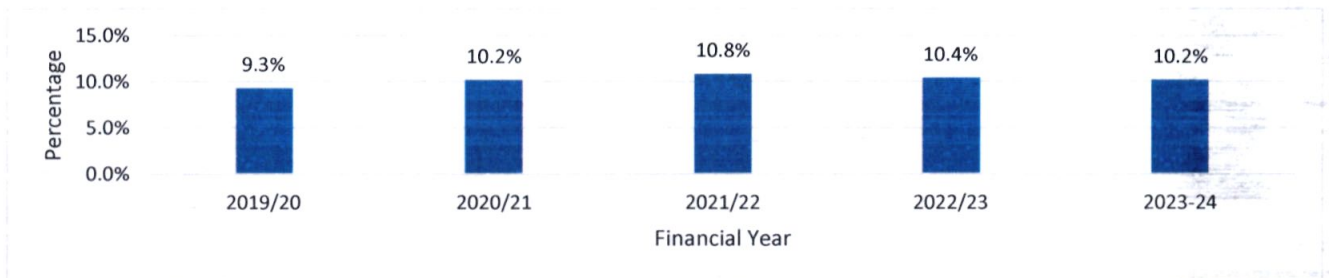
Figure 5: Patient Admissions (Occupied Bed Days)



Mortality

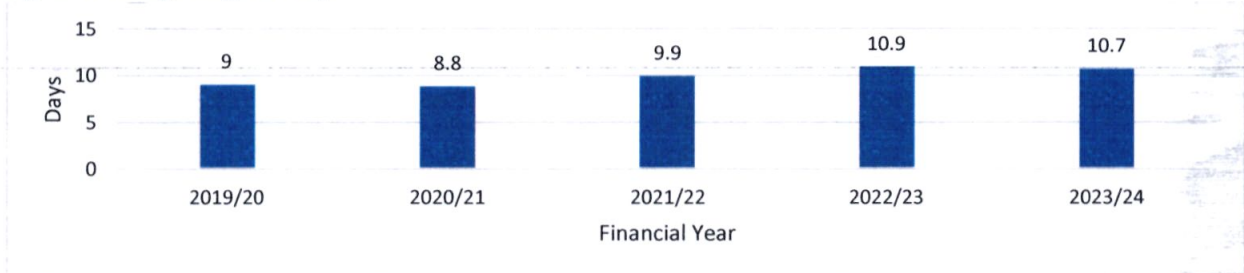
The mortality rate at the hospital decreased slightly compared to the previous year. The implementation of the referral policy led to a reduction in the number of admissions for minor conditions and an increase in admissions for more complicated or terminal conditions, which typically have higher mortality rates. Despite this shift, the hospital has managed to reduce its overall mortality rate.

Figure 6: Mortality Rate



Average Length of Stay

Figure 7: Average Length of Stay



There was a marginal decrease in the Average Length of Stay (ALOS). The implementation of the referral policy has contributed to this reduction by decreasing admissions for minor or uncomplicated conditions that can be managed quickly. Concurrently, the number of patients with complications or advanced conditions requiring prolonged and often multidisciplinary care has increased.



Bed Occupancy

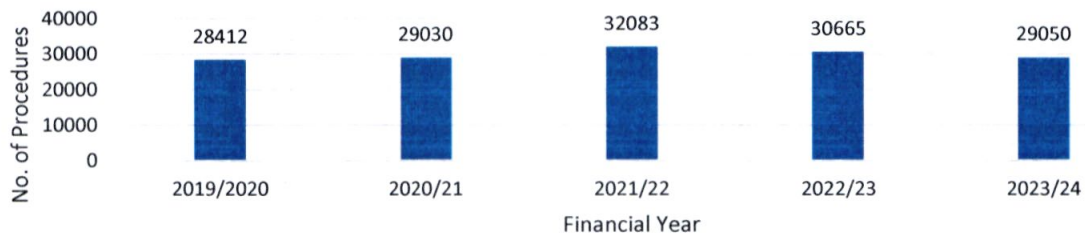
Figure 8: Bed Occupancy



Percent bed occupancy decreased in 2023/24, primarily due to a national doctors' strike that lasted nearly two months. While overall bed occupancy was below 100%, certain departments, notably Paediatrics, Burns, and Neurosurgery, experienced occupancy rates exceeding 100%.

Surgical procedures

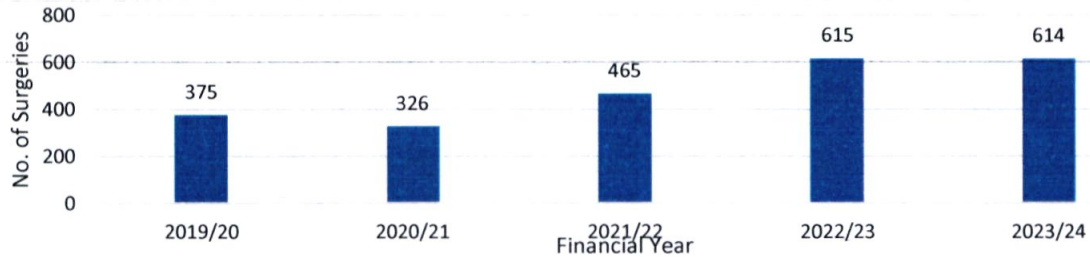
Figure 9: Surgical Procedures



There was a slight reduction in the number of surgical procedures performed compared to the previous year, primarily due to a nearly two-month doctors' strike. During this period, non-emergency surgeries were rescheduled.

Heart Surgeries

Figure 10: Heart Surgeries

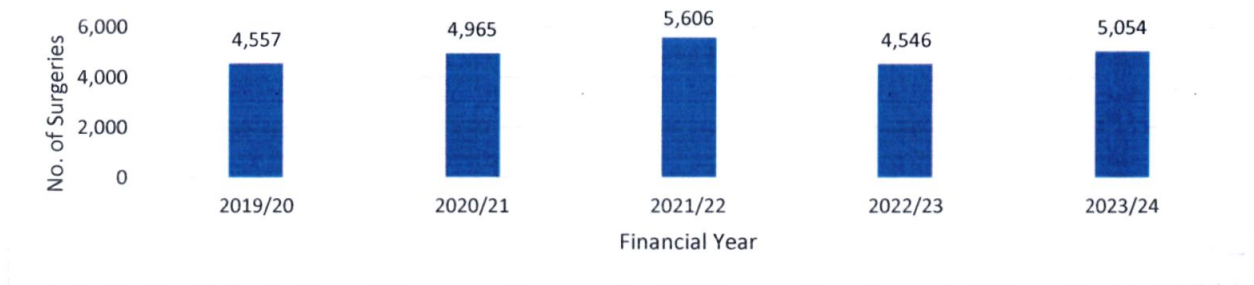


There has been a continuous increase in the number of heart surgeries performed, rising from 326 in FY 2020/2021 to 465 in FY 2021/2022, and reaching 614 in FY 2023/24.



Minimal Invasive Surgeries

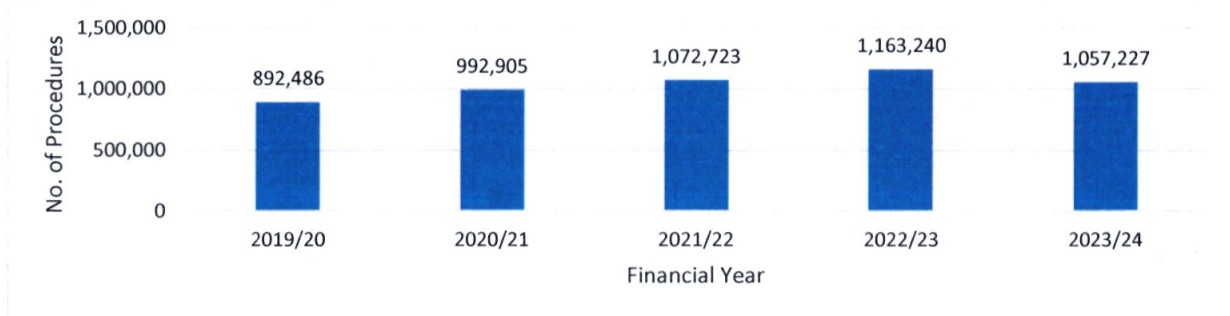
Figure 11: Minimal Invasive Surgeries



There was a 13% increase in the number of minimally invasive surgeries, attributed to improved equipment availability and several Rapid Results Initiatives.

Laboratory Procedures

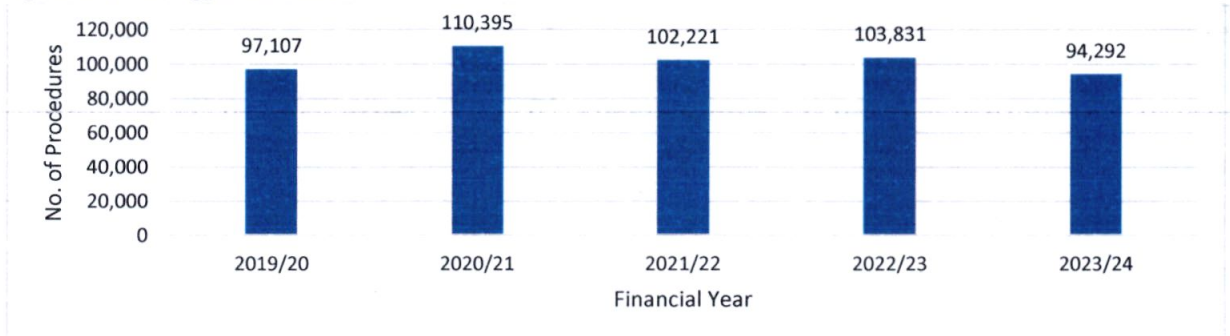
Figure 12: Laboratory Procedures



There was a slight decrease in the number of laboratory procedures conducted in 2023/2024 compared to the previous year, primarily due to the doctors' strike.

Radiology Procedures

Figure 13: Radiology Procedures



There was a slight decrease in the number of radiological procedures performed, dropping from 103,831 in 2022/23 to 94,292 in 2023/24.



Clinical Milestones

The Hospital registered significant milestones in the discharge of our mandate as outlined below.

KNH Doctors Successfully Transfuse Baby in Mother's Womb

On July 31, 2023, Medics at Kenyatta National Hospital achieved yet another milestone in foetal medicine after they successfully transfused a baby while still in the mother's uterus.



The highly delicate procedure, known as the Intrauterine Foetal Transfusion, was undertaken by a team of four doctors who included specialists Dr Rosa Chemwey, Dr Flavia Ogutu, and Dr. Ikol Adung'o, as well as Dr. Kunjira Murayi (Interventional Radiologist). They were assisted by Nurses Mr Benson Nyankuru, and Ms Redempta Mumo, and a reproductive Health Clinical Officer – Mr. Tony Wainaina.

Kenyatta National Hospital Chief Executive Officer Dr. Evanson Kamuri hailed the KNH team for their great achievement. "This is foetal medicine and an institutional landmark. We have attained yet another milestone in fulfilling our mandate as a top premier referral hospital." Doctors successfully delivered the baby in October. After a month of observations, the baby christened Blessing, was allowed to go home.

First-ever laparoscopic Kidney Resection at a Public Hospital Performed by KNH Doctors

Doctors at Kenyatta National Hospital performed the first-ever laparoscopic kidney resection at a public hospital by Kenyans on February 8, 2024.

The three-hour highly delicate minimally invasive surgery was conducted by a team of medics led by Dr. Paul Njogu and Dr Charles Waihenya. The procedure, scientifically known as donor nephrectomy laparoscopic surgery, is now possible with the availability of the hospital's tissue typing laboratory.



Traditionally, donor nephrectomy laparoscopic surgeries required a healthy individual, the donor, to undergo a major operation where the kidney was removed through an incision in the side using a large incision. The advantage of this procedure is that it has a shorter recovery period, and the complication rate is very low. In addition, the quality and function of the transplanted kidneys are excellent.

Medics Salvage Limb of Patient with Bone Cancer



On September 21, 2023, Medics from Kenyatta National Hospital successfully carried out yet another highly delicate procedure by salvaging the limb of a 20-year-old patient with cancer of the bone. A multi-disciplinary team consisting of highly trained specialists took 16 hours to expertly remove a tumour on the patient's distal femur (Lower thigh bone), which had involved the blood vessels and successfully bridged the gap left in the blood vessels with a vascular graft thereby restoring blood flow to her

limb. That successful procedure was the first to be carried out in KNH. The team that conducted the procedure included lead Surgeon Dr Nicholas Okumu, Dr Gilbert Oburu (Cardiothoracic Surgeon), Dr Wilson Ngángá (Anaesthetist), and Orthopaedic Surgeons Dr Maureen Wanjau, Dr Mandela Korsai, Dr Faith Naliaka,





KNH Employee becomes First African to bag Prestigious International Medical Award

Kenyatta National Hospital was in the global spotlight again after the American Society bestowed Alphonse Kioko a medical laboratory technologist with the 2023 J. Marilyn MacQueen Rising Star Award for Histocompatibility and Immunogenetics (ASHI), the first African to bag the award.

This prestigious international award recognizes outstanding HLA technologists, who have demonstrated exceptional promise and dedication to the field, driving progress and positively impacting patient care and medical science.

State Honors to KNH Staff

Kenyatta National Hospital Management celebrated yet another milestone after a number of its staff were conferred State Honours for their contribution towards healthcare delivery in the country. Nurse Fauzia Lugogo was conferred the status of a National Hero, for her selfless act of helping a woman safely deliver her baby on board the Madaraka Express train in June 2023. During the Jamhuri Day celebrations, eight of KNH senior staff were conferred Presidential awards as follows:



Table 4: Staff Conferred State Honours



No.	Name	Designation	Award
1.	Dr. Evanson Njoroge Kamuri	Chief Executive Officer	C.B.S
2.	Dr. William Kiprono Sigilai	Director-Medical Services	O.G.W
3.	Dr. Lydia Okutoyi	Director-Health Care Quality	O.G.W
4.	Dr. Kennedy Mulehane Ondede	Director-Surgical Services	O.G.W
5.	Dr. Joel Rotich Lessan	Paediatric Surgeon	O.G.W
6.	Dr. John Ndung'u Ngigi	Senior Director-KPCC	O.G.W
7.	Mrs. Winnie Wanjiru Mwangi	Director-Human Resource	O.G.W
8.	Ms. Fauzia Lugogo	Nurse	H.S.C

Medical Milestone in Diagnosis of Lung Ailments



A multidisciplinary team of medics at Kenya's premier referral hospital employed the.

For the first time, medics at KNH obtained samples of tissue from the lungs of a 64-year-old patient through bronchoscopy under general anaesthesia. The process is known as Transbronchial Lung Cryobiopsy (TBLC) and is a minimally invasive process that is a safe and effective way of diagnosing potential problems within the organ.

The team who carried out the procedure included Dr. Wanjiku Kagima, Dr Joseph Mutie, Dr Peter Waweru, and Dr Naveed Merali.

KNH Recognized as the Tertiary Care Provider of the Year



The hospital was the recipient of the 'Tertiary Care Provider of the Year' award during the Quality Healthcare Kenyan Awards event aimed at recognising individuals and institutions for their remarkable contributions and innovations in improving the healthcare sector. Dr. Lydia Okutoyi, Director of Healthcare Quality received the award on behalf of the Hospital and acknowledged that patient experience is what matters to KNH. The Hospital's focus is to give treatment with dignity




and respect to our patients while humanizing healthcare delivery and ensuring that every interaction within the system prioritizes the patient's well-being.



Research

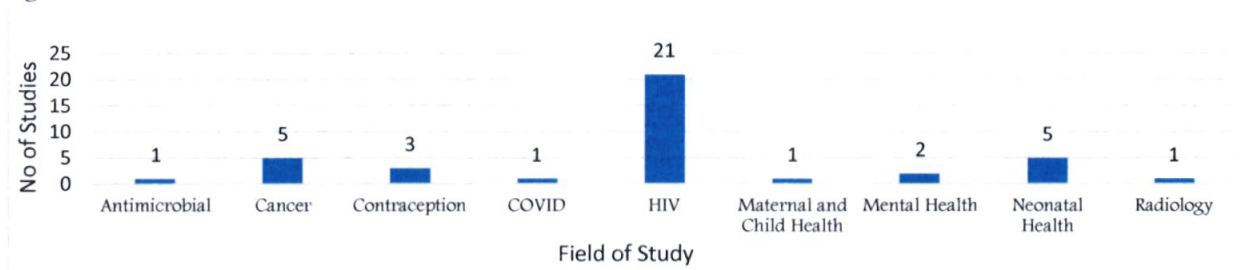
In 2023/2024, 40 studies were conducted, with a focus on HIV, particularly evaluating strategies to scale up antiretroviral pre-exposure prophylaxis. During the year, the hospital was awarded a grant, serving as the prime grant recipient, with the University of Washington as the sub-awardee. This grant will support the integration of stepped care for Perinatal Mood and Anxiety Disorders among women living with and without HIV in Kenya.

1 in 5 women
will experience a mental health condition during pregnancy or in the year after the birth



Most women require only light mental health support

Figure 14: Researches



Fellowships and sponsorship for advanced research training



Dr Agnes Karingo
Research Scientist

Two staff members were awarded international fellowships and scholarships. One staff member was accepted into the Stanford University Global Health Equity Scholars program, while the other was accepted into the University of Washington North Pacific Global Health Fellowship program. These research fellowships will be conducted primarily in Kenya, with trainees travelling to the National Institutes of Health for orientation and later to the sponsoring U.S. institution for advanced research for a brief period. Additionally, two research project staff members received scholarships to attend the 25th International AIDS Conference in Munich, Germany.

KNH-UoN Webinar

- Breast & Cervical Cancer Screening**
- Pain Management**
- Endocrine Effects of Cancer Treatment**
- Patient Rights Charter**

KNH-UoN Webinars

The Hospital conducted 128 webinars covering diverse topics ranging from oncology to disaster preparedness. Presenters were drawn mainly from KNH, UoN, Ministry of Health. The platform can accommodate up to 3000 participants. MoH and CDC supported the increase in attendance capacity from 1000 to 3000 when the platform was selected to be used to train staff on Ebola.

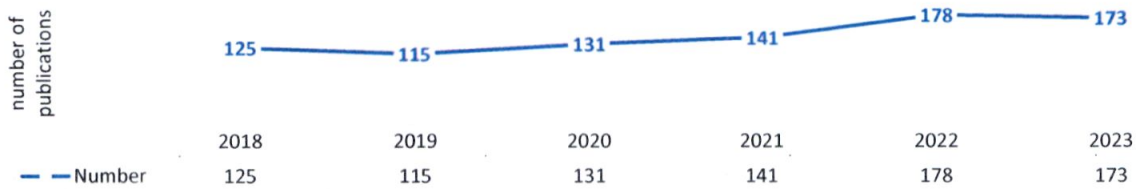
Over 1000 participants joined the webinars in 83% of the sessions. Health providers from diverse disciplines from across the country joined the webinars. In addition, 14 symposia were held. Topics covered included cancer awareness, Health care quality and medical Ethics.

Publications

In 2023, the hospital had 173 publications in peer-reviewed journals, a slight decrease from 178 in 2022. To support staff in acquiring manuscript writing skills, the hospital organizes manuscript writing workshops. In January this year, the University of Washington Center for AIDS Research supported a manuscript writing workshop at the KNH Training and Research Centre.

Figure 15: Publications



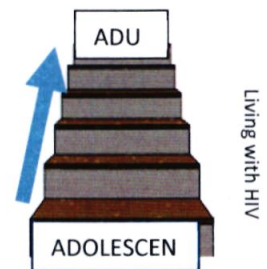


Policy briefs

The hospital submitted two policy briefs to the Ministry of Health. In collaboration with the Department of Research at the Ministry of Health, the hospital organizes policy brief training sessions for staff.

Policy Brief 1: Transition from Adolescent to Adult Care for Adolescents with HIV in Kenya.

Transitioning adolescents from HIV care to adult care, where they are expected to become independent, is a critical milestone. Unfortunately, some adolescents struggle with this transition. This study developed an Adolescent Transition Package (ATP) to facilitate a smooth shift to adult care. The ATP includes several tools: a cartoon book to guide the disclosure process, educating adolescents about living with HIV; another cartoon book to help prepare adolescents for greater independence in managing their HIV care; and tools for providers to document these activities and assess milestone achievement. The ATP was evaluated and found to be effective and acceptable to both providers and adolescents, and its implementation only requires a modest cost investment, making it a sustainable intervention.



Policy Brief 2: Improving Efficiency (Case Presentations, Documentation and Implementation of Recommendations Made) at the KNH Paediatric Cancer Multidisciplinary Team Meetings



Multidisciplinary meetings have been crucial in cancer care. Cancer care needs a swift multidisciplinary response to ensure a positive health outcome is attained. Thus, integrating multidisciplinary meetings is crucial in achieving timely decisions and improving patient care. In the paediatric cancer unit at Kenyatta National Hospital, multidisciplinary meetings were introduced to optimize care; hence this study focuses on quality improvement of the processes within these multidisciplinary meetings and thereafter.



This was a follow-up study where 158 paediatric cancer cases were discussed during the MDT meetings between May 2022 to April 2023. More than half of the cases (58.9%) discussed followed the pre-defined format. Among all the cases that were discussed, 63.9% attained conclusive management decisions within the first meeting, of which 83% were a curative-based decision and 17% were palliative care-based decisions. Most of the decisions were to be implemented within one week of MDT (51.5%) with only 6.8% of the decisions to be implemented immediately. Barriers identified contributing to delayed or non-implementation of the MDT decisions included patient death, machine breakdown, lack of funds, delays in imaging, the patient being unfit for procedure and in one case, a delay in getting consent from the guardian.

Plenary at Consortium of Universities for Global Health

Dr John Kinuthia, the Director Training, Research and Innovation was invited to make a plenary presentation on the Integration of Stepped Care for Perinatal Mood and Anxiety Disorders among Women attending maternal-child health clinics in Kenya and co-moderate, a session on Integrating cervical cancer control into global health at the Consortium of Universities for Global Health Conference in Los Angeles, USA. This invite was based on two collaborative studies.

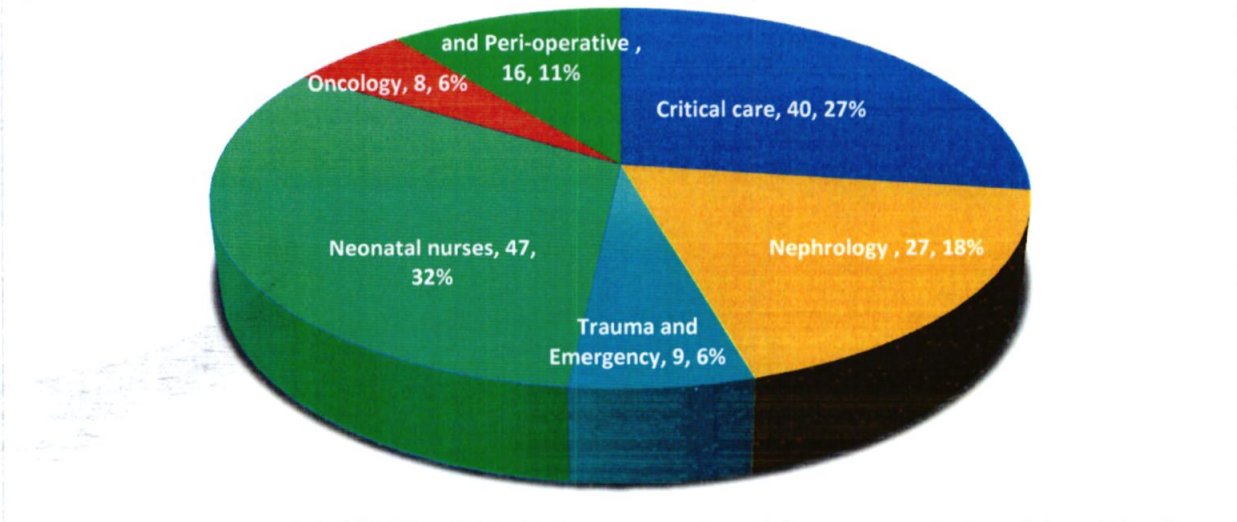


Capacity Building in Healthcare

In 2023/24, the KNH Training Centre, now in its second year of operation, conducted 159 training sessions. This included 25 funded by research studies implemented at the hospital, 21 supported by external partners, and 113 funded by the hospital itself. Topics covered in the training sessions included Leadership & Management for Heads of Department, organized in collaboration with Philips Pharmaceuticals; Emergency Triage, Assessment, and Treatment, organized by the Disaster Preparedness Unit; and Policy and Advocacy Training for Healthcare Workers, supported by the KNH/UW INTEGRATE Program.

The School of Nursing enrolled 147 students, as shown in the figure below:

Figure 16: School of Nursing Enrolment



In addition, 67 students were enrolled in short courses for certificates in Theatre & Sterile Services Assistant (31) and Stoma & Wound Care (37).



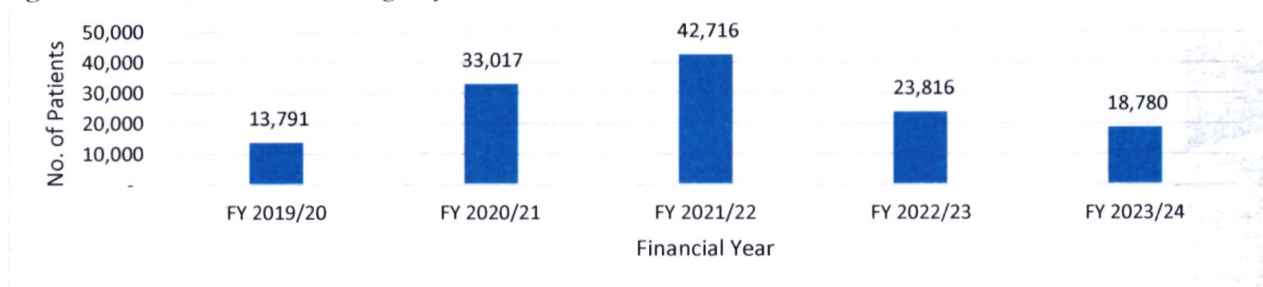
Mwai Kibaki Hospital Clinical Operational Performance

Mwai Kibaki Hospital, a Level Six Teaching and Referral Hospital and an annex of Kenyatta National Hospital, is located in Othaya Sub-County, Nyeri County. With a capacity of 350 beds, it provides a range of specialized healthcare services, including cardiology, orthopaedics, oncology, dialysis, gynaecology, critical care, and newborn care, among others.

Accident and Emergency Patient Attendance

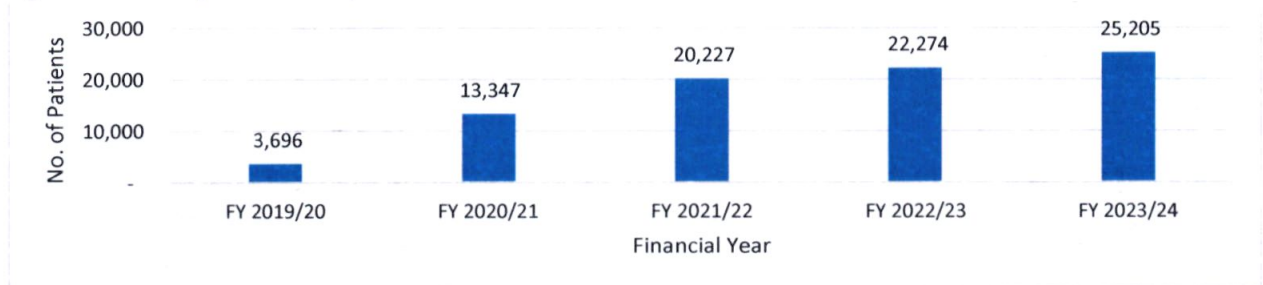
Accident and Emergency attendance declined as the hospital focused more on providing specialized healthcare and receiving patients on referral, in line with national referral guidelines. The performance for FY 2023/24 was further impacted by a two-month doctors' strike.

Figure 17: MKH Accident and Emergency Attendance



Specialized Outpatient Clinics Attendance

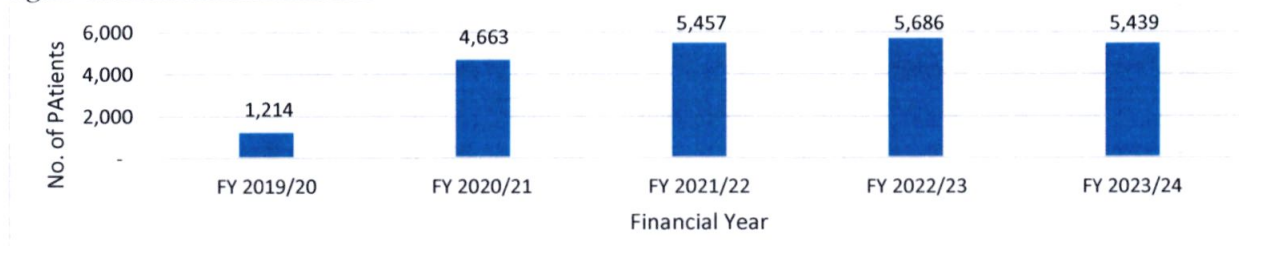
Figure 18: MKH Specialized Outpatient Clinics Attendance



Over the last five years, there has been An Increase in the number of patients served at the Specialized Clinics.

Patient Admissions

Figure 19: MKH Patient admissions

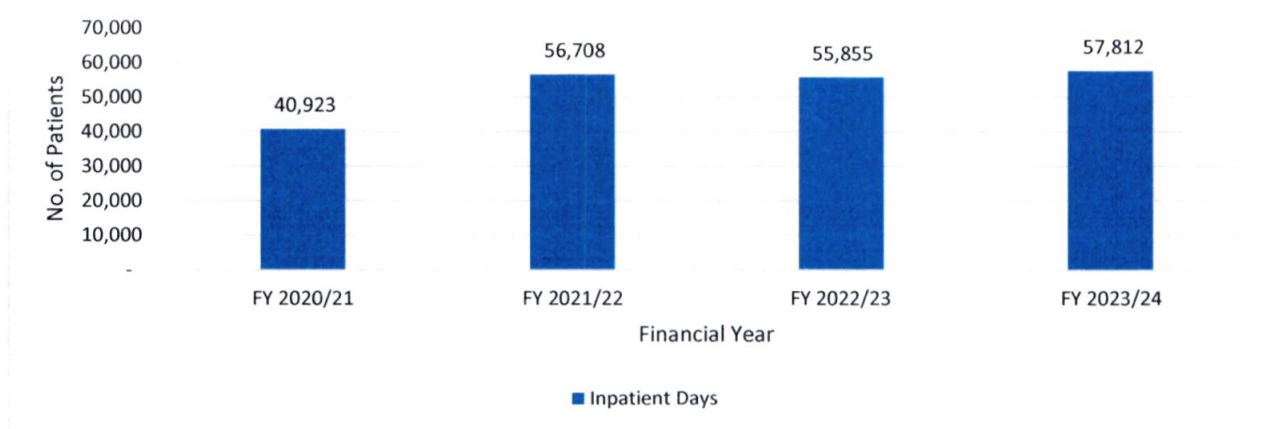


The number of patients admitted to the Hospital has increased over time, rising from 1,214 in FY 2019/20 to 5,439 in FY 2023/24.

Occupied Bed Days

When the hospital started operations, it recorded 40,923 inpatient days in FY 2020/21. By FY 2023/24, the number of inpatient days had increased to 57,812, reflecting a rise in patient admissions.

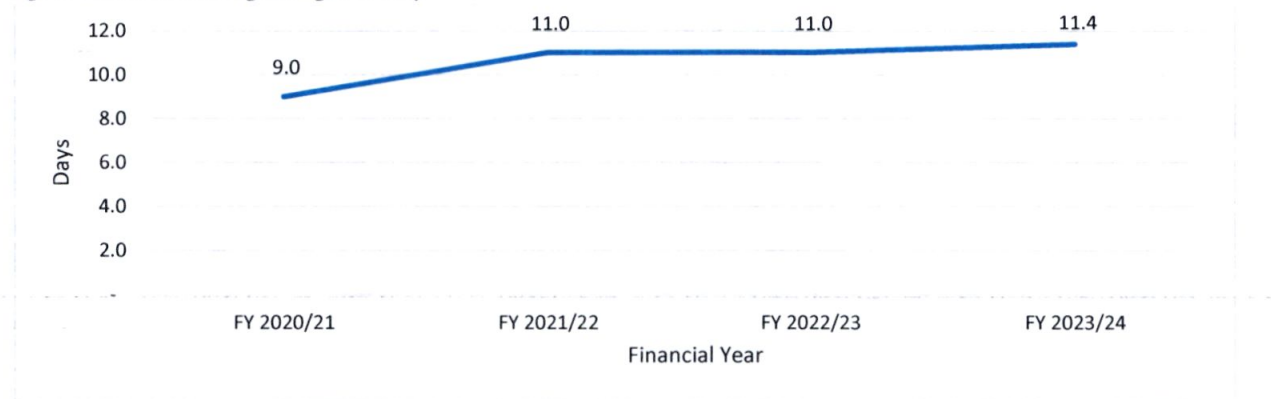
Figure 20: MKH Occupied Bed days



Average Length of Stay

The Average Length of Stay (ALOS) for the year was 11.4 days, reflecting the hospital’s role as a referral centre. This duration is indicative of the hospital handling complex cases beyond the capacity of lower-level healthcare facilities, ensuring patients receive the necessary specialized treatment and care.

Figure 21: MKH Average Length of Stay

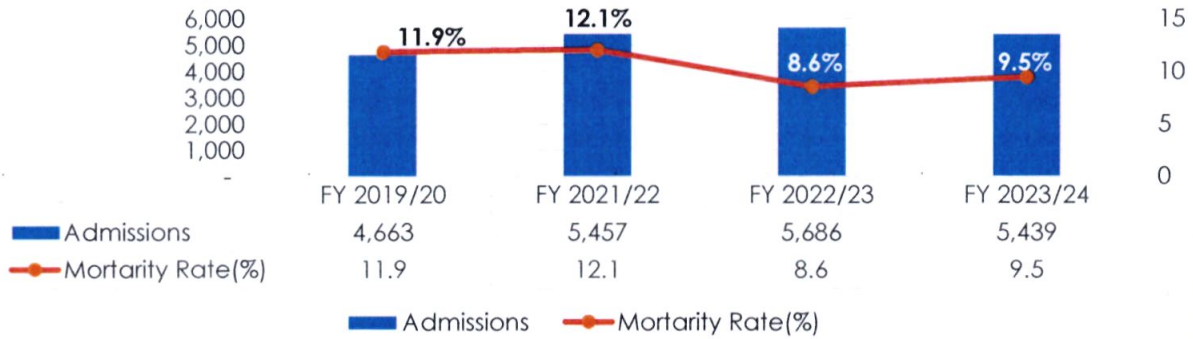


Mortality Rate

The hospital experienced an increase in the mortality rate compared to the previous year, attributed to the admission of more complex and critical referral cases.

Figure 22: MKH Mortality Rate

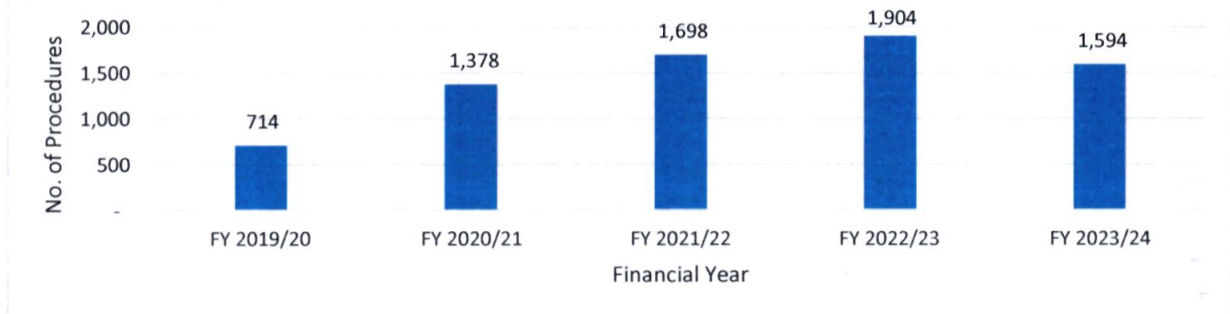




Surgical Procedures

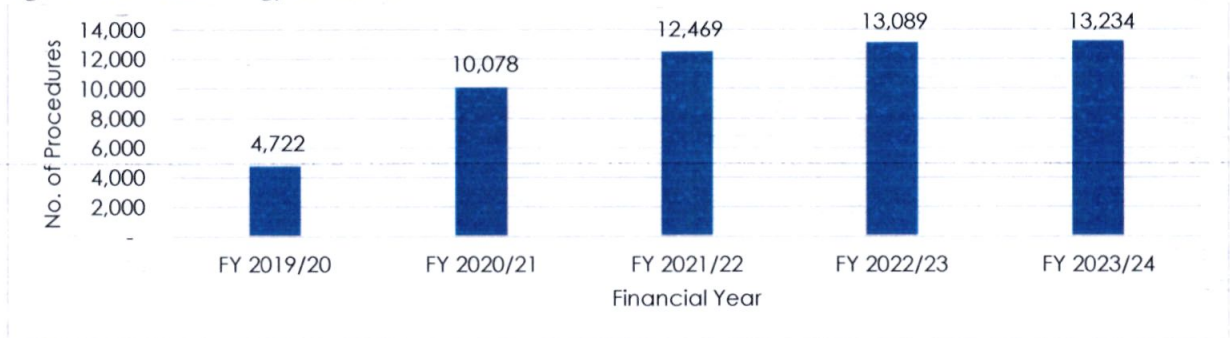
The number of surgical procedures performed decreased compared to the previous year, due to a two-month doctors' strike and the renovation of the main operating theatres, which began in June 2024.

Figure 23: MKH Surgical Procedures



Radiology Procedures

Figure 24: MKH Radiology Procedures

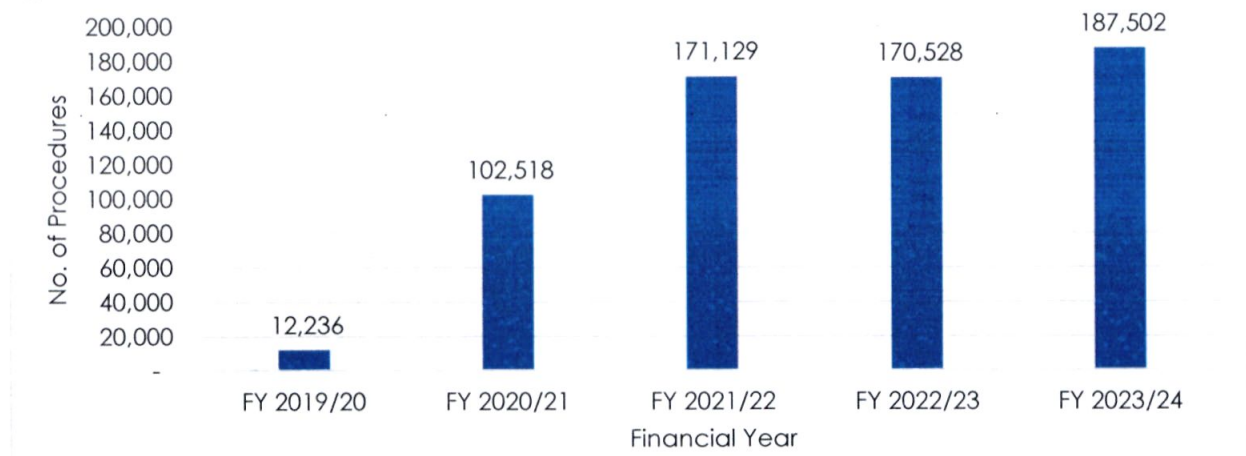


The Radiology Unit conducted a total of 13,234 radiological investigations in FY 2023/24, attributed to the increased demand for ECHO and ECG procedures.

Laboratory Procedures



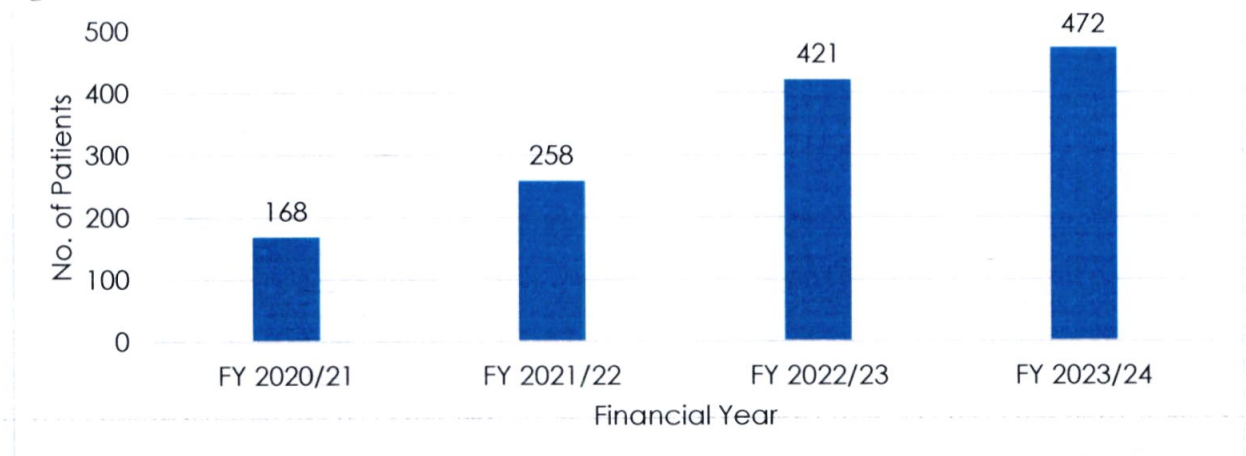
Figure 25: MKH Laboratory Procedures



The Laboratory Unit can conduct tests in biochemistry, haematology, parasitology, virology, endocrinology, and other areas. During FY 2023/24, the unit conducted 187,502 tests. The hospital also provided services for patients referred for laboratory testing.

ICU Admissions

Figure 26: MKH Admissions in ICU



The hospital has a 20-bed ICU, which admitted 472 patients during the year. This increase reflects a general rise in the referral of patients with complicated conditions.

Mwai Kibaki Hospital Milestones

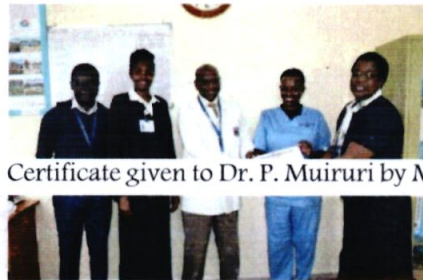


Recognition for Infection Prevention and Control

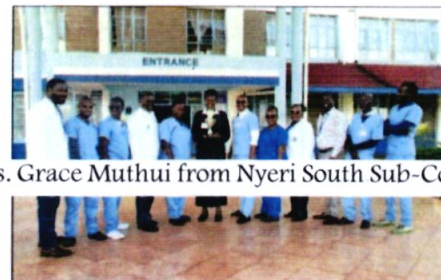
The hospital was recognized for its efforts in promoting hand hygiene, receiving a trophy and a certificate.



IPC Trophy



Certificate given to Dr. P. Muiruri by Ms. Grace Muthui from Nyeri South Sub-County



This award

highlights MKH's proactive role in infection prevention and control, further cementing its status as a leader in healthcare quality within the region.

ISO 9001:2015 Certification

The Hospital received ISO 9001:2015 certification after successfully completing its first external audit by KEBS. This certification marked a major achievement in the hospital's dedication to adherence to international quality management standards, reinforcing its commitment to patient



MKH Staff with the Audit Team from KEBS

safety, operational efficiency, and continuous improvement in healthcare service delivery that meet globally recognized benchmarks.

MKH Corporate Social Responsibility Activities



SYSTEM CERTIFICATION SCHEME

Certificate of Registration

Awarded to:
MWAI KIBAKI HOSPITAL KNH ANNEX

Organizational No.
KEBS/QMS/SC/397

This is to certify that the above organization has been audited and found to comply with the requirements of:
ISO 9001:2015 - Quality Management System

Disclaimer: This certificate is system generated and therefore does not require signature. You may confirm validity and authenticity of this certificate by scanning the QR Code.




Certificate No. 13761560/Rev 00



Date of Issue
2023-09-18

Date of Expiry
2026-09-17

Date of First Issue
2023-09-18

The scope of the certification is:
Activities as specified in the authorized annex(es) bearing the registration number



www.kebs.org

CB@kebs.org

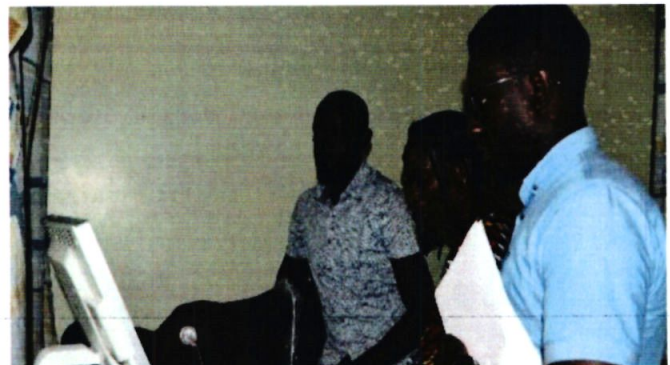
In the year 2023/24, Mwai Kibaki Hospital actively participated in more than 20 medical outreaches and camps, providing free medical services, charity initiatives, and discounted care to economically disadvantaged individuals. The hospital also supported Level I to Level IV healthcare facilities in their healthcare efforts and allowed volunteer programs and initiatives, further strengthening its commitment to improving healthcare access and delivery in the region.



MKH Staff offering Screening Services during World Kidney Day



Experts from Kenya Cardiac Society, America College of Cardiology and MKH offering free Echocardiography check for Cardiac Patients and Training to Clinicians



This Training does not only providing free echocardiography checks for cardiac patients, but they also empower clinicians with hands-on training, ensuring long-term improvements in cardiovascular care.



Key Hospital Projects

The hospital has implemented several projects aimed at enhancing the provision of specialized healthcare, expanding specialized services, and increasing efficiency in service delivery. The capital development projects are outlined below:

Construction and Equipping of Cancer Treatment Center

The project involves the construction and equipping of a modern, one-stop Cancer Treatment Center (CTC). This centre will include clinics, a laboratory, a pharmacy, outpatient chemotherapy administration rooms, inpatient wards, and other essential services. Funded by the Government of Kenya, the project is estimated to cost Ksh 2 billion.



Phase 1 CTC complete and operational

Project Status: Phase I of the project is complete and operational. The facility, a two-story building from the ground to the second floor, includes outpatient clinics, a laboratory, a pharmacy, chemotherapy administration rooms, and other auxiliary services.

Paediatric Emergency Centre and Burns Management Centre

The proposed Pediatric Emergency and Burns Management Center consists of two wings. The Burns Center will feature 82 general ward beds, 14 ICU beds, and 6 HDU beds, while the Pediatric Center will have 82 general ward beds, 24 ICU beds, and 6 HDU beds. The estimated construction cost is Ksh 2.9 billion, financed jointly by the Government of Kenya (GoK) and development partners, including the Arab Bank for Economic Development in Africa (BADEA), the Saudi Fund for Development (SFD), and the OPEC Fund for International Development (OFID).

Project Status: The construction works is currently 75% complete. The structure is finished, with internal work and rooftop parapet walling still underway.



Paediatrics & Burns Centre Design



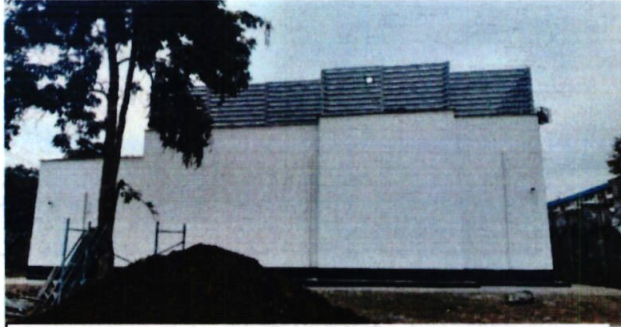
75% complete



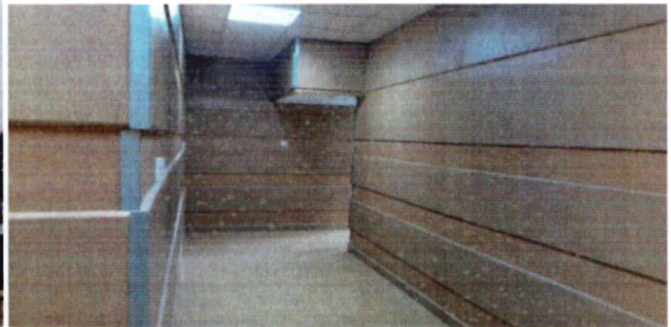
Construction of CTC Bunkers

The project involves the construction and equipping of two bunkers adjacent to the Cancer Treatment Centre. Funded by the Government of Kenya, the project was allocated KSh 96.7 million.

Project Status: The project is currently 95% complete. The structural walls, wall panels, and cabinets for the two bunkers are finished, with landscaping on the compound still ongoing.



External View



Complete wall panels

Level 8 Refurbishment

The project involves repairs and renovation of dilapidated facilities aimed at enhancing patient care and service delivery. The refurbishment of the four wings at Level 8 is financed by the Government of Kenya, with a contract sum of Ksh 102.2 million and an additional KSh 8.6 million allocated for medical gas piping.

Project Status: The project is currently 77% complete and is expected to be completed by 30th September 2024.



Internal fittings ongoing

Construction and Equipping of Medical Oxygen Plant

The project involves the construction and installation of an 8,000 litres per minute oxygen-generating plant to meet the hospital's high oxygen demand. Funded by the Government of Kenya, the project was allocated KSh 443.7 million.

Project Status: The installation works for the oxygen plant are currently 95% complete. Testing of the machinery and installation of alarm systems are ongoing.





Interior view of the Oxygen Plant

Partnerships and Collaborati

The Partnerships and Resource Mobilization goal is to establish collaborative relationships and secure resources that enhance the hospital’s service delivery, ensuring continued improvement and high-quality care. In FY 2023/24, resources mobilized were valued at Ksh 3.2 billion. This includes support for replacing obsolete equipment, donating pharmaceutical supplies, settling patient medical bills, funding renovation projects, and providing patient gift hampers to enhance their well-being.



Donation of Beds by Retirement Benefits Authority under the ‘Adopt a Bed’ initiative



Donation of a Point of Care Ultrasound Machine by AstraZeneca under the ‘Replacement of obsolete equipment’ initiative



R Painting of Ward 1E and 3D respectively by Lions Club under the ‘Adopt a ward’ initiative

Board



The project involves the rehabilitation of internal roads and parking spaces within the hospital. Funded by the Kenya Roads Board at a cost of KSh 200 million and implemented through the Kenya Urban Roads Authority, this project aims to improve access to various facilities within the hospital.



Completed internal roads at the Doctor's flats and KNH Research Training Centre

Our Partners

The support of our partners in FY 2023-24 played a significant role in improving Hospital efficiency in service delivery as well as providing numerous benefits to patients. Highlighted below are our partners who contributed greatly during the year under review.

Table 5: Our Partners

Our Partners	Our Partners
Abura Kathiany ACCA ACK St. James Buruburu Mothers Union Agoyo Creatives/Makini School AL-MALARIA MOH American Cancer Society Amos/ Beatrice .Ester Association of Nyayo Embakasi Property Astrazeneca B Braun Kenya Ltd BAICO Sacco Brenda Ougo Caroline Koinange Center Court Big Sisters Clubfoot Care for Kenya Cosmos Dannny Chaffey Darul Kheir Community Centre Dawa Lifesciences Dawa Limited Diabetes NSW Dorcas & Friends Doughlus Muriuki Kimathi Dr. Mansour Salma Dr. Smita Devani	Faraja Cancer support Friends of Ward 1E Glenmark Pharmaceuticals Global Fund- DL TLD Global Hope Globe Pharmacy Ltd Hafsa Abdikadir Harley's Ltd Harleys Pharmaceucals Hital Miraj Home of Smiles Hon. Lady Justice Philomena Mwilu Hope For Cancer Klds Hospital Pharma Association of Kenya IDA Institute of Certified Secretaries Irene & Friends Ireri Waithavu Jane Bhatt Japanese Organization for International Cooperation in Family Planning Jude Gallagher KEMSA Kenya Haemophilia Association Kenya Mended Hearts Patients Association



Our Partners

Kenya National Human Rights Commission
Kenya Pipeline Company Foundation
Kenya Roads Board
Khayrat sisters
KNH League of Friends
Lancet
Lenata & Friends
Les Amis de Pa Survie
Life for a Child
Lilian Obetto
Lions CarGen
Lions Club
Love In Deed (Keeping the Smile)
Lydia Koimburi & Friends
Lyn & Friends & Ian
Madison Life Assurance
MAS Intimates Kenya
Mega Lifesciences Ltd
Mercedes Benz Club of kenya/she's mercedes kenya
MIG & Abbott
Mr. Emmanuel Hirkena Orre
Mr. Fure
Mr. Steve Isaacs
Mrs. Dolat Premji
Ms. Anne
Ms. Anne Nganga & Friends
Ms. Kalekye
Ms. Mary Wanjiru Irungu
Nairobi Enterprises Limited
Nakuh Taiwan
National Cancer Survivors Week
National Pharmacy Ltd
Nelius Irungu & Friends
NHIF
Operation Smile Foundation
Oscar & Associate Advocates
PCEA St. Andrews
Pharma Plus
PHAROS Architects Kenya Limited
Phillips Therapeutics Limited
Prital nathwani
Qasil Beauty

Our Partners

RAD-AID .org
Raphael & Friends
Retirement Benefit Authority
Roche Kenya Limited
Rotary Club of Nairobi South
Rt. Hon. Raila Amolo Odinga
Safaricom Foundation
Safaricom Sacco
SCSSWAMINARAYAN ACADEMY
Senator Gloria Orwoba
Sharon & Gesora Awasi
Smiles For Change/ Sarakasi
Sophie Muiruri
ST. Clare Kimabu
Start A Library/Employment & Labour Court
Steve Isaacs
Surgipharm Limited
Taxwise Africa Consultants LLP
Team Pankaj Foundation
Tec-trail Limited
Teresiah Kamene
The Isaac Macbride Family
The Rophine Group of Schools
The Stars (Muchemi Family)
Tourism Fund
Uchumi Supermarket PLC
Unbowed
United Nations Development Programme
UON Finance Department
USAID
Valentine Wanjiru
Vayu Global Health
WAICA Reinsurance
WHO
World Child Cancer/Princess Maximus
World Federation of Haemophilia
Yonas
Young engineers



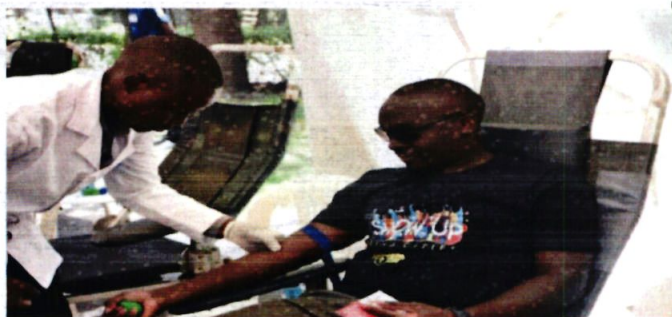
Universal Health Coverage Activities

Kenyatta National Hospital has advanced the Universal Health Coverage (UHC) pillar through various initiatives, including capacity building of medical personnel and support services across 47 counties, managing complicated cases via medical camps, outreaches, referrals, and telemedicine, as well as conducting research and health promotion. In FY 2023/24, the Hospital conducted the following UHC programs:

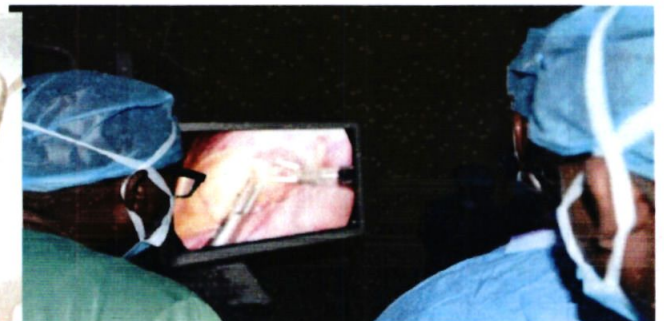
41 Workshops and Training Programs: These included sessions on Gastrointestinal care, Haemato-oncology, wound management symposiums, and a temporal bone course.

333 Medical & Surgical Camps/Outreaches: Programs included Laparoscopic Hernia repair, Breast surgical projects, AVF projects, bariatric surgery camps, pediatric surgery, blood drives, and Endocrinology & Diabetes care, among others.

145 Multidisciplinary Tumor Boards: These boards covered various specialties, including General Surgery, Pediatric Haemato-oncology, Hepatobiliary, and ENT, among others.



KNH Blood Drive



Bariatrics surgical camp



School Drivers Medical Camp & Road Safety Sensitization Program between KNH & National Transport Safety Authority

Risk Management Report

Introduction

Risk management in healthcare has become increasingly complex due to the evolving technological, regulatory, legal, and political landscape. Enterprise Risk Management (ERM) in healthcare involves clinical and administrative systems, processes, and reports designed to detect, monitor, assess, mitigate, and prevent risks. The hospital proactively and systematically safeguards patient safety and the organization's assets through established risk management processes and an internal control system.

Risk Management Process

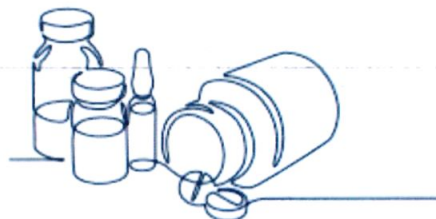
The Board of Management is responsible for establishing an effective risk management strategy within the hospital. The Board Audit Committee plays a critical role in this process by overseeing the adequacy and efficiency of internal controls through internal audit reports. To ensure comprehensive risk management, the hospital has implemented operational and management controls and established mitigation plans. These plans are regularly reviewed and verified by the Hospital Risk Management Committee and the Internal Audit team.

Risk Identification and Classification

The goal of risk management is to develop an integrated and effective framework to identify, quantify, prioritize, and manage significant risks, including climate-related ones, to achieve an optimal risk profile.

The identified risks are also classified into five categories:

- 1. Operational:** The risk of loss from inadequate failed processes, people, systems or external events.
 - Process Risk: Risks arising from failed internal processes.
 - People Risk: Risks arising from employees and their relationship with the Hospital.
 - External Risk: Risks arising from changes to the world outside the Hospital's control: political, economic, social, technological, legal and environmental.
- 2. Strategic Risks:** this relates to the risk of Choosing and continuing to follow sub-optimal strategies to meet objectives, not executing the strategies successfully and changing the business as usual risks differently from expected.
- 3. Compliance Risks:** The risk of exposure to legal penalties, financial forfeiture and material loss, if the Hospital fails to act in accordance with relevant Government Statutes, industry laws and regulations, internal policies or prescribed best practices.
- 4. Financial Risks:** This includes:
 - Credit Risk: The risk of profit or loss due to changing credit quality and the risk of loss from a counterparty failing to meet their obligations as and when they fall due;
 - Liquidity Risk: Risk of being unable to meet cash flow obligations as and when they fall due;



- Market Risk: The risk of profit or loss due to a future movement in market rates i.e. foreign exchange risk, Interest rate risk and price risk.
5. **Technological risk:** The potential that a given threat will exploit vulnerabilities to cause loss or damage to an information/communication asset or group of assets and hence directly or indirectly to the Hospital.
6. **Clinical risk:** The risk of compromised quality and safety of health care services resulting in undesirable clinical care or clinical outcomes. Includes quality risks and patient safety risks

KEY PERFORMANCE HIGHLIGHTS

- Facilitating the development of risk registers at the departmental level which involves assessment of risks on the objectives of the year for all Hospital Departments.
- Continuous provision of guidance and collaboration with all directorates and departments to update their risk mitigation status on a quarterly basis.
- Review of risk management policy.

SUMMARY OF PRINCIPAL RISKS & OPPORTUNITIES EVALUATED DURING THE YEAR

Principal risks are risks that can materially affect our strategy. These are determined through a strategic risk review process where top risks are identified and assessed by executive management committees and the hospital risk Committee.

The hospital's risk landscape is reviewed regularly by the Hospital Risk Committee and the Board. Political, economic, social, technological, environmental and legal developments that may impact the hospital operations and strategy in the short, medium or long term are reviewed to identify emerging risks.

During the year under review, the following risks continued to be monitored and additional risks were identified.

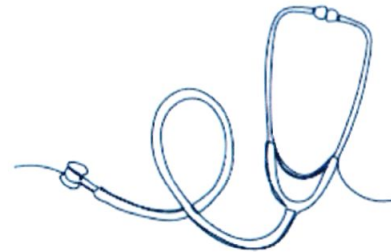
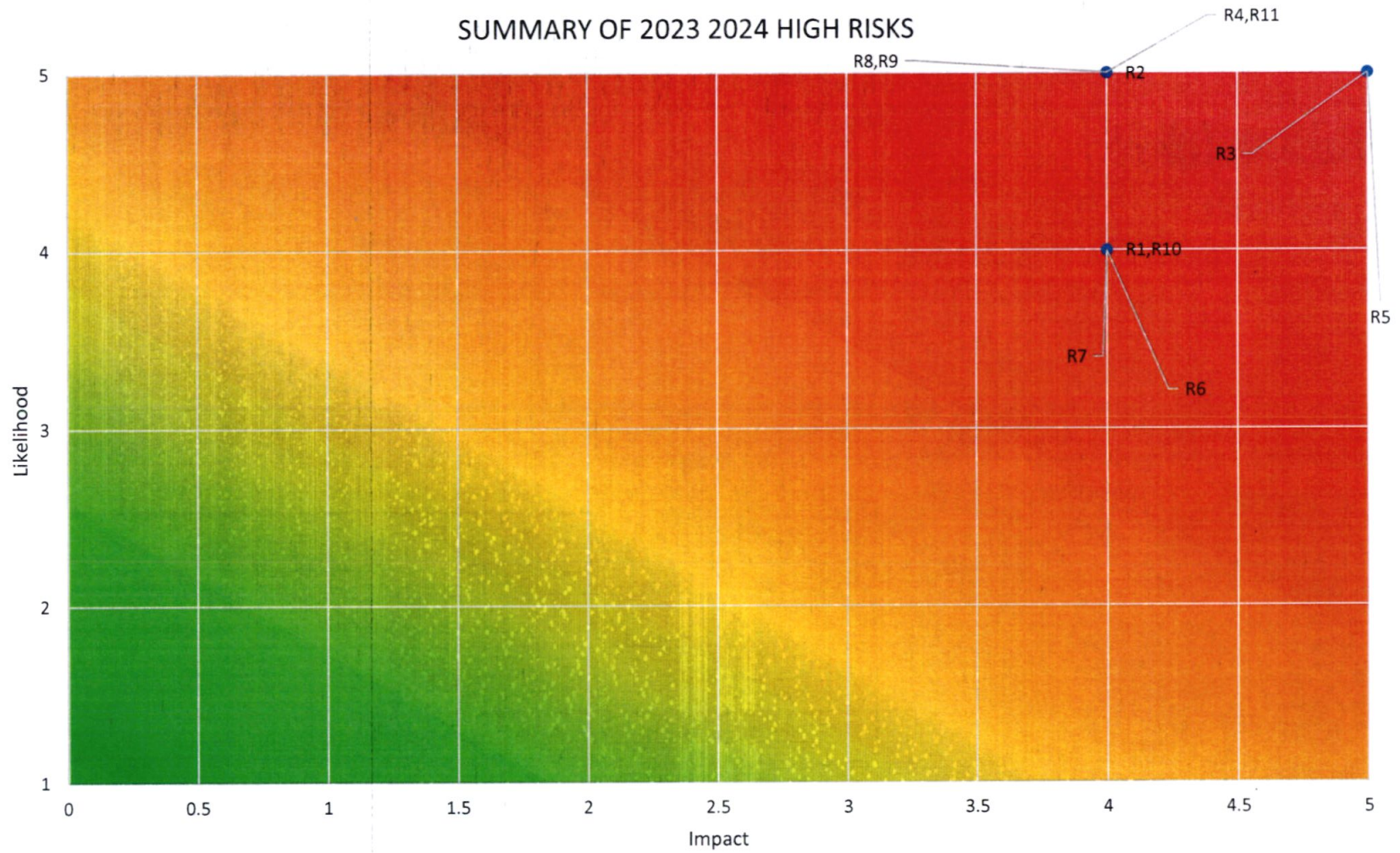


Table 6: Summary of Principal Risks & Opportunities

Risk	Rating	Classification				
		Clinical	Operational	Technological	Financial	Compliance
R1 High turnaround time	Critical	√				
R2 High mortality rate	Critical	√				
R3 Long hospital stay	Critical	√				
R4 Inadequate human capacity	Critical		√			
R5 Inadequate equipment availability	Critical		√			
R6 Digitalization and innovation	Critical			√		
R7 Exposure to cyber security Risks				√		
R8 Pending Bills	Critical				√	
R9 Low growth Economy	Critical				√	
R10 Compliance Risk	Medium					√
R11 Political Risk	Critical					



HEAT MAP SHOWING HOSPITAL'S KEY RISKS





HOSPITAL PRINCIPAL RISKS & OPPORTUNITIES

TREND DESCRIPTION

	Risk exposure remains unchanged due to changes in the business environment, increased dependency, manual operations, pandemic exposure and political interference.
	Risk exposure improved as the operating and regulatory environments have remained stable and enhanced risk mitigation measures have kept the risk at the same level.
	Proactive and continuous monitoring, favourable results of negotiations and risk management processes have resulted in a lowering of risk exposure.

CLINICAL/PATIENT SAFETY RISKS

1. High turnaround time

This risk is occasioned by manual systems in patient registration and patient management, Equipment downtime, High patient numbers and inadequate staff-to-patient ratio.

It impacts the achievement of the Hospital's Objectives as it would lead to increased patient complaints, low staff morale, loss of revenue, high cost of operation and long stays.

2. High Mortality Rate

RISK RATING-HIGH

KEY MITIGATION

OPPORTUNITIES

TREND

22/2 3	
23/2 4	

- Implementation of referral strategy
- Regular internal assessment of quality of care

• Enhanced patient experience leading to an improved reputation



RISK RATING-HIGH

KEY MITIGATION



These risks result from the breakdown of machines, delayed diagnostics results or Hospital Acquired Infections.

TREND

22/2 3	
23/2 4	

- Regular Clinical audits and proactive implementation of clinical audit recommendations

3. Long Hospital Stay



These risks are occasioned by increased theatre cancellations, Acquired hospital infections, Accumulated medical bills and the nature of illness.

RISK RATING-HIGH

KEY MITIGATION

OPPORTUNITY

TREND

22/2 3	
23/2 4	

- Ongoing training of employees on quality procedures
- Established a quality committee to monitor the quality of care

Improved patient care and safety

OPERATIONAL RISK

4. Inadequate human capacity



RISK RATING-HIGH

KEY MITIGATION

OPPORTUNITY

This risk is occasioned by inadequate patient-staff ratios for the health workers, Shortage of specialists in all Hospital, long staff replacement cycle, inadequate succession planning for continuity purposes

TREND





22/2 3	
23/2 4	

- Implementation of succession planning strategy
- Implementation of retention policy to motivate and retain specialized staff Programs introduced to transform organizational culture and create a cohesive team environment.
- Robust Skills enhancement through continuing professional education, internship programs

Leverage succession planning to ensure business continuity.





5. Inadequate equipment availability



	RISK RATING-HIGH	KEY MITIGATION		
Equipment inadequacy is caused by the non-allocation of funds to purchase the equipment due to the High cost of the equipment, non-adherence to planned preventive maintenance schedules and Non-replacement of worn-out and obsolete equipment	TREND	Review and implementation of the equipment replacement & investment infrastructure improvement plan	Implementation of disaster plan, and business continuity plans	
	<table border="1"> <tr> <td>22/23</td> <td></td> </tr> <tr> <td>23/24</td> <td></td> </tr> </table>			22/23
22/23				
23/24				

INNOVATION AND TECHNOLOGICAL




6. Digitalization and Innovation

	RISK RATING-HIGH	KEY MITIGATION	OPPORTUNITY	
It refers to the extent to which the hospital has adopted new technologies and to what extent technological opportunities are exploited by being responsive and innovative in the healthcare market	TREND	<ul style="list-style-type: none"> Upgrade and maintain equipment to reduce system downtime Increase the availability of technological equipment to fill the gaps 	Strengthened IT governance and cyber security framework.	
	<table border="1"> <tr> <td>22/23</td> <td></td> </tr> <tr> <td>23/24</td> <td></td> </tr> </table>			22/23
22/23				
23/24				

7. Exposure to cyber security Risks







	RISK RATING	KEY MITIGATION ACTION	OPPORTUNITY
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Due to the Continued trend towards digitization, Cybersecurity risks have become an emerging risk for the hospital.	<p style="text-align: center;">TREND</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: center;">23/24</td> <td style="text-align: center;"></td> </tr> </table>	23/24		<ul style="list-style-type: none"> • Upgrade of IT infrastructure • Regular assessments of our IT infrastructure and implementation of action plans to enhance security • Proactive monitoring tools to detect and respond to cyber-threats • cyber-awareness training for employees 	Invest in information security controls to enhance our existing security measures and safeguard our data.
23/24					

FINANCIAL RISK

8. Pending bills

RISK DEFINITION	RISK RATING-CRITICAL	KEY MITIGATION	OPPORTUNITY				
These risks relate to unpaid financial obligations for the period under review.	<p style="text-align: center;">TREND</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: center;">22/23</td> <td style="text-align: center;"></td> </tr> <tr> <td style="text-align: center;">23/24</td> <td style="text-align: center;"></td> </tr> </table>	22/23		23/24		<ul style="list-style-type: none"> • Implementing appropriate cost-saving strategies aimed at reducing input costs • Safeguarding good relationships with Stakeholders 	Enhanced stakeholder engagement
22/23							
23/24							



9. Low growth Economy

RISK DEFINITION	RISK RATING-HIGH	KEY MITIGATION	OPPORTUNITY		
This became an emerging risk during the year due to its impact on patients' ability to pay Hospital bills increasing patients with indeterminable hospital stay	<p style="text-align: center;">TREND</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: center;">23/24</td> <td style="text-align: center;"></td> </tr> </table>	23/24		Negotiate with medical insurance service providers for enhanced medical packages and enhanced partnership solutions.	Improved patient-centric care and access to care
23/24					

COMPLIANCE & REGULATORY RISK

10. Hospital tax compliance



RISK DEFINITION	RISK RATING-HIGH	KEY MITIGATION	
This may result in penalties and fines	TREND	Training and sensitization in tax matters	
	22/23		
	23/24		

POLITICAL RISK

11. POLITICAL RISK

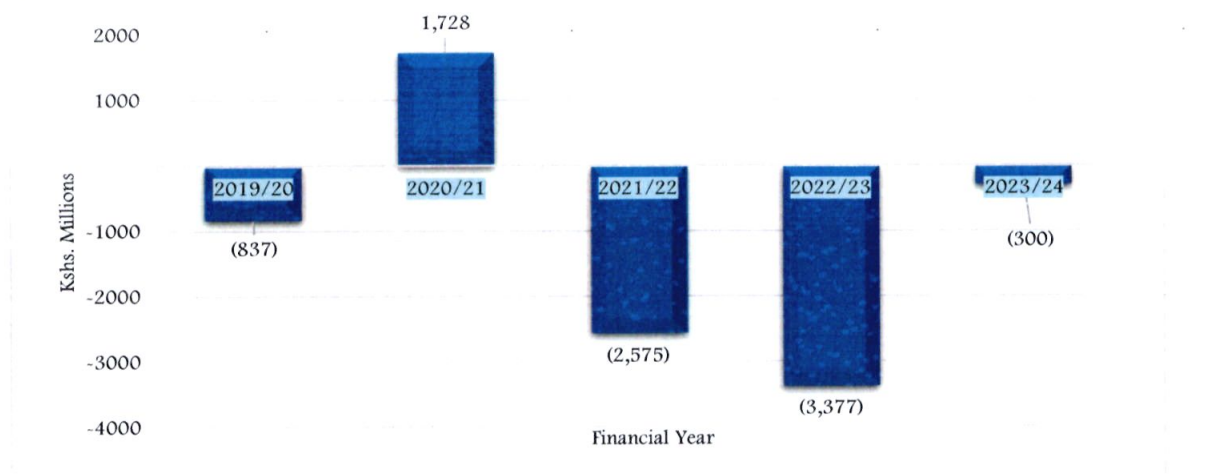
RISK DEFINITION	TREND	KEY MITIGATION	OPPORTUNITY
This risk became an emerging risk during the year. It relates to adverse changes to a political environment that led to budget cuts, High inflation and interest rates prices consequently affecting the Hospital operations adversely.	TREND	Regular reviews of strategy and outcomes to determine whether progress has been made and proactively making strategic changes where need be	Enhanced engagements with regulators and governments
	23/24		



Financial Highlights Financial Performance

Performance Results

Figure 27: Performance Results

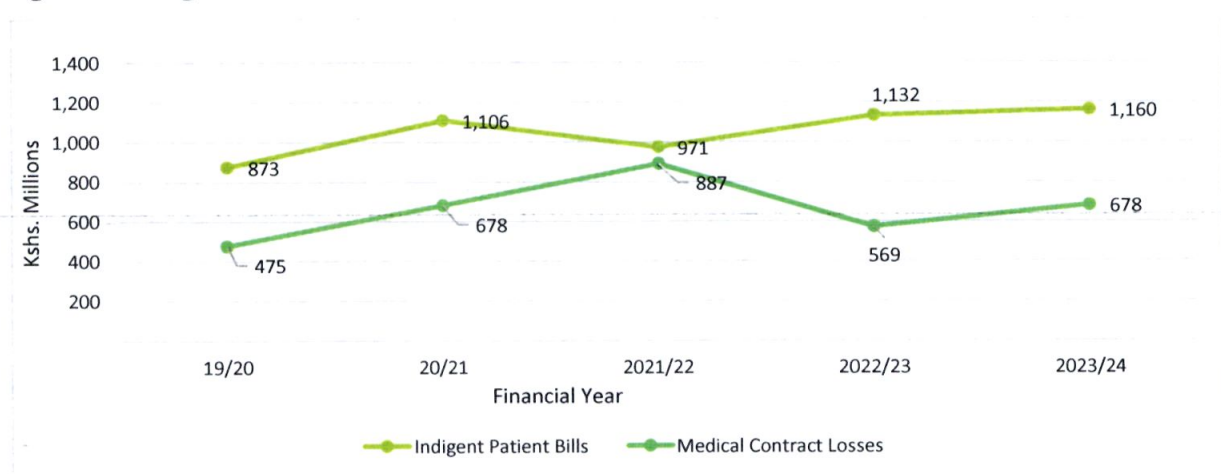


The hospital recorded a deficit of Kshs. 299,707,747.65 for the year under review, compared to a deficit of Kshs. 3,377,233,747 in the previous year. This deficit reduction is partly attributed to a net actuarial loss of Kshs. 153,4029,255, related to the defined benefit scheme recognized during the year.

The deficit is also due to provisions for bad and doubtful debts associated with receivables from indigent patients who are unable to settle their medical bills upon discharge, for which the hospital does not receive compensation. Additionally, reimbursement rates for free maternity services and the NHIF comprehensive care contract have been below the cost of service provision, contributing to the losses, as illustrated in the chart below.

Indigent Bills and Medical Contract Losses

Figure 28: Indigent Bills and Medical Contract losses



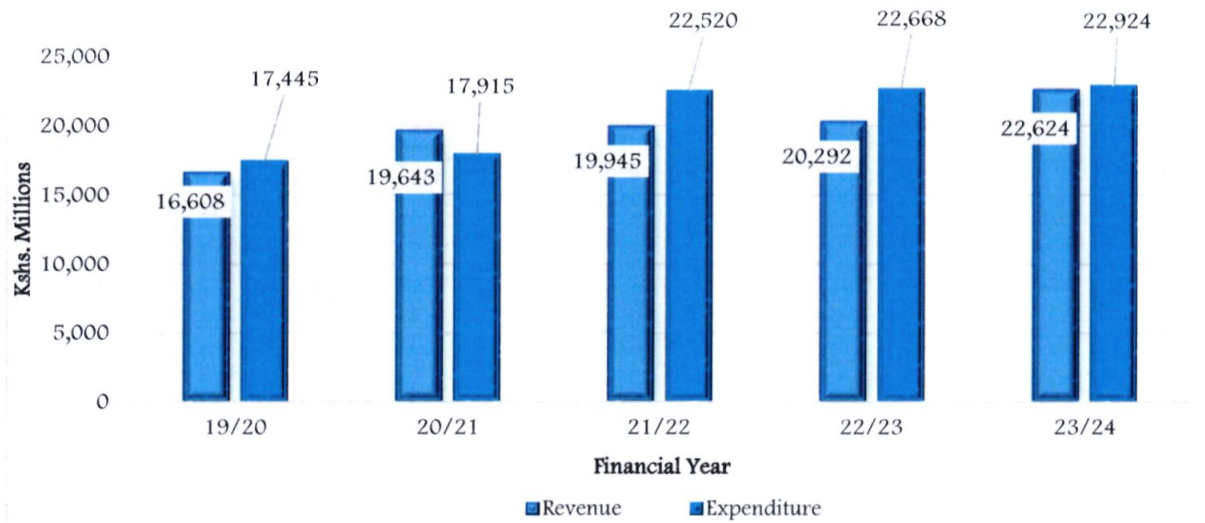
To minimize losses arising from the NHIF contract, the Hospital has consistently engaged with the Fund to review and address packages where costs are inadequately compensated.



Revenue and Expenditure

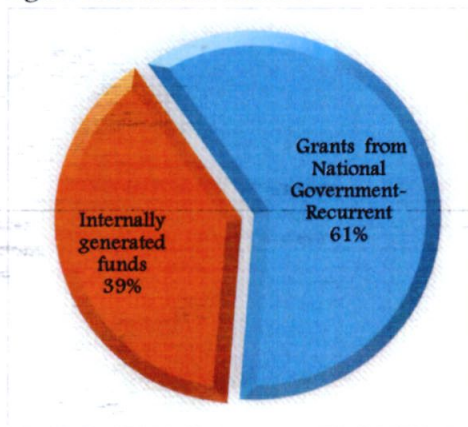
The hospital's income sources during the year under review include a recurrent grant from the Government of Kenya and internally generated revenue from fees charged for services rendered. These funds were utilized to cover employee costs, as well as operation and maintenance expenses. The trends in revenue and expenditure are shown below:

Figure 29: Revenue and Expenditure Trends



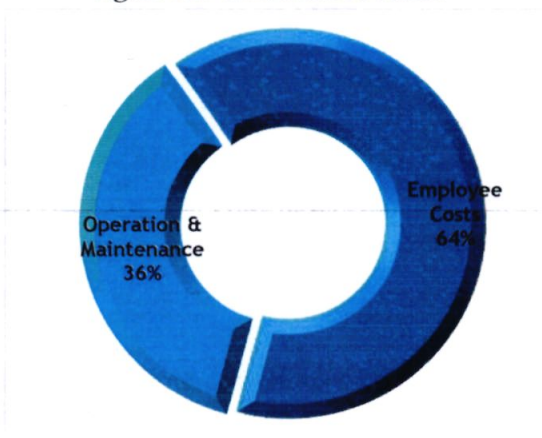
Income Sources FY 2023/24

Figure 30: Income Sources



Utilization of Funds FY2023/24

Figure 31: Utilization of Funds



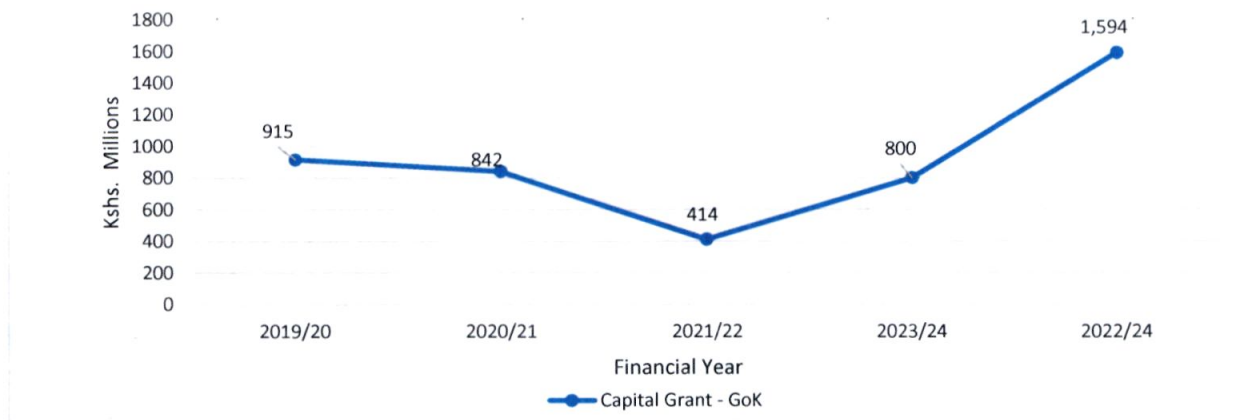
Capital Grant Allocation



The Hospital receives allocations from the National Government specifically for capital expenditure, which supports development projects. Additionally, the Hospital is allocated funds for recurrent expenditure to cover employee costs. The allocation for capital expenditure over the last five years is shown below:

Capital Grant Allocation

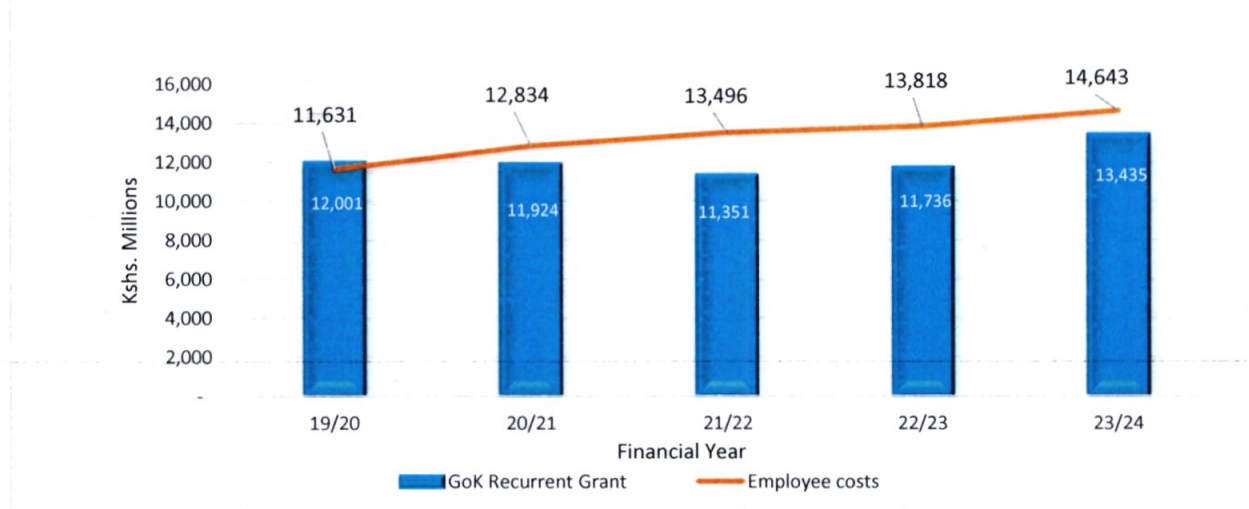
Figure 32: Capital Grant Allocation



Recurrent grants from the National Government vs. employee costs

During the year under review, the Government of Kenya allocated Kshs. 13,257,500,020 for employee costs, which was below the actual cost of Kshs. 14,642,634,519. To bridge this funding gap, the Hospital utilizes internally generated funds. The funding gap is depicted in the figure below.

Figure 33: Employee Cost Funding Gap



Material Arrears in Statutory and Other Financial Obligations



Penalty and Interest on Tax Liability

Kenya Revenue Authority (KRA) conducted an in-depth audit of the Hospital and issued an assessment on July 1, 2014, of the tax liability of Kshs. 592,860,909 relating to the period January 2010 to March 2014. KNH objected to the findings and on June 5, 2015, KRA issued a confirmed assessment amounting to Kshs. 545,693,303. On February 7, 2017, the Hospital paid Kshs. 18,022,978 representing the tax not under dispute in relation to withholding tax and VAT.

The Hospital engaged KRA through the office of the Attorney General on the disputed assessment. Following a mediation meeting held on June 23, 2017, at the Attorney General Chambers, KRA issued a revised assessment dated July 19, 2017, of Kshs. 170,590,114 comprising of principal tax of Kshs. 90,056,488, a penalty of Kshs. 22,514,122 and interest of Kshs. 58,019,505. The Hospital paid the principal tax liability in the year 2017/18 and submitted an appeal for the penalty and interest totalling Kshs. 80,533,626 which is still outstanding as of June 30, 2024. The Hospital is waiting for KRA's response to the appeal made.

Interest Income and Rental Income Tax Liability

Kenya Revenue Authority (KRA) computed tax due on interest income and rental income earned and declared in the Hospital financial statements for the period relating from 2014/2015 to 2018/2019 and issued a notice of the amendment to the income tax returns for the said period. KRA demanded that the Hospital pay the Commissioner of Domestic Taxes Kshs. 615,642,650 composed of principal tax (Kshs. 360,407,283), interest (Kshs. 154,788,542) and penalty (Kshs. 100,446,825) for taxes not filed.

The demand to amend the income tax returns was premised on the notion that the Hospital is not exempt under the First Schedule of the Income Tax Act or any other law and the Hospital had no valid tax exemption certificate. Consequently, the Hospital applied for a Tax-Exempt Certificate on the basis that the Hospital is a State Corporation whose income is solely for the relief of poverty or distress of the public. The Hospital also appealed to KRA to vacate the position demanding payment of taxes on rental income and bank interest that the Hospital earned for the period the income tax returns were filed.

The Hospital Management executed a Debt Payment Instalment Agreement of Kshs. 360,407,283 for the principal tax liability. As of June 30, 2024, the principal tax liability had been fully paid. The outstanding amount of Kshs. 255,059,809 was fully waived by KRA during the tax amnesty period.

National Social Security Fund Arrears

The outstanding amount relates to contribution arrears for the period April 2001 to November 2009 when KNH had sought an exemption on complying with the NSSF Act from the Ministry of Labour and Human Resource Development given the Hospital had a better Pension Scheme.

The Ministry declined the request for exemption in 2011 on the basis that NSSF was a universal social security pillar and was thus mandatory. The Hospital had by then accumulated arrears totalling Kshs. 311 million excluding penalties. The Hospital has included this amount in the budget for funding to offset the arrears as all personnel-related expenses are funded through the Government of Kenya recurrent grant. This amount has, however, not been funded and has thus remained outstanding.

Since FY 2016/17, the Hospital has been paying Kshs. 24 million each year towards the arrears awaiting Ministry of Health intervention. The outstanding amount as of June 30, 2024, is Kshs. 118,830,280.



Defined Benefit Pension Scheme Deficit

The Hospital operates a defined benefit pension scheme in which contribution is at 10% and 5% of pensionable salaries by KNH and employees respectively. The scheme was closed to new members on June 30, 2011, except for members who were over 45 years and above at the time of closure of the DB scheme in compliance with the notice of discontinuance and adoption of the defined contribution pension scheme.

Valuation of the DB scheme assets and the present value of the defined benefit obligation was carried out as at June 30, 2022, by Actuarial Services (E.A) Ltd in line with disclosure requirements under IPSAS 39. The present value of the defined benefit obligation and the related current cost was measured using the Projected Unit Credit Method. The valuation reflected a net defined liability of Kshs. 9,526,293,728. For the period ended June 30, 2023 and 2024 the deficit was determined through estimation by management using the reported figures in the financial statements of the DB Scheme.

The estimated valuation for the period ended June 30, 2024, reflects defined benefit obligation liabilities of Kshs. 17,148,522,105 against the scheme's assets of Kshs. 4,501,991,483 resulting in a deficit of Kshs. 12,646,530,622. The deficit is to be paid by KNH as the scheme sponsor.

The Hospital has been requesting funding to bridge the deficit through the budgetary process from FY 2015/16 to 2021/24. In FY 2023/24, the hospital paid Kshs.400 million towards extinguishing the arrears. The Hospital is still engaging the Government for more funding.



Environmental and Sustainability Report

- **Environmental Responsibility:** Minimize our environmental footprint, conserve natural resources, reduce waste generation, and promote eco-friendly practices throughout our facilities and operations.

The Hospital:

- Planted a total of 8,000 trees
- Energy Consumption: The Hospital has a focus on adoption of solar energy.
- Emissions: The Hospital has been continuously Measuring and reporting on emissions from KNH incinerator
- Regular conducting of OSHE audits to enhance patient and staff safety
- Purchasing environmentally friendly and sustainable products, including biodegradable medical supplies and sustainably sourced materials.



- **Social Welfare:** The Hospital has prioritized the health, safety, and well-being of our patients, employees, and surrounding communities. During this financial year, the Hospital has conducted a total of 353 outreaches to counties and held capacity-building webinars with referring institutions. The Hospital continues to uphold human rights, diversity, equity, and inclusion in all aspects of KNH operations.
- **Governance Integrity:** The Hospital continues to maintain high standards of corporate governance, integrity, and accountability. The Hospital has put in place Governance frameworks that include:

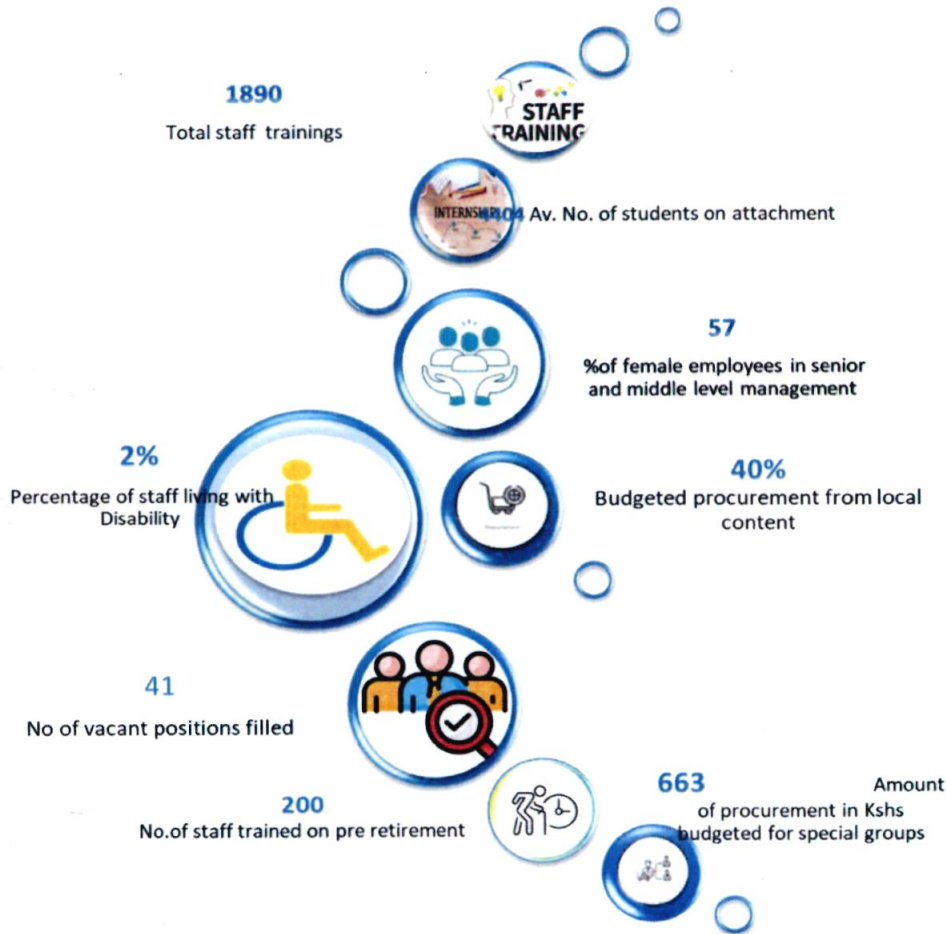
- **Code of Conduct:** The Code of Conduct outlines the ethical standards and behaviours expected of all employees, contractors, and partners. It serves as a guide to ensure integrity and accountability in all our interactions.

Compliance and Risk Management: The Hospital has robust compliance and risk management programs to identify, assess, and mitigate risks. This includes regular audits, compliance training, and a whistleblower policy to report unethical behaviour.

- **Data Protection and Privacy:** The Hospital prioritizes the protection of patient and staff data through stringent data security measures and compliance with relevant data protection laws and regulations.

The Hospital ensures transparency, fairness, and ethical conduct in our decision-making processes and interactions with stakeholders.

Financial Year 2023/2024 Sustainability Outcomes



Our Approach to Sustainability

The Hospital’s strategic plan takes into consideration Sustainable Development Goals and its implementation clearly shows the deployment across the board. The hospital uses an integrated approach for planning and reporting on significant sustainable development matters which are embedded in the strategic initiatives and responsibilities assigned. This approach makes it easier for the whole hospital to understand, manage and evaluate sustainability-related data and performance. Transparency for our stakeholders is increased through continuous and proactive monitoring and reporting on our progress in delivering towards them.





During the reporting period, the Hospital embarked on a journey to develop an ESG strategy. This will include an ambitious set of key ESG priorities and objectives along with numerous initiatives that we will be undertaking to ensure the long-term viability and sustainability of our activities.

The key impact areas on sustainable development that we delivered during the reporting period in pursuit of achieving our strategic objectives are highlighted below.

Highlights on Key Impact Areas

Environmental: The hospital's main environmental impacts are the consumption of resources (energy and water) and the disposal of healthcare risk waste and general waste. While our business as a hospital has an unavoidable impact on the environment, we endeavour to improve sustainability by managing our resources responsibly and efficiently to the benefit of our stakeholders and the environment.



During the reporting period, there were no incidents of material non-compliance with any environmental legislation or regulations.

Energy: The hospital uses both renewable and non-renewable natural resources in the delivery of services to patients. Rising electricity costs are an incentive to reduce consumption by investing in energy-efficient equipment and renewable energy sources.

During the period, electricity costs increased by 21% compared to the previous reporting period. The hospital implemented initiatives to reduce electricity consumption intensity such as the installation of LED light fittings, renewal of ICT infrastructure and use of energy-efficient systems and equipment in all departments. Additionally, Energy audits were conducted and recommendations to change employees' behavior regarding energy use are encouraged.

Water: water is critical to our operations as disruptions to water supplies could lead to severe interruption of the hospital's ability to offer services. The hospital therefore has put in place Initiatives that support sustainable water usage.

During the year, water usage increased by 22% compared with FY 2022/23. To mitigate the increased cost of water utility the hospital has a plan to construct a borehole with a water reticulation system.

Waste management: Healthcare waste is an inevitable by-product of our operations. The Hospital has put up measures to ensure that waste generated in the hospital is segregated and disposed of appropriately.

In this regard, waste segregation is monitored with a target set on an annual basis. Proactive procedures are in place to track any areas with non-compliance to the set targets and action plans are implemented to enhance improvement. Further, regular sensitization on waste segregation is conducted on waste generators. Additionally, the hospital has in place an incinerator that is used to dispose of clinical waste.

During the reporting period, our waste segregation rate compliance rate achieved a positive variance of 0.5 % against a set target of 95.4% following continuous sensitization as well as implementation of improvement actions towards waste segregation. Further, the Hospital is committed to ensuring regular maintenance and upkeep of the incinerator to mitigate the recurrence of frequent breakdowns experienced during the period.

Table 7: Average Waste Generated per Month

Average Waste Generated per month			
General (Kgs)	Clinical (Kgs)	Un-segregated (Kgs)	
56,773	193,676	18,924	
Total clinical waste generated and incinerated (Kgs)			
Sharps	Clinical	Cytotoxic	Pathological
19,846	618,205	11,973	5,882
Waste Segregation compliance rate 95.9%			



Table 8: KNH Main Energy Consumption

Energy Consumption KNH- Main Hospital	Increase/ (Decrease)	2023/2024 (Kshs)	2022/23 (Kshs)	2021/22 (Kshs)
Average electricity bill per month	21%	16,808,890.10	13,881,590.73	11,311,494.16
Monthly energy expenditure per patient bed		9,338	5,784	4,713.12
Water utility usage				
Average water bill per month	22%	10,249,184.02	8,374,797.56	7,383,734.48
Monthly water expenditure per patient bed		5,693	3,489.49	3,076.16

Social

The hospital has put in place social initiatives that are aimed at creating and nurturing long-term relationships with our key stakeholders including patients, employees, suppliers, business partners, governments and labour unions.

Employee engagement: We recognize that poor employee engagement and well-being can lead to among other risks poor clinical outcomes and services and Reputational damage. The Hospital therefore encourages and enables continuous employee engagement across the entire organization through various methods, including employee satisfaction surveys, performance reviews, leadership training and employee wellness programs.

The Hospital has in place a well-established performance management process where employees engage in conversation with their supervisors to align their performance targets to departmental expectations and goals to ensure the focused and deliberate contribution of each employee to the team and ultimately to the departmental and Hospital goals.

Additionally, employee performance is monitored continuously through the performance appraisal system which provides employees an opportunity to identify appropriate learning opportunities that can optimally enable their performance and support career growth.

During the period, employee engagement improved as enhanced by the effective execution of employee engagement action plans.

Employee wellness and safety: The Hospital depends on the skills, knowledge and experience of employees especially professionals to implement our strategy. This makes people our most important asset in achieving our success.

The Board and management have put in place measures to help identify employee expectations. Among the identified employee expectations are fair remuneration and reward, Job satisfaction, Training and development opportunities, diversity and inclusion and a safe work environment

We are committed to responding to employee needs and expectations to maintain an engaged and loyal workforce that will help deliver the Hospital's strategic objectives.

The Human resource policy and career establishment is approved by the Board and forms part of our operating policies and protocols. In a continually evolving context, we continually review our Human Resource policies to ensure our approach remains relevant, fair, and responsible.



Over the past year, a wide variety of initiatives and activities were tailored to cover different aspects of employee well-being and safety including but not limited to the implementation of the employee of the year excellence award, investment in career growth and development through implementation of training and development programmes and regular campaigns related to employee health and emotional, mental and financial wellness.

Diversity and inclusion: The Hospital Board and executive management are dedicated to diversity and inclusion. This is strongly demonstrated by their commitment to building a workforce that reflects our commitment to equal opportunities regardless of among others, race, gender, age, disability, religion, political belief or activity.

During the year under review, substantial progress has been made to promote diversity in our workforce to align with the communities we serve. This has resulted in culture change initiatives being launched across the hospital which have strengthened our ability to implement our succession planning.

Optimised Supply Chain: Reliability of our supply chain and utilities is crucial to the sustainability of our services. The Hospital therefore strives to build long-term relationships of mutual trust and respect with suitable suppliers to ensure a sustainable and uninterrupted supply chain and ethically sourced products.

The Hospital has put measures in place to ensure fair and transparent selection of our employees and timely payment. This is achieved through the established project management system that monitors the implementation of major projects and regularly considers and addresses fraud and ethics concerns raised specifically for the supply chain.

Further, we have robust service level agreements and contract management in place so that there is no ambiguity regarding the services we require and steps to take if problems in service delivery arise. Additionally, the Hospital largely procures in local markets of operations.

Governance: The Board is committed to supporting high standards of corporate governance and business ethics. The Hospital has developed policies, processes and standards that support and provide a framework for ethical conduct and corporate governance. This supports an environment in which the values of the hospital are embraced and lived daily, encouraging a culture of transparency and ethics. Training is provided to all employees on the code of Ethics and relevant policies to enhance adoption.

Ethics: Various initiatives have been implemented to support our commitment to conducting business in a manner that respects and promotes human rights and dignity.

This includes but is not limited to:

- ✓ Establishment of an independent hotline for whistleblowers to report concerns confidentially or anonymously.
- ✓ Establishment of a Hospital anti-corruption committee whose responsibility is to conduct regular corruption and fraud assessments and give feedback to management and the Board.
- ✓ The existence of an anti-corruption policy which is approved by the Board
- ✓ Anti-bribery and ethics awareness campaign aimed to remind employees and suppliers of the Company's values, which include zero tolerance of sexual harassment and discrimination

In the past year, the majority of incidents reported were grievance-related with a few exceptional cases exposing unethical, corrupt or fraudulent behaviour. Appropriate actions were taken to remedy the specific cases.

Additionally, the Hospital was not subject to any significant fines or non-monetary sanctions for non-compliance with laws or regulations.

Data privacy: The balance between the implementation of digitization programs and the commitment to protect stakeholders' data is key to the delivery of quality care to patients.

Being aware of its exposure to Cybersecurity risk, the hospital is continuously investing in information security controls to enhance the existing security measures and safeguard stakeholders' data.

During the period the Hospital implemented proactive measures towards maturing cybersecurity practices consequently minimising the likelihood and impact on data security and privacy.

Among the measures implemented included but not limited to:

- ✓ Employee awareness campaign on information and cybersecurity and data privacy
- ✓ Development of a Data privacy policy



Market place practices

The hospital implemented several comprehensive systems to safeguard and protect consumer rights and interests as well as ensure a safe and conducive environment for both staff and patients to receive appropriate care and treatment.

Robust quality and safety measures are in place include amongst others infection prevention and control practices and the maintenance of accurate medical records. These measures help monitor and prevent healthcare-associated infections, minimize medical errors, and promote patient safety.

As part of quality assurance, the hospital regularly conducts laboratory analysis of the water supplied by Nairobi Water Company. These tests, conducted at the National Laboratory Services, evaluate the bacteriological water quality. The results inform decision-making related to patient safety and environmental health, providing confidence to both staff and patients.

In line with the Public Procurement and Assets Disposal Act 2015 and Regulations 2020, all items procured by the hospital undergo conformance to specifications tests performed by Inspection and Acceptance Committees.

These committees, appointed by the Chief Executive Officer, ensure that procured items meet the required standards. The hospital engages specialists and other government institutions with technical expertise when necessary to conduct quality inspections.

Respecting patient autonomy, the hospital obtains consent before performing any medical procedure or treatment. Patients are provided with comprehensive information about the procedure, including potential risks, benefits, and alternatives, allowing them to make informed decisions based on their understanding and preferences.

The hospital maintains confidentiality and privacy standards to protect patient's personal and medical information. Additionally, patients receive clear and understandable information about their rights, responsibilities, and available healthcare services, including details about the hospital's policies, procedures, fees, and billing practices.

To address patient complaints, concerns, or grievances, the hospital has established a mechanism through the Marketing and Communication Department. This department handles and investigates complaints, mediates conflicts, and works towards satisfactory resolutions. Patients have the right to voice their concerns and expect appropriate responses and actions from the hospital.

With regard to supplier relationships, the hospital has committed itself to upholding the requirements of the Public Procurement and Assets Disposal Act 2015 and Regulations 2020.

It ensures that all procurements are carried out fairly and competitively. To facilitate this, potential bidders are invited to attend a pre-bid conference, where they receive information and guidance on the bidding process and how to comply with the evaluation criteria outlined in the tender document.

The evaluation and supplier award process is transparent, and unsuccessful bidders are provided with a debriefing to understand the reasons for their non-selection. In case of any dissatisfaction, bidders have the option to appeal through the Public Procurement Review Board.

Furthermore, the hospital emphasizes timely contract signing and order placement. It strives to raise orders promptly to facilitate efficient execution. Suppliers are paid on time according to the terms and conditions of the contract. To ensure smooth payment processes, the hospital employs a tracking tool to monitor and analyze supplier payments monthly. Additionally, suppliers undergo a performance evaluation process, which they actively participate in, before payments are released.



Financial Statements

Report of the Board of Management

The Board of Management submits their report together with the unaudited financial statements for the year ended June 30, 2024, which shows the state of the Hospital affairs.

Principal Activities

The principal activities of the Hospital are:

- a. To receive patients on referral from other Hospitals or institutions within or outside Kenya for specialized health care;
- b. To provide facilities for medical education for the University of Nairobi and research either directly or through other co-operating health institutions.
- c. To provide facilities for education and training in nursing and other health and allied institutions;
- d. To participate, as a national referral Hospital, in national health planning.

Results

The results of the Hospital for the year ended June 30, 2024, are set out on page 84.

Board of Management

The members of the Board of Management who served during the year, those who retired, and new appointments are shown under the corporate governance statement in the annual report.

Auditors

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

By Order of the Board



.....
Dr. Evanson Kamuri, CBS, EBS
SECRETARY TO THE BOARD

Date: 19/12/24
.....



Statement of Board's Responsibilities

Section 81 of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act, require the board to prepare financial statements in respect of the Hospital, which give a true and fair view of the state of affairs of the Hospital at the end of the financial year and the operating results of the Hospital for that year. The Board is also required to ensure that the Hospital keeps proper accounting records that disclose with reasonable accuracy the financial position of the Hospital. The board is also responsible for safeguarding the assets of the Hospital.

The Board is responsible for the preparation and presentation of the Hospital's financial statements, which give a true and fair view of the state of affairs of the Hospital for and as at the end of the financial year ended on June 30, 2024. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Hospital; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Hospital; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances

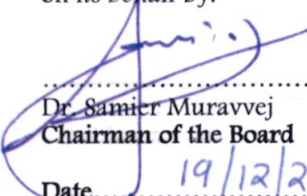
The Board accepts responsibility for the Hospital's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standard (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act.

The Board believes that the Hospital's financial statements give a true and fair view of the state of the Hospital's transactions during the financial year ended June 30, 2024, and of the Hospital's financial position as at that date. The Board further confirms the completeness of the accounting records maintained for the Hospital, which have been relied upon in the preparation of the Hospital's financial statements as well as the adequacy of the systems of internal financial control.


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

Approval of the financial statements

The hospital's financial statements were approved by the Board of Management on 30-09-2024 and signed on its behalf by:


.....
Dr. Samier Muravvej
Chairman of the Board

Date..... 19/12/24


.....
Dr. Evanson Kamuri, CBS, EBS
Chief Executive Officer

Date..... 19/12/24

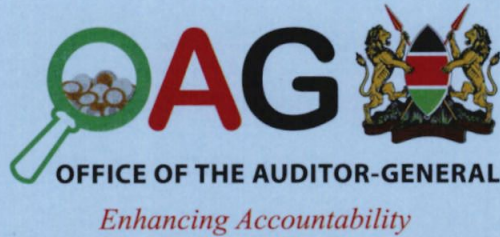


Report of the Auditor-General on Kenyatta National Hospital



REPUBLIC OF KENYA

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HEADQUARTERS
Anniversary Towers
Monrovia Street
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KENYATTA NATIONAL HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kenyatta National Hospital set out on pages 84 to 143, which comprise of the statement of financial position as at

Report of the Auditor-General on Kenyatta National Hospital for the year ended 30 June, 2024

30 June, 2024 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I 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 effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kenyatta National Hospital as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Legal Notice No. 109 of 1987 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracies in Cash and Cash Equivalents

The statement of financial position and as disclosed in Note 24 to the financial statements reflects cash and cash equivalents balance of Kshs.1,958,610,000 out of which Kshs.826,474,000 relates to current account balances. However, it was noted that the bank account for the current account reflects a balance of Kshs.22,712,000 while the bank reconciliation statement reflects Kshs.3,005,439 resulting to an unexplained variance of Kshs.19,706,561. Further, the payroll and administration account bank reconciliation statement reflect reconciled cashbook balance of Kshs.34,971,829 while the manual cashbook maintained reflects Kshs.34,884,799 resulting to an unexplained variance of Kshs.87,030. In addition, the bank reconciliation statement for private wing account reflects cashbook balance of Kshs.55,242,718.97 while the manual cashbook reflects Kshs.55,557,850 resulting to an unexplained variance of Kshs.315,131.

In the circumstances, the accuracy and completeness of the reported cash and cash equivalents balance of Kshs.1,958,610,000 as at 30 June, 2024 could not be confirmed.

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

Emphasis of Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final revenue budget of Kshs.26,534,005,000 and actual on comparable basis of Kshs.23,857,407,000 resulting to an underfunding amounting to Kshs.2,676,598,000 or 10% of the budget.

The underfunding affected the planned activities and may have impacted negatively on service delivery to the public.

2. Trade and Other Payables

The statement of financial position and as disclosed in Note 30 to the financial statements reflects trade and other payables balance of Kshs.2,390,953,026. Included in the balance are trade payables amounting to Kshs.784,006,463 accounting for 33% that have been outstanding for more than one (1) year and were attributed to unpaid suppliers.

Failure to settle bills during the year to which they relate adversely affects the budgetary provisions for the subsequent year as they form a first charge.

My opinion is not modified in respect to these matters.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on the Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management had not resolved the issues as at 30 June, 2024.

Other Information

Conclusion

The Management is responsible for the Other Information set out on page 1 to 81 which comprise of Key Hospital Information, Other Hospital Information, Key Management, Fiduciary Management, Fiduciary Oversight Arrangements, Board of Management, Chairman's Statement, Chief Executive Officer's Statement, Statement of Performance Against Predetermined Objectives, Management Discussions and Analysis and Environmental and Sustainability Report, Report of the Board of Management and the Statement of the Board's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Hospital's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I

conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Staff Earning Less Than One Third of Basic Salary

Review of the payrolls revealed that six hundred and eighty-two (682) staff were paid net salaries that were less than one third (1/3) of their basic salaries during the year under review. This was contrary to Section 19(3) of Employment Act, 2007 which stipulates that without prejudice to any right of recovery of any debt due, and notwithstanding the provisions of any other written law, the total amount of all deductions which under the provisions of subsection (1), may be made by an employer from the wages of his employee at any one time shall not exceed two thirds of such wages or such additional or other amount as may be prescribed by the Minister either generally or in relation to a specified employer or employee or class of employers or employees or any trade or industry.

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

2. Delayed Implementation of Medical Oxygen Generating Plant

The statement of financial performance and as disclosed in Note 13 to the financial statements reflects clinical costs of Kshs.3,480,274,000. The amount includes medical gases cost of Kshs.365,734,000 incurred on a project which was started in May, 2022 with an expected completion date of November, 2022. However, as at the time of audit in December, 2024 the project had not been completed more than twenty-four (24) months from the initial project completion date. Further, there was no evidence that the contractor extended the advance payment guarantee and performance bond which had expired on 13 October, 2023. This was contrary to section 2(a) of the Public Procurement and Asset Disposal Act, 2015 which requires that, for the purpose of managing complex and specialized procurement contracts the contract implementation team shall be responsible for monitoring the performance of the contractor, to ensure that all delivery or performance obligations are met or appropriate action taken by the procuring entity in the event of obligations not being met;

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

3. Medical Services Contract Loss

3.1. Contracts with National Hospital Insurance Fund

The statement of financial performance and as disclosed in Note 22 to the financial statements reflects medical services contracts loss of Kshs.678,355,000. Included in the amount is Kshs.459,182,000 in relation to loss from the National Health Insurance Fund (NHIF) an increase by 17% from Kshs.379,100,000 reported in the previous year. The NHIF loss arises where the medical cost incurred by a patient who is a contributor to NHIF is greater than the rebate reimbursed by the Fund based on the existing medical services contract.

It was noted that Hospital continued to engage NHIF and the Ministry of Health on the loss-making contracts from 2016 to 2022 as evidenced by several correspondences. Although a renegotiated contract commencing 1 July, 2022 has enhanced the number of claimable services, the annual loss incurred during the year is still significant and stood at Kshs.459,182,000.

In the circumstances, the Hospital continues to bear the losses unless the NHIF reimbursable amounts are reviewed upwards.

3.2. Linda Mama Program

The statement of financial performance and as disclosed in Note 22 to the financial statements includes medical services contracts loss of Kshs.678,355,000 out of which Kshs.219,173,000 relates to loss as incurred on Linda Mama Program offered by the Hospital being an increase by Kshs.29,036,000 or 13% from Kshs.190,137,000 reported in the previous year. It was noted that the Government reimburses the Hospital Kshs.17,500 per delivery despite receiving critical care services and neonatal care whose medical cost could be above Kshs.100,000. However, with effect from July, 2017, the package was enhanced to allow the Hospital to claim a normal rebate rate of Kshs.4,000 per day in addition to the Kshs.17,500 in case of complications. The review was however, not sufficient to cover the costs and the accumulated losses during the year which amounted to Kshs.219,173,000.

In the circumstances, the Hospital continues to bear the losses arising from free maternity programs unless the tariffs are reviewed upwards.

4. Incomplete Paediatric's Emergency and Burns Management Centre

Note 41 to the financial statements on contingent liabilities reflects project contractor's cost and consultant costs of Kshs.3,310,812,903 and Kshs.123,698,252 respectively totalling to Kshs.3,434,511,155. However, the contract was awarded at a project cost and consultant cost of Kshs.2,959,511,555 and Kshs.39,927,200 respectively totalling Kshs.2,999,438,755. This indicates an increase by Kshs.435,072,400 or 15% of the original costs. The escalation of costs is largely attributed to delays in setting claims which continued to attract interest. Further, there was no evidence of ongoing negotiations between the Management, the contractor and the consultant.

It was also noted that the project was to be financed through a concessionary loan from development partners of Kshs.1,235,724,580 and Government of Kenya of Kshs.1,723,786,975 with an initial completion date of 20 August, 2020 which has lapsed. Extension of the loan agreements with the development partners to 31 July, 2024 has also expired with no evidence of subsequent extension as at the time of audit.

In the circumstances, value for money on amounts spent on construction of paediatrics emergency and burns management center could not be confirmed.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Lack of Segregation of Duties

The ICT department assigned overlapping group roles across various departments. From the audit, it was not possible to confirm which department was to perform the overlapping roles resulting to lack of segregation of duties which further resulted to increased risk of undetected errors and unauthorized or fraudulent activities. Review of the system processes revealed that a supply chain officer could amend orders, perform inspections and receive stocks. In addition, a finance officer could register suppliers, could change supplier account numbers, commit orders and make direct cash payments. Further, there was no clear distinction between human resource and payroll staff.

In the circumstances, the effectiveness of internal controls in procurement and human resource processes could not be confirmed.

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

Responsibilities of the Management and Board of Management

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

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

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

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

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

Auditor-General's Responsibilities for the Audit


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

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions

and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

31 December, 2024

Kenyatta National Hospital
Annual Report and Financial Statements for the Year Ended June 30, 2024

Statement of Financial Performance
For the Year Ended June 30, 2024

	Note	2024 Kshs. '000'	2023 Kshs. '000'
Revenue			
Revenue from non-Exchange transactions			
Grants from National Government	6	13,434,748	11,735,608
Donor funded research projects grants	7	583,916	488,029
Public contributions and donations	8	64,405	84,579
Total Revenue from non-exchange transactions		14,083,069	12,308,216
Revenue from exchange transactions			
Rendering of services	9	8,193,326	7,721,700
Sale of Goods	10	1,514	1,903
Rental revenue from facilities	11	130,315	135,378
Interest income	12	216,199	124,055
Total revenue from exchange transactions		8,541,354	7,983,036
Total revenue		22,624,423	20,291,252
Expenses			
Clinical costs	13	3,480,274	3,480,405
Employee costs	14	14,642,635	13,817,724
Board of management expenses	15	37,101	37,350
Depreciation	16	715,364	739,644
Repairs and maintenance expenses	17	421,521	447,146
Administrative expenses	18	1,051,526	1,551,399
Donor funded research projects expenses	19	583,916	488,029
Total expenses		20,932,337	20,561,697
Other (gains)/losses			
Gain on sale of fixed assets	20		(425)
Impairment loss on receivables	21	1,160,010	1,131,730
Medical service contracts loss	22	678,355	569,237
Net actuarial losses in net liability-DB Scheme	23	153,429	1,406,246
Total Other (gains)/losses		1,991,794	3,106,788
Deficit for the year		(299,708)	(3,377,233)

The notes set out on Pages 91 to 132 form an integral part of these Financial Statements. The Financial Statements set out on pages 84 to 132 were signed on behalf of the Board by:

.....
Dr. Evanson Kamuri, CBS, EBS
Chief Executive Officer

.....
CPA. Michael Kihuga
Director, Finance

.....
Dr. Samier Muravvej
Chairman of the Board

Date..... 19/12/24

ICPAK M/No. 3884

Date..... 19. Dec. 2024


Date..... 19/12/24

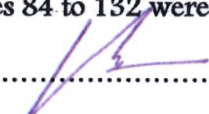


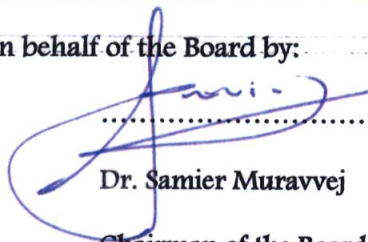
Statement of Financial Position
As at June 30, 2024

Assets	Note	2024 Kshs. '000'	2023 Kshs. '000'
Current assets			
Cash and cash equivalents	24	1,958,610	734,669
Receivable from exchange transactions	25	4,036,957	2,790,107
Receivable from non- exchange transactions	26	1,732,455	2,096,281
Inventories	27	534,387	607,007
Total current assets		8,262,409	6,228,064
Non-current assets			
Property, plant and equipment	28	12,955,625	13,070,099
Intangible assets	29		
Total non-current assets		12,955,625	13,070,099
Total assets		21,218,034	19,298,163
Liabilities			
Current liabilities			
Trade and other payables	30	2,390,953	2,874,256
Deposits from customers	31	65,514	65,976
Provision for leave pay	32	108,215	116,947
Deferred income	33	326,355	281,798
Total current liabilities		2,891,037	3,338,977
Non-current liabilities			
NSSF Arrears	34	118,830	142,830
Net Defined Benefit liability	35	12,646,531	11,689,145
Finance Lease Liability	36	1,453	4,093
Total Non-current liabilities		12,766,814	11,836,068
Total liabilities		15,657,851	15,175,045
Net assets			
Capital reserve	37	14,733,520	12,996,747
Accumulated fund	38	(17,797,077)	(17,497,369)
Revaluation reserve	39	8,623,740	8,623,740
Total Net assets		5,560,183	4,123,118
Total net assets and liabilities		21,218,034	19,298,163

The Financial Statements set out on pages 84 to 132 were signed on behalf of the Board by:


.....
Dr. Evanson Kamuri, CBS, EBS
Chief Executive Officer


.....
CPA. Michael Kihuga
Director, Finance
ICPAK M/No. 3884


.....
Dr. Samier Muravvej
Chairman of the Board

Date..... 19/12/24

Date..... 19 Dec 2024

Date..... 19/12/2024



Statement of Changes in Net Assets

For the Year Ended June 30, 2024

		Capital Reserve	Accumulated Fund	Revaluation Reserve	Total
	Note	Kshs. '000'	Kshs. '000'	Kshs. '000'	Kshs. '000'
Balance as of July 1, 2022		12,142,913	(14,120,136)	8,623,740	6,646,517
Capital grants		853,834			853,834
Deficit for the period			(3,377,233)		(3,377,233)
Balance as at June 30, 2023		12,996,747	(17,497,369)	8,623,740	4,123,118
Balance as of July 1, 2023		12,996,747	(17,497,369)	8,623,740	4,123,118
Capital grants	37	1,736,773			1,736,773
Surplus for the period	38		(299,708)		(299,708)
Balance as at June 30, 2024		14,733,520	(17,797,077)	8,623,740	5,560,183



Statement of Cash Flow
For the Year Ended June 30, 2024

		2024	2023
		Kshs. '000'	Kshs. '000'
Cash flows from operating activities	Note		
Receipts			
Grants from National Government		12,105,500	10,299,667
Rendering of services		1,358,469	1,201,560
Accounts receivables		3,554,596	3,490,761
GoK grants Receivables		2,086,333	
Deposits from customers		579,132	548,846
Donor funded research projects grants		651,770	475,328
Doctors' fee		103,186	177,124
Total Receipts		20,438,986	16,193,286
Payments			
Employees costs		12,875,687	12,633,706
Goods and services		5,398,116	4,528,550
Tax paid		387,446	151,734
Board of Management expenses		19,895	13,424
Donor funded research projects expenses		570,212	450,058
Donor funded research projects refunds			62
Customer deposits refunds		76,232	18,422
Doctors' fee		453,439	440,508
Total payments		19,781,027	18,236,464
Net cash inflow/ (outflow) from operating activities	40	657,959	(2,043,178)
Cash flows from investing activities			
Purchase of property, plant, and equipment		(744,189)	(523,311)
Interest income	12	216,012	123,898
Proceeds from the sale of fixed assets	20		425
Net cash (outflow) from investing activities		(528,177)	(398,988)
Cash flows from financing activities			
Capital grant		1,094,159	
Net cash inflow from financing activities		1,094,159	
Net cash inflow/(outflow) in cash and cash equivalents		1,223,941	(2,442,166)
Cash and cash equivalents at 1 July		734,669	3,176,835
Cash and cash equivalents at 30 June		1,958,610	734,669



Statement of Comparison of Budget and Actual Amounts							
For the Year Ended June 30, 2024							
	Original Budget	Adjustment	Final Budget	Actual Cumulative	Variance	% of Utilization	Note
	Kshs. '000'	Kshs. '000'	Kshs. '000'	Kshs. '000'	Kshs. '000'		
Revenue							
Recurrent Grants from National Government	13,109,000	200,000	13,309,000	13,434,748	125,748	101%	
Capital grant from National Government	3,812,667		3,812,667	1,232,984	(2,579,683)	32%	a
Donor Funded Research Project Grants	372,462	222,500	594,962	583,916	(11,046)	98%	
Public contributions & donations		3,183	3,183	64,405	61,222	2023%	b
Rendering of services	8,976,340	(445,160)	8,531,180	8,193,326	(337,854)	96%	
Sale of Goods	3,709	(124)	3,585	1,514	(2,071)	42%	c
Rental revenue from facilities	167,474	39	167,513	130,315	(37,198)	78%	d
Interest income	111,915		111,915	216,199	104,284	193%	e
Total Income	26,553,567	(19,562)	26,534,005	23,857,407	(2,676,598)	90%	
Expenditure							
Clinical Costs	3,425,900	100,522	3,526,422	3,480,274	(46,148)	99%	
Employee Costs	15,252,082	(743,744)	14,508,338	14,642,635	134,297	101%	f
Board Expenses	30,000	11,108	41,108	37,101	(4,007)	90%	
Depreciation	676,336	48,292	724,628	715,364	(9,264)	99%	
Repairs and Maintenance	529,910	(149,370)	380,540	421,521	40,981	111%	
Administrative expenses	1,158,625	244,294	1,402,919	1,051,526	(351,393)	75%	g
Donor funded Research Projects Exp	372,462	222,500	594,962	583,916	(11,046)	98%	
Capital Expenditure from National government	3,812,667		3,812,667	633,568	(3,179,099)	17%	a
Total Expenditure	25,257,982	(266,398)	24,991,584	21,565,905	(3,425,679)	86%	
Other (gains)/losses							
(Gain)/Loss on Sale of Assets							
Impairment Loss on Receivables	739,415	309,507	1,048,922	1,160,010	111,088	111%	h
Medical service contracts Loss	556,170	(62,671)	493,499	678,355	184,856	137%	i
Net Actuarial losses in Net liability- DB Scheme				153,429	153,429		
Total Other (gains)/losses	1,295,585	246,836	1,542,421	1,991,794	449,373	129%	
Total Expenses & Other Losses	26,553,567	(19,562)	26,534,005	23,557,699	(2,976,306)		
Deficit for the period				(299,708)	(299,708)		



Explanation for material under/over utilization of Budget

- a) The underutilization of total capital budget by 83.38% is due to ongoing projects for which interim certificates had not been received as at June 30, 2024. The funds will be rolled over to FY 2024/25.

b) Public Contributions and Donations

During the period under review the hospital received increased contributions and donations from the public.

c) Sale of goods

The revenue generated by the Hospital during the period under review fell short of the budget due to reduced number of patients seen in the hospital. This is attributed to doctors' industrial action during the period.

d) Income from rental facilities

The rental income from facilities fell short of the budget during the period under review as some houses had been vacated and under renovation.

e) Interest Income

There was a favourable variance in interest income during the period under review. This is attributed to the increase in cash held in the bank designated for ongoing capital projects.

f) Employee Costs

The over-utilization in relation to employee costs is attributed to DB pension expense (service cost & interest on net liability) recognized during the period under review.

g) Administrative expenses

The underutilization of budget is attributed to low activity level in the hospital due to the industrial strike by the doctors during the year.

h) Impairment Loss on Receivables

This relates to provision for bad and doubtful debts owed to the hospital by indigent patients who are accorded medical care services but are unable to settle the medical bills on discharge. The indigent patients are released on unsecured credit and their bills have been fully provided for as doubtful debts. The amount was above budget due to the increased number of indigent cases during the period under review.

i) Medical Service Contract Loss

The loss relates to medical bills for patients who are members to NHIF where the rebate reimbursed by the Fund based on the existing medical service contract is lower than the actual bills. The unfavourable variance is as a result of increased number of patients who use the NHIF cards as a mode of payment due to the enhanced awareness of the benefits of the card and the Linda Mama program. The hospital is in continuous negotiation with NHIF to review the terms of the Medical Service Contract with a view of mitigating against the loss.



Explanation for adjustment of Budget

The original budget was revised to take into consideration supplementary recurrent grant allocation as well as re-allocation within revenue and expenditure budget lines.



Notes to the Financial Statements

1. General Information

Kenyatta National Hospital is established through legal notice No 109 of April 6, 1987, and derives its authority and accountability from The State Corporations Act. The Hospital is wholly owned by the Government of Kenya and is domiciled in Kenya.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant, and equipment, and financial instruments at fair value, impaired assets at their estimated recoverable amounts, and actuarially determined liabilities at their present value.

The preparation of financial statements in conformity with International Public Sector Accounting Standards allows the use of estimates and assumptions. It also requires management to exercise judgment in the process of applying the Hospital accounting policies. The areas involving higher degree of judgment or where assumptions and estimates are significant to the financial statements have been disclosed under note 5 of these financial statements.

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

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, and International Public Sector Accounting Standards. The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2024.

There were no new and amended standards issued in the financial year.

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024.

Standard	Effective Date and Impact:
IPSAS 43	Applicable 1 st January 2025
Leases	The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance, and cash flows of an Entity. The new standard requires entities to recognize, measure and present information on right of use assets and lease liabilities.



Standard	Effective Date and Impact:
	This standard is relevant to the Hospital and will be applied effective financial year ending June 30, 2025.
IPSAS 45 Property Plant and Equipment	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17. In IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard.</p> <p>IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under-maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p>This standard is relevant to the Hospital and will be applied effective financial year ending June 30, 2026.</p>
IPSAS 46 Measurement	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p>This standard is relevant to the Hospital and will be applied effective financial year ending June 30, 2026.</p>
IPSAS 47- Revenue	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This</p>



Standard	Effective Date and Impact:
	<p>standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p>This standard is relevant to the Hospital and will be applied effective financial year ending June 30, 2027.</p>

iii. Early Adoption of Standards

The Hospital did not early – adopt any new or amended standards in the year 2023/24.

4. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented.

a) Revenue Recognition

i) Revenue from non-exchange transactions

Grants from National Government

Recurrent grants from the Government are recognized in the statement of financial performance on a systematic basis over the periods in which the grants are intended to compensate. Recurrent grants that are receivable as compensation for expenses or losses already incurred or to give immediate financial support to the Hospital with no future related costs are recognized in the statement of financial performance in the period in which they become receivable.

Development grants whose primary condition is that the Hospital should purchase, construct, or otherwise acquire non-current assets are recognized in the statement of financial position under capital reserve.

Donor Funded Research Projects Grants

Conditional grants received for research projects are recognized in the statement of financial performance on a systematic basis over the periods in which the grants are intended to compensate, only to the extent of expenditure incurred during the year. Grants not utilized are recognized as deferred income in the statement of financial position.



Public Contributions and Donations

Cash donations: Income from endowments, donations, and other similar services rendered are recognized when received and included only to the extent of expenditure incurred during the year.

Donations in-kind: Revenue from donations in kind is measured at fair value and recognized on obtaining control of the if the transfer is free from conditions and it is probable that the economic benefits (including cost saving from the donation) or service potential related to the asset will flow to the Hospital and can be measured reliably. On initial recognition, gifts and donations including goods in-kind (tangible assets) are measured at their fair value as at the date of acquisition, which is ascertained by reference to an active market.

Fixed assets donations are deferred to be recognized over their useful life. The amortized value for fixed assets donations is recognized in the statement of financial performance.

ii) Revenue from Exchange Transactions

Rendering of Services

The Hospital recognizes revenue from the 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 the costs that reflect services performed. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of Goods

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

Rental Revenue from Facilities

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

Interest Income

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

b) Budget Information

The original budget for the financial year 2023/24 was approved by the Board of Management on 9th August 2023. Subsequent revisions and additional appropriations were made to the approved budget in accordance with specific approvals from the Board of Management and Ministry of Health.

The Hospital budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis.



The amounts in the financial statements are recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented.

c) Property, Plant, and Equipment

All property, plant, and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant, and equipment are required to be replaced at intervals, the Hospital recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

The Hospital uses a revaluation model for measurement of property, plant, and equipment after initial recognition. The Hospital derecognizes items of property, plant, and equipment, and/or any significant part of an asset upon disposal or when no future economic benefits or service potential is expected from its continuing use.

Any gain or loss arising on the de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the surplus or deficit when an asset is de-recognized.

The value of land does not depreciate. Depreciation on other assets is calculated on a straight-line basis to write off the cost of each asset, or the revalued amount, to their residual values over the estimated useful life. The annual rates used for each class of assets are:

Fixed asset Class	Depreciation Rate	Fixed asset Class	Depreciation Rate
Buildings	2.5%	Tractors	37.5%
Plant & Machinery	12.5%	Computers, copiers	33.3%
Furniture and Fittings	12.5%	Medical Equipment	12.5%
Motor Vehicles	25%		

d) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and benefits incidental to ownership of the leased asset to the Hospital. All other leases are classified as operating leases.

Finance Lease

Assets held under finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Hospital also recognizes the



associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance Charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset.

Operating Lease

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

e) Intangible Assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Intangible assets amortized at the rate of 30% per annum.

f) Financial Instruments

At initial recognition, the Hospital measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

i. Financial Assets

Initial Recognition and Measurement

Financial assets 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 Hospital determines the classification of its financial assets at initial recognition.

Trade and other Receivables

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



Impairment of Financial Assets

The Hospital 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 have 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 that can be reliably estimated.

ii. Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are measured at fair value through surplus or deficit. The Hospital determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of borrowings, plus directly attributable transaction costs.

g) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or a nominal cost), the cost of the inventory is its fair value at the date of acquisition. After initial recognition, inventory is measured at the lower cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Hospital.

h) Provisions

Provisions are recognized when the Hospital has a present obligation (legal or constructive) as a result of a past event, an outflow of resources embodying economic benefits or service potential will probably be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Hospital expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

i) Contingent Liabilities

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

j) Contingent Assets

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



Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

k) Nature and Purpose of Reserves

The reserves maintained by the Hospital include;

Capital Reserve

Capital reserve relates to the initial value of property, plant, and equipment the Board of Management inherited from the Ministry of Health when KNH became a State Corporation. Capital grants received from the National Government are treated as an addition to the capital reserve. Movements in the capital reserve are shown in the statement of changes in net assets.

Revaluation Reserve

Revaluation reserve arises on revaluation of property, plant, and equipment. When revalued property, plant, and equipment are disposed of, the portion of revaluation reserve that relates to the asset is transferred directly to the revaluation reserve. Movements in the revaluation reserve are shown in the statement of changes in net assets.

Accumulated Fund

An accumulated fund is a revenue fund where the results (surplus/deficit) for each year's financial performance are accumulated. Movements in the revaluation reserve are shown in the statement of changes in net assets.

l) Changes in Accounting Policies and Estimates

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

m) Employee Retirement Benefits Plans

The Hospital operates the following employee retirement benefits plans;

i) Pension Schemes

The Hospital operates a defined benefit pension scheme and defined contributions pension scheme.

Payments made by the Hospital to a defined contribution pension scheme are recognized as an expense when employees have rendered service entitling them to the contributions.

In the case of a defined benefit pension scheme, the actuarial valuation of the scheme is carried out at the end of the financial year.

The cost of providing benefits is determined using the projected unit credit method. Re-measurements, comprising actuarial gains and losses, the effect of changes to the asset ceiling (if applicable), and the return on scheme assets (excluding interest), is reflected in the statement of financial position with a charge or credit recognized in the other gains/losses in the period in which they occur.



Re-measurement recognized in other gains/losses is reflected in surplus/deficit.

Past service cost is recognized as surplus or deficit in the financial year of scheme amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as service costs (including current service cost, past service cost, as well as gains and losses on curtailments and settlements), net interest expense, or income and re-measurement.

The Hospital presents current service cost and past service cost in the statement of financial performance in the line-item Pension cost – defined benefit scheme (included in employee costs). Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognized in the statement of financial position represents the actual deficit or surplus in the Hospital's defined benefit scheme. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

ii) National Social Security Fund

This is a statutory defined contribution pension scheme in which the Hospital and employees contribute equal amounts. The Hospital contribution is expensed in the respective year in which it is made.

iii) Other Entitlements

The monetary benefits for employees accrued annual leave entitlement as per the Hospital policy at end of the financial year are recognized as a provision.

n) Foreign Currency Transactions

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

o) Related Parties

The Hospital 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 Hospital or vice versa. Members of key management are regarded as related parties and comprise the Hospital Board of Management and the Executive management is made up of the Chief Executive Officer, Senior Directors, and Directors.

p) Cash and Cash Equivalents

Cash and cash equivalents comprise mobile money, 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 an insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and various commercial banks at the end of the financial year.



q) Comparative Figures

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

r) Subsequent Events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

The Hospital-based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Hospital. Such changes are reflected in the assumptions when they occur.

a) Actuarial Valuation of Defined Benefits Scheme

The asset or liability due under the defined benefit scheme is determined using actuarial valuation. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates, and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

b) 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:

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



c) Provisions

Provisions were raised and management determined an estimate based on the information available. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material. Provisions made by the management include:

i. Provision for Bad Debts

A debt is deemed impaired if, and only if, there is objective evidence that the recoverability of that debt is doubtful. Indigent patients who are unable to settle their medical bills upon clinical discharge are allowed home on unsecured credit, and since the payment of these debts is highly doubtful, they are provided for as bad and doubtful.

ii. Provision for Leave Pay

The provision for leave pay has been calculated based on the leave entitlement due to staff at year-end adjusted for; experience adjustment in relation to the forfeiture of leave and leave taken trends and salary scales applicable at the time of realization of leave by employees.



6

Grant from National Government

Transfers from the Ministry of Health

Recurrent Grants

Recurrent grants received

Recurrent grants receivable (note 26)

Total recurrent grants allocation

Recurrent grants utilized from deferred (see note 33)

Recurrent grants received from MoH (Non- cash)

Drawings from KEMSA

Recognized in the statement of financial performance

Capital grants

Capital Grants recognized in capital reserves (see note 37)

	2024 Kshs. '000'	2023 Kshs. '000'
Recurrent grants received	12,105,500	10,299,667
Recurrent grants receivable (note 26)	1,152,000	1,286,333
Total recurrent grants allocation	13,257,500	11,586,000
Recurrent grants utilized from deferred (see note 33)	-	9,884
Recurrent grants received from MoH (Non- cash)	177,248	136,451
Drawings from KEMSA	-	3,273
Recognized in the statement of financial performance	13,434,748	11,735,608
Capital grants		
Capital Grants recognized in capital reserves (see note 37)	1,736,773	853,834

Recurrent Grants received.

The Hospital recurrent grants allocated towards employee costs for the period was Kshs. 13,257,500,007 comprising of Kshs. 11,969,500,000 for KNH Main Hospital, Kshs. 500,000,004 for Mama Margaret Uhuru Hospital and Kshs. 788,000,000 for Mwai Kibaki Hospital. Grants received as at 30th June 2024 amounted to Kshs.12,105,500,003.

Recurrent Grant Receivable

The grants receivable of Kshs. 1,152,000,000 relates to grant for the month of June 2024, which had not been received as at 30th June 2024. The same was disbursed in July 2024.

Recurrent grants received from MoH (Non- cash)

The non-cash grants of Kshs. 177,248,175 relates to clinical consumables items supplied to the hospital by ministry of health during the year. The items include pharmaceutical supplies (KShs. 94,014,965) and oxygen (Kshs. 83,233,210).

Capital Grants recognized in Capital reserves.

Purpose & Source of Grant	Grant Type	Amount Kshs.
Construction of Cancer Treatment Centre- GoK	Cash	50,000,000
Construction of Oxygen Plant - GoK	Cash	143,659,400
Procurement of Medical Equipment - GoK	Cash	1,050,000,000
Purchase of Generator - GoK	Cash	70,000,000
Covid 19 Funds - GoK	Transferred from deferred recurrent grants	12,215,987
Construction of Paediatrics Emergency and Burns Management Centre		
GoK	Cash	350,500,000
Development partner (BADEA)	Direct payment to contractor	19,137,617
Development partner (SFD)		17,929,308
Development partner (OFID)		23,330,537
Total Capital Grants		1,736,772,849



7 Donor funded research projects grants

	2024 Kshs. '000'	2023 Kshs. '000'
ABC Study	8,649	7,100
ACTIV RCT Study		100
AGYW Study	6,594	9,266
AHISA Study	129	4,464
AI Neo Study		279
Aps-Modified Assisted Partner Study		1
Bubble Cpap Study	313	1,126
Caffeine Study	762	22,819
CFAR-Study		416
CHATBOT Study	2,336	
CHV-Neo Study	44,378	20,248
CMV Suppression Study	7,393	
Combat AMR One Health Study	26	
Connect project	121,230	136,099
ELEWA Project		818
ELEZA Study	3,052	2,209
ELMA Study	7,393	
Fertility Intentions Study	2,627	1,359
FP Plus Study	34,192	25,575
Girl Study	478	4,874
HIV & Aging Study	1,629	
HIV Cascade Training Program	3,843	7,502
HIV-TB Emory Study		293
HIV-TB Study	193	151
HOPE Kenya Study		1,487
IAEA Fellowship Study	367	258
Integrate Study	19,537	3,281
IPMH Mental Health Study	14,198	
KNH HEU - Hope Project	32,189	23,493
LAI study	15,267	10,949
MIIA Study	1,359	2,104
MMAP Study		901
Mobile WACH NEO RCT Study	15,373	21,288
mPACT Study		1,077
Mwach Empower Study	43,392	21,822
MwACH-PrEP Study	51,727	37,526



	2024 Kshs. '000'	2023 Kshs. '000'
Novation- 1 (Genova RCT Study)		325
PACT-COE project		205
Patient Navigation Programme	15,722	16,835
PCTOPM Study	715	
PriMA Anciliary Study	3,545	6,703
PrIMA –DTG Study	11,631	2,175
PRIMA Study	75	
PrIMA-X Study	43,534	24,977
Summit Study	35,386	33,890
Surgical Site Infection (SSI) Study	906	1,898
TES-NES Efficacy study	8,062	16,468
Timiza Study	18,218	14,995
TPT Study	2,607	
Uzima Bora Study	1,569	
Zingatia Study	3,320	673
Total Donor funded research projects grants	583,916	488,029

The donor-funded research grants are conditional grants received from donors to support research on specific clinical areas.

Conditional grants reconciliation

Balance unspent at beginning of period	86,006	98,769
Opening balance adjustment	904	
Current period receipts	651,770	475,328
Refund during the period		(62)
Conditions met- transferred to revenue	(583,916)	(488,029)
Conditions not met (deferred) – See note 33	154,764	86,006

8 Public contributions and donations

General Donations	52,270	70,528
Donations in kind	12,135	14,051
Total Public contributions and donations	64,405	84,579

General Donations

General Donations of Kshs. 64,404,558 relates to contributions received in the Hospital in form of consumable items and cash from the members of public during the year under review.

Donations in kind

The amount of Kshs. 12,134,426 recognized in the statement of financial performance for donations in kind is the amortized value for fixed assets received as donations in the Hospital. The value of the fixed assets is deferred to be recognized over the life of the fixed assets. (See note 33).



9 Rendering of services

a) Medical services revenue

	2024 Kshs. '000'	2023 Kshs. '000'
Accident and Emergency services fee	54,334	114,971
Anaesthesia services fee	5,281	16,730
Burns unit services fee		9,975
Cancer Centre Services fee	154,295	134,844
Cardiology services fee	152,021	187,391
Cardiothoracic Surgery fee	23,434	
Comprehensive Care Centre fee		2,579
Corporate outpatient consultation fee	57,702	82,546
Critical care unit services fee	140,935	67,801
Dental services fees	43,690	65,264
Ear nose & throat services fee	109,665	107,689
Farewell home services fee	245,807	133,573
General surgery services fee	328,655	271,098
Health Information Services fee	56,189	63,631
Laboratory services fee	1,017,559	955,477
Medical gases income	602,387	183,071
Medical services fee	258,010	191,598
Nursing procedures and consumables fee	437,502	453,598
Nutrition services fee	115,740	121,217
Occupational therapy services fee	63,553	72,341
Ophthalmology services fee	54,247	60,287
Orthopedics services fee	292,771	302,797
Orthopaedic technology fee	11,226	9,204
Outpatient Consultation	305	2,645
Paediatrics services fee	397,756	344,807
Pharmaceutical services fee	1,313,532	1,433,083
Physiotherapy services Fee	96,846	83,237
Plastic surgery services fee	97,245	92,366
Inpatient Fee	409,126	418,213
Radiology services Fee	400,714	342,110
Renal unit services fee	158,110	114,888
Obstetrics & Gynaecology fee	477,000	408,555
Sale of theatre consumables	67,610	193,931



	2024 Kshs. '000'	2023 Kshs. '000'
Theatre services fee	188,148	291,909
TSSU/ CSSD services fee	62,763	75,813
Other medical services fee	49,884	64,365
Total medical services revenue	7,944,042	7,473,604

Other medical services fee includes: Gastroenterology fees, Palliative Care fees, Mental Health Services fees, Catering Services fees, Respiratory Infectious diseases services fees, Neurophysiology fees and Public Health services fees

b) Administrative services revenue

Administration charges	172,778	167,510
School of Nursing fee	37,530	42,733
Seminars and training	27,870	25,823
Parking Fee	11,106	12,030
Total administrative services revenue	249,284	248,096
Total rendering of services revenue	8,193,326	7,721,700

10 Sale of goods

Sale of stores	909	1,333
Tender documents	0	18
Pigs will	605	552
Total Sale of goods revenue	1,514	1,903

11 Rental revenue from facilities

Residential properties	99,811	100,062
Commercial properties	30,504	35,316
Total rental revenue	130,315	135,378

12 Interest income

Bank interest	125,279	123,898
Interest on short term deposits	90,920	157
Total interest income	216,199	124,055



	2024 Kshs. '000'	2023 Kshs. '000'
13 Clinical costs		
Cardiology materials	16,745	27,781
Cardiothoracic Consumables	13,209	10,419
Cleansing Materials	86,268	69,729
Dental Materials	3,515	5,680
Dressing & Appliances	79,265	79,117
Enteral & Nutrition Feed	42,498	45,580
Health Information Stationery	8,811	10,659
ICU Materials	63,474	54,816
Laboratory Chemicals & Reagents	304,573	263,237
Medical Gases	365,734	388,869
Orthopedic materials	65,886	49,376
Patients Food	324,973	322,530
Patients Uniform & Clothing	48,772	49,182
Pharmaceutical supplies	1,020,599	1,165,940
Radiology material & Chemicals	84,764	70,827
Renal materials	89,730	67,358
Stock Change	72,346	43,710
Surgical consumables	272,784	597,607
Sutures	390,774	56,233
Theatre Consumables	25,125	12,286
Waste disposal expenses	713	1,857
Other clinical costs	99,716	87,612
Total Clinical Costs	3,480,274	3,480,405

Other Clinical costs include: Purchase of Crockery & Cutlery, Insecticide & Rodenticides, Dressing and appliances, laundry detergents, Radiotherapy materials, Physiotherapy materials, ENT consumables, Occupational Therapy materials, Ophthalmology materials, Paediatric consumables, Orthopaedic technology materials, CCU materials, SFU materials, Infection Control materials and Tailoring materials.

14 Employee costs		
Contribution to NSSF	85,979	16,847
Insurance premiums	103,058	92,125
Pension Cost - DB Scheme (see note 35)	1,265,002	1,120,840
Pension Cost – DC Scheme	503,028	472,194
Provision for leave pay (see note 32)	(8,731)	(70,051)



	2024 Kshs. '000'	2023 Kshs. '000'
Salaries and wages	11,804,821	11,498,126
Service Gratuity	181,230	137,147
Staff medical expenses	536,170	437,577
Staff training and development	138,118	76,220
Staff welfare expenses	6,380	9,758
Travelling and accommodation	27,580	26,941
Total Employee costs	14,642,635	13,817,724
15 Board of Management expenses		
Sitting allowance	7,020	6,260
Accommodation allowance	7,168	4,320
Chairman honoraria	960	960
Chief Executive Officer Salary	11,108	12,508
Airtime	84	84
Insurance	679	380
Mileage	989	630
Training	9,093	12,208
Total Board of Management expenses	37,101	37,350
16 Depreciation		
Freehold Buildings	229,039	228,974
Plant, Machinery & Medical Equipment	467,595	484,185
Motor Vehicles	7,318	7,318
Furniture & Fittings	3,125	3,178
Computers, Copiers & Faxes	8,287	15,989
Total depreciation	715,364	739,644
17 Repair and maintenance expenses		
Buildings	113,851	156,754
Medical equipment	105,481	65,921
Motor vehicle	37,845	30,516
Office equipment	14,576	23,632
Plant and machinery	149,768	170,323
Total repair and maintenance expenses	421,521	447,146



18 Administrative expenses

	2024 Kshs. '000'	2023 Kshs. '000'
Audit Fees	6,100	4,860
Bank Charges	4,295	5,398
Boiler fuel Expenses	177,883	107,250
Cleaning Services	40,075	86,749
Clearing and Forwarding Expenses	366	114
Computer Consumables	71,127	91,751
Electricity Expenses	250,062	204,010
Ethics & Research expenses	3,436	2,182
General Insurance Premiums	11,585	13,052
ICT Licenses & Permits expense	68,023	3,927
Interest on Finance Lease	376	700
KNH Training & Research	8,131	1,328
Legal Expenses	19,396	11,267
Loss of Funds		47,916
Marketing and Communication	25,522	25,764
Outsourced Security	76,442	84,963
Quality Assurance expenses	3,544	500
Research & Development expenses	11,192	10,292
Resource Mobilization resources	1,629	144
Security Investigation expenses	5,401	
Sports Activities	6,207	821
Staff Uniform	6,472	538
Stationery	17,946	21,874
Tax Expenses	36,874	625,735
Telephone Expenses	8,661	10,092
Water & Conservancy expenses	133,921	110,057
KEMSA Procurement Fees	1,911	
Other Administrative and general Expenses	54,949	80,115
Total administrative expenses	1,051,526	1,551,399



19 Donor funded research projects expenses

	2024 Kshs. '000'	2023 Kshs. '000'
ABC Study	8,649	7,100
ACTIV RCT Study		100
AGYW Study	6,594	9,266
AHISA Study	129	4,464
AI Neo Study		279
Aps-Modified Assisted Partner Study		1
Bubble Cpap Study	313	1,126
Caffeine Study	762	22,819
CFAR-Study		416
CHATBOT Study	2,336	
CHV-Neo Study	44,378	20,248
CMV Suppression Study	7,393	
Combat AMR One Health Study	26	
Connect project	121,230	136,099
ELEWA Project		818
ELEZA Study	3,052	2,209
ELMA Study	7,393	
Fertility Intentions Study	2,627	1,359
FP Plus Study	34,192	25,575
Girl Study	478	4,874
HIV & Aging Study	1,629	
HIV Cascade Training Program	3,843	7,502
HIV-TB Emory Study		293
HIV-TB Study	193	151
HOPE Kenya Study		1,487
IAEA Fellowship Study	367	258
Integrate Study	19,537	3,281
IPMH Mental Health Study	14,198	
KNH HEU - Hope Project	32,189	23,493
LAI study	15,267	10,949
MIIA Study	1,359	2,104
MMAF Study		901
Mobile WACH NEO RCT Study	15,373	21,288
mFACT Study		1,077
Mwach Empower Study	43,392	21,822
MwACH-PrEP Study	51,727	37,526



	2024 Kshs. '000'	2023 Kshs. '000'
Novation- 1 (Genova RCT Study)		325
PACT-COE project		205
Patient Navigation Programme	15,722	16,835
PCTOPM Study	715	
PriMA Anciliary Study	3,545	6,703
PrIMA –DTG Study	11,631	2,175
PRIMA Study	75	
PrIMA-X Study	43,534	24,977
Summit Study	35,386	33,890
Surgical Site Infection (SSI) Study	906	1,898
TES-NES Efficacy study	8,062	16,468
Timiza Study	18,218	14,995
TPT Study	2,607	
Uzima Bora Study	1,569	
Zingatia Study	3,320	673
Total Donor funded research projects expenses	583,916	488,029
20 Gain on Sale of Fixed Assets		
Cost of fixed assets disposed		73,010
Accumulated depreciation		(73,010)
Net book value of assets disposed		
Less: Sale proceeds on fixed assets disposal		(425)
Gain on sale of fixed assets		(425)
21 Impairment loss on Receivables		
Allowance for impairment loss on Receivables from Exchange transactions (see note 25)	1,160,010	1,131,730
Total Impairment loss on Receivables	1,160,010	1,131,730

Provision for bad and doubtful debts has been made for impaired receivables relating to medical bills and unclaimed bodies bills. The provision made for medical bills relate to indigent patients released from the Hospital on unsecured credit based on a commitment to settle their bills in the future. In addition, provision is made for deceased patients whose bodies are not claimed by relatives and are disposed in accordance with the Public Health Act.



22 Medical services contracts loss

Contracts with NHIF

Linda Mama program

Total medical service contracts loss

Contracts with NHIF Loss

	2024 Kshs. '000'	2023 Kshs. '000'
Contracts with NHIF	459,182	379,100
Linda Mama program	219,173	190,137
Total medical service contracts loss	678,355	569,237

A contract exists between the Hospital and NHIF (Fund) whereby the Hospital provides medical services to the Fund members and in return, the Fund compensates the Hospital according to the applicable package as listed below:

- i. Inpatient daily rebate of Kshs. 4,000 (comprehensive cover).
- ii. Reimbursement for surgical procedures is based on pre-determined comprehensive packages.
- iii. Radiology services i.e., C.T Scan and M.R.I. at Kshs. 8,000 and Kshs. 15,000, respectively.
- iv. Renal dialysis at Kshs. 9,500
- v. Chemotherapy and radiotherapy services reimbursed at the pre-determined package.

The loss relating to contracts with NHIF arises where the medical cost incurred on a patient who is a contributor to the Fund is greater than the rebate reimbursed by the Fund based on the existing medical service contracts.

Linda Mama Program Loss

This loss relates to free maternity services offered by the Hospital under the Presidential directive of June 2013 which was aimed at ensuring that all mothers deliver in a health facility under the care of a skilled health worker.

Under this program, the Government reimburses the Hospital Kshs. 17,500 per delivery. However, KNH being a referral Hospital receives complicated maternal referrals for specialized care services such as renal dialysis, critical care services, and neonatal care for which the medical bills surpass the reimbursement.

With effect from July 2017, the Government transferred the Free Maternity program to NHIF under Linda Mama Program. Under this program, the package was enhanced such that in case of maternal complication the Hospital is allowed to claim a normal rebate rate of Kshs. 4,000 per day in addition to the Kshs. 17,500.

23 Net actuarial losses in net liability-DB Scheme

Net actuarial losses and experience adjustments arising from participants experience

Actual return on assets less implied return included in net interest costs

Net actuarial losses in net liability (see note 35)

Net actuarial losses and experience adjustments arising from participants experience		860,510
Actual return on assets less implied return included in net interest costs	153,429	545,736
Net actuarial losses in net liability (see note 35)	153,429	1,406,246



	2024 Kshs. '000'	2023 Kshs. '000'
24 Cash and cash equivalents		
Current accounts	826,474	726,291
On-call deposits	1,072,244	291
Staff Mortgage Deposit	7,687	7,687
M-PESA Account	83	400
E-citizen Account	52,122	
Total cash and cash equivalents	1,958,610	734,669
a) Current accounts		
National Bank of Kenya	793,342	712,568
Equity Bank	57	2,770
Kenya Commercial Bank	33,075	10,953
Total current accounts	826,474	726,291
b) On-call deposits		
National Bank of Kenya	1,072,244	291
Euro Bank Ltd (in liquidation)	429,661	429,661
Less: Provision for impairment	(429,661)	(429,661)
Total on-call deposits	1,072,244	291
c) Staff Mortgage deposit		
Housing Finance Co. of Kenya	7,687	7,687
d) M-PESA Account		
KNH MPESA Refund	83	400
e) E-citizen Account	52,122	
Total cash & cash equivalents	1,958,610	734,669



Detailed Analysis of Cash and Cash Equivalents				
			2024	2023
			Kshs. '000'	Kshs. '000'
Financial Institution	Account Name	Account Number		
Current Accounts				
Equity Bank	Equity PDQ	810260741031	57	2,770
Kenya Commercial bank	KNH Othaya	1135769672	30,503	8,491
Kenya Commercial bank	Hope Hostel	1144842999	2,572	2,462
National Bank of Kenya	Development 1	1003058005300	418,183	15,566
National Bank of Kenya	Heart Fund	1003058005700	198,688	140,636
National Bank of Kenya	Pact-Coe Payroll & Administration	1003086493600	16,662	11,711
National Bank of Kenya	Recurrent	1003058004900	34,972	193,620
National Bank of Kenya	Revenue	1003058005200	22,712	126,440
National Bank of Kenya	VCT	1003058137700	46,566	64,996
National Bank of Kenya	Private Wing	1003058005800	1	1
Sub-Total Held in Current Accounts			826,474	726,291
On-call deposits				
National Bank of Kenya	KNH & M/S Guserwa & Co. Advocates	1403058066000	291	291
National Bank of Kenya	KNH Development- call account	01400058005300	1,071,953	
Euro Bank			429,661	429,661
Provision for impairment			(429,661)	(429,661)
Sub-Total on-call deposits			1,072,244	291
Staff mortgage deposit				
Housing Finance Co. of Kenya	Mortgage Scheme Deposit Account	2000027328-0	7,687	7,687
Cash at hand				
Safaricom PLC	KNH MPESA Refund	333700997	83	400
E-citizen	E-Citizen Collection Account		52,122	-
Grand Total cash & cash equivalents			1,958,610	734,669

Purpose of Funds

The cash and cash equivalents of Kshs.1,958,609,984 held by the Hospital as at June 30, 2024 is composed of funds designated for on-going capital projects, conditional grants received for donor funded research projects and current hospital financial obligations.



25 **Receivable from exchange transactions**

Medical services receivables
Rental receivables
School of Nursing receivables
Insurance compensation receivables

Sub-total

Prepayments
Accrued Short term deposit interest
Legal fees Deposit

Sub-total

Less: Impairment allowance

Total Receivable from exchange transactions

	2024 Kshs. '000'	2023 Kshs. '000'
	15,458,035	13,139,787
	28,714	36,371
	1,845	560
	23,684	23,684
Sub-total	15,512,278	13,200,402
	608,974	518,624
	281	101
	20,755	19,155
Sub-total	16,142,288	13,738,282
	(12,105,331)	(10,948,175)
Total Receivable from exchange transactions	4,036,957	2,790,107

As at June 30, 2024 trade receivables of Kshs. 12,105,330,759.50 (June 2023: Kshs. 10,948,174,999.46) were impaired and fully provided for.

Aging Analysis for Receivables from exchange transactions

Description	2023/24		2022/23	
	Kshs	% of the total	Kshs	% of the total
Less than 1 year	3,620,044	23%	2,747,546	20%
Between 1- 2 years	3,015,188	19%	2,697,145	20%
Between 2-3 years	2,809,866	17%	2,471,880	18%
Over 3 years	6,697,190	41%	5,821,711	42%
Sub -Total	16,142,288	100%	13,738,282	100%
Less: Provision	(12,105,331)		(10,948,175)	
Total	4,036,957		2,790,107	

Reconciliation for impairment allowance for receivables from exchange transactions

At the beginning of the year
Provision recovered during the year
Additional provisions during the year
At the end of year

	10,948,175	9,816,445
	(2,854)	
	1,160,010	1,131,730
	12,105,331	10,948,175



26 Receivable from non-exchange transactions

Grants from National Government

Staff receivables

Sub-total

Less: Impairment allowance on recurrent grants

Less: Impairment allowance on Staff receivables

Total Receivable from non-exchange transactions

	2024 Kshs. '000'	2023 Kshs. '000'
Grants from National Government	1,990,168	2,354,501
Staff receivables	11,324	10,816
Sub-total	2,001,492	2,365,317
Less: Impairment allowance on recurrent grants	(268,168)	(268,168)
Less: Impairment allowance on Staff receivables	(869)	(868)
Total Receivable from non-exchange transactions	1,732,455	2,096,281

The grants from The National Government receivable relate to recurrent grants not disbursed to the Hospital by MoH as per allocation in the FY 2009/10 (Kshs. 144,568,000), FY 2014/15 (Kshs. 113,600,000), FY 2017/18 (Kshs. 9,999,994), FY 2023/24 (Kshs. 1,152,000,000 and Kshs. 570,000,000 for capital grants).

Impairment allowance on recurrent grant

The impairment allowance of Kshs. 268,167,994 relates to grants aging beyond FY 2023/24.

Impairment allowance on staff receivables

The impairment allowance of Kshs. 868,884 relates to long outstanding imprest owed by employees who exited service before accounting for the same.

Aging analysis - Receivable from non-exchange transactions

Description	2023/24		2022/23	
	Kshs	% of the total	Kshs	% of the total
Less than 1 year	1,732,455	87%	2,096,281	89%
Between 1-2 years		0%		-
Over 3 years	269,037	13%	269,037	11%
Sub -Total	2,001,492	100%	2,365,318	100%
Less: Provision	(269,037)		(269,037)	
Total	1,732,455		2,096,281	

27 Inventories

Pharmaceutical Supplies

Maintenance Supplies

Food Supplies

Linen and clothing

General stores

Sub-Total

Less: obsolete stock

Total Inventories

Pharmaceutical Supplies	427,001	496,681
Maintenance Supplies	45,757	52,916
Food Supplies	11,725	8,591
Linen and clothing	37,685	42,584
General stores	12,493	7,219
Sub-Total	534,661	607,991
Less: obsolete stock	(274)	(984)
Total Inventories	534,387	607,007



28. Property plant and equipment

Description	Freehold Land	Freehold Building	Plant, Machinery & Medical Equipment	Motor vehicles	Furniture and fittings	Computers, copiers and faxes	Capital work in progress	Total KShs '000'
Rate of Depreciation		2.50%	12.50%	25% & 37.5%	25%	33%		
COST OR VALUATION	Kshs. '000'	Kshs. '000'	Kshs. '000'	Kshs. '000'	Kshs. '000'	Kshs. '000'	Kshs. '000'	Kshs. '000'
As at 30th June 2022	3,477,296	9,114,896	7,095,490	112,918	291,528	342,026	1,355,593	21,789,747
As at 1st July, 2022	3,477,296	9,114,896	7,095,490	112,918	291,528	342,026	1,355,593	21,789,747
Additions			432,149		2,225	2,447	360,878	797,699
Disposals			(73,010)					(73,010)
Transfers from WIP		44,046					(44,046)	
As at 30th June 2023	3,477,296	9,158,942	7,454,629	112,918	293,753	344,473	1,672,425	22,514,436
As at 1st July, 2023	3,477,296	9,158,942	7,454,629	112,918	293,753	344,473	1,672,425	22,514,436
Additions			101,153		727	4,718	494,292	600,890
Disposals								
Transfers from WIP		1,307	21,141				(22,448)	
As at 30th June, 2024	3,477,296	9,160,249	7,576,923	112,918	294,480	349,191	2,144,269	23,115,326
Depreciation								
As at 1st July, 2022		2,888,882	5,191,393	96,372	278,300	322,756		8,777,703
Charge for the year		228,974	484,185	7,318	3,178	15,989		739,644
Disposal			(73,010)					(73,010)
As at 30th June, 2023		3,117,856	5,602,568	103,690	281,478	338,745		9,444,337
As at 1st July, 2023		3,117,856	5,602,568	103,690	281,478	338,745		9,444,337
Charge for the year		229,039	467,595	7,318	3,125	8,287		715,364
Disposal								
As at 30th June, 2024		3,346,895	6,070,163	111,008	284,603	347,032		10,159,701
NET BOOK VALUE								
As at 30th June 2023	3,477,296	6,041,086	1,852,061	9,228	12,275	5,728	1,672,425	13,070,099
As at 30th June, 2024	3,477,296	5,813,354	1,506,760	1,910	9,877	2,159	2,144,269	12,955,625



28 **Property, Plant & Equipment (continued)**

a) Fully Depreciated Assets

Property plant and Equipment includes the following assets that are fully depreciated:

Description	Cost or valuation	Normal annual depreciation charge
Plant and Machinery	4,083,343,849	4,083,343,849
Motor Vehicles including Motorcycles	83,646,635	83,646,635
Computers and Related Equipment	329,586,002	329,586,002
Office Equipment, Furniture and Fittings	223,804,395	223,804,395
Total	4,720,380,881.00	4,720,380,881.00

b) Freehold Land

i) Land Reference No. 209/25138, 209/11460 and 209/12822

During FY 2018/19, adjustment was made to remove proportions of land that were compulsorily acquired for construction of the Mbagathi Way Link Road. The Hospital did not receive compensation for the excised land. The parcels of land and the respective book values that were excised for road construction is as tabulated below:

No.	Land Reference No.	Portion Excised for Road Construction	
		Area in Hectares	Book Value Kshs.
	LRN 209/25138	2.1695	160,844,735
	LRN 209/11460	0.2173	15,816,139
	LRN 209/12822	0.0308	2,270,270
	Total	2.4176	178,931,144

ii) Land Reference No. 209/25138

Included in land, is a parcel of land (LRN 209/25138) measuring 45.01 hectares valued at Kshs. 3,337,000,000.

A portion of this land measures 1.35 hectares with a book value of Kshs. 100,087,758 is owned by National Quality Control Laboratories (NQCL) for which the process of excision is on-going.

Adjustment on Land in FY 2021/22: In addition, a portion of this land measuring 2.02 hectares (5 acres) with a book value of Kshs. 150,017,982 was transferred to the Kenya Police for the construction of the Kenya Police Service Hospital in line with Cabinet directive and Board approval. The adjustment to remove this parcel of land has been effected in the Hospital books in FY2021/22. The process of excision is on-going.



The value of land recognized in the financial statements in relation to LRN 209/25138 excludes the portions excised for NQCL, Kenya Police Service and Mbagathi Way Link Road.

iii) Land Reference No 209/13978

Included in land is a parcel of land LRN 209/13978 measuring 2.544 hectares that is jointly owned by Kenyatta National Hospital, University of Nairobi and Kenya Medical Training College. The total value of this parcel of land is Kshs. 220 million. The value of this land that is recognized in the Hospital financial statements in a third proportion at Kshs. 73,333,333.

iv) Mwai Kibaki Hospital Land

Included in the land is a parcel of land measuring 7.9 Acres and valued at Kshs. 50,000,000 for Mwai Kibaki Hospital.

c) Capital Work in Progress

The composition of capital work in progress included in the property, plant, and equipment as at June 30, 2024 is tabulated below:

Description	Amount
	Kshs.'000'
Construction of Paediatrics Emergency and Burns Management Centre	1,142,627
Construction of Cancer Treatment Centre	366,449
Implementation of ERP	237,077
Construction of Bunker	48,131
Construction of Oxygen Plant	300,000
Renovation of 8th floor Tower Block	49,985
Total	2,144,269

29 Intangible Assets- Software

Cost

At the beginning of the year (July 1)

At the end of the year (June 30)

Amortization

At the beginning of the year

Charge for the period

At the end of the year (June 30)

Net Book Value as at June 30

	2024 Kshs. '000'	2023 Kshs. '000'
At the beginning of the year (July 1)	31,408	31,408
At the end of the year (June 30)	31,408	31,408
Amortization		
At the beginning of the year	31,408	31,408
Charge for the period		
At the end of the year (June 30)	31,408	31,408
Net Book Value as at June 30	-	-

The intangible asset was fully depreciated as at June 30, 2024.



30 Trade and other payables

Trade payables
Retention money
Remittances
Doctors' fees
Tax liability
Other payables

Total trade and other payable

	2024 Kshs. '000'	2023 Kshs. '000'
Trade payables	1,048,034	1,412,169
Retention money	113,761	112,980
Remittances	358,971	215,061
Doctors' fees	529,068	446,009
Tax liability	335,593	686,165
Other payables	5,526	1,872
Total trade and other payable	2,390,953	2,874,256

Other payable include unpaid salaries and over recovery from staff.

Aging analysis for Trade and other payables

Description	2023/24		2022/23	
	Kshs	% of the total	Kshs	% of the total
Under one year	1,606,946,563	67%	2,163,546,393	75%
1-2 years	540,223,308	23%	590,078,527	21%
2-3 years	130,305,463	5%	72,378,365	3%
Over 3 years	113,477,692	5%	48,252,243	2%
Total	2,390,953,026	100%	2,874,255,529	100%

Tax Liability- Kshs. 335,593,435.00

The tax liability of Kshs. 335,593,435 comprises of Kshs. 255,059,809 and Kshs. 80,533,626 relating to interest & penalties for tax liability as explained below;

Interest & penalties - Kshs. 255,059,809

This relates to interest and penalty relating to rental and interest income earned for the period 2015 to 2019 levied on the Hospital by KRA during FY 2022/23 as tabulated below;

Details	Principal Tax Kshs.	Interest Kshs.	Penalty Kshs.	Total Kshs.
Interest Income	169,118,700	79,637,734	62,189,108	310,945,542
Rent Income	191,288,583	75,150,809	38,257,716	304,697,108
Tax Liability	360,407,283	154,788,543	100,446,824	615,642,650
Less: Amount Paid	(360,407,283)	(175,558)	-	(360,582,841)
Outstanding balance	-	154,612,985	100,446,824	255,059,809



The Hospital Management entered into an agreement with KRA on repayment of the Principal Corporation Tax liability of Kshs.360,407,283. As at June 30, 2024, the hospital had paid the total outstanding principal tax liability.

The outstanding amount of Kshs. 255,059,809 relate to penalties and interest on the Corporation tax levied. The hospital has applied for waiver of the same in line with the provisions of the Finance Act, 2023.

Interest & Penalties -Kshs. 80,533, 626

Kenya Revenue Authority conducted an in-depth audit on KNH and issued an assessment on July 1, 2014, of the tax liability of Kshs. 592,860,909 relating to the period January 2010 to March 2014. KNH objected to the findings of KRA and on June 5, 2015, KRA issued a confirmed assessment amounting to Kshs. 545,693,303. On February 7, 2017, the Hospital paid Kshs. 18,022,978 being the tax not under dispute in relation to withholding tax and VAT.

The Hospital engaged KRA through the office of the Attorney General on the disputed assessment. KRA issued a revised assessment dated July 19, 2017, of Kshs. 170,590,114 comprising of principal tax of Kshs. 90,056,488, a penalty of Kshs. 22,514,122 and interest of Kshs. 58,019,505.

The Hospital paid the principal tax liability in the FY 2017/18 and submitted an appeal for waiver of the penalty and interest totaling Kshs. 80,533,626 which is still outstanding as of June 30, 2024. The Hospital is awaiting KRA's response on the appeal made.

31 Deposit from customers

	2024 Kshs. '000'	2023 Kshs. '000'
Admission deposit	19,349	25,760
Advance receipts	22,267	22,328
Caution Money	976	1,017
Credit Facility deposit	20,758	14,470
Medical Report Deposit	1,948	1,362
Rent Deposit		11
Tender Deposit		896
TVETA Quality Assurance	216	132
Total deposit from customers	65,514	65,976

Ageing analysis: Deposits from customers

Description	2023/24		2022/23	
	Kshs	% of the total	Kshs	% of the total
Under one year	27,877	42%	31,711	48%
1-2 years	6,835	10%	6,204	9%
2-3 years	1,051	2%	1,340	2%
Over 3 years	29,751	46%	26,721	41%
Total	65,514	100%	65,976	100%



32 Provision for leave pay

Balance at the beginning of the year
Provision utilized

Total provisions for leave pay at year end

	2024	2023
	Kshs. '000'	Kshs. '000'
	116,947	186,998
	(8,732)	(70,051)
	108,215	116,947

The provision was calculated based on the leave entitlement due to staff at year-end adjusted for; experience adjustment in relation to the forfeiture of leave and leave taken trends and Salary scales applicable at the time of realization of leave by employees.

33 Deferred income

Donor funded research projects grants
Donations in kind
Specific donations
Recurrent Grants from National Government
School of Nursing pre-paid fee
Total deferred income

	154,764	86,006
	160,417	172,552
	5,740	3,736
		12,217
	5,434	7,287
	326,355	281,798

The deferred income movement is as follows:

Details	Donor funded research projects grants	Donations in kind	Specific donations	Recurrent Grants from National Government	School of Nursing pre-paid fee	Total
	Kshs. '000'	Kshs. '000'	Kshs. '000'	Kshs. '000'	Kshs. '000'	Kshs. '000'
Balance B/fwd.	86,006	172,552	3,736	12,217	7,287	281,798
Opening balance adjustment	904					904
Receipts during the year	651,770		2,004		29,139	682,913
Recognized in SOFP	(583,916)	(12,135)			(30,992)	(627,043)
Transfer to Capital Reserves				(12,217)		(12,217)
Deferred income	154,764	160,417	5,740		5,434	326,355



Donor Funded Research Projects grants

Deferred Donor funded research projects grants relates to conditional grants received to support research on specific clinical areas and were not utilized as at June 30, 2024.

Donations in Kind

Deferred donations in kind relate to fixed assets donated by members of the public to the Hospital. These donations are amortized over their respective useful life. The deferred amount of Kshs. 160,417,160.75 is the value of the fixed assets that has not been amortized as at the end of the year under review. The amortization for the period is recognized as revenue in the statement of financial performance (see note 8).

Specific Donations

Deferred Specific donations relate to cash donated by members of the public towards: construction of Hope Hostel (Kshs. 2,450,029); Construction of Children Play Area (Kshs. 690,173); KNH Sports Health Day (Kshs.600,000) and Renovation of KNH Maternity Wing (Kshs.2,000,000).

Recurrent grants

The deferred grant of Kshs. 12,215,987 for COVID-19 management funds was utilized to purchase medical equipment during FY2023/24. The same has been recognized under capital reserve (see note 6).

School of Nursing prepaid fee

School of Nursing pre-paid fee of Kshs. 5,433,788 relates to fee paid by students for semesters running beyond the period ended June 30, 2024.

34 National Social Security Arrears

The outstanding amount relates to contribution arrears for the period April 2001 to November 2009 when KNH had sought an exemption on complying with the NSSF Act from the Ministry of Labor and Human Resource Development given the Hospital had a better Pension Scheme. The Ministry declined the request for exemption in the year 2011 on the basis that NSSF was a universal social security pillar and was thus mandatory. The Hospital had by then accumulated arrears totaling to Kshs. 311 million excluding penalties.

The Hospital has been including this amount in the budget for funding to offset the arrears as all personnel-related expenses are funded through the recurrent grant. This amount has, however, not been funded and has thus remained outstanding. Since FY 2016/17 to 2023/24, the Hospital has been paying Kshs. 24 million each year awaiting Ministry of Health intervention.

	2024	2023
	Kshs. '000'	Kshs. '000'
National Social Security Fund arrears	118,830	142,830



35 Net Defined Benefit Obligation

The Hospital operates a defined benefits pension scheme (KNH Staff Superannuation Scheme) and a defined contribution pension scheme (KNH Staff Retirement Benefits Scheme).

i) Defined Contribution Pension Scheme

The KNH Staff Retirement Benefits Scheme assets are managed by fund managers on behalf of the Fund trustees. The current fund managers are Sanlam Investments East Africa Ltd and GenAfrica Asset Managements. The Hospital contribution to KNH Staff Retirement Benefits Scheme is at 10% while employees contribute at 7.5% of basic salary. The Hospital's obligation is limited to any unpaid contribution. Contribution to the scheme during the year under review has been charged to the statement of financial performance.

ii) Defined Benefit Pension Scheme

The Hospital operates a funded defined benefit scheme (KNH Staff Superannuation Scheme) for its employees that is established under irrevocable trust. The scheme was closed to new members with effect from 30th June 2011 and future accrual of benefits on March 31, 2012. Members aged 45 years and above as of the closure date were given the option to remain in the scheme and continue to accrue benefits.

Members aged below 45 years as at closure date are entitled to benefits accrued under the scheme up to March 31, 2012, and benefits from April 1, 2012, would accrue in the new defined contribution (DC) scheme.

The Defined Benefit (DB) scheme assets are managed by fund managers on behalf of the scheme trustees. The current fund managers are Britam Asset Managers (Kenya) Limited and GenAfrica Asset Managers Limited. The Hospital contribution to the DB scheme is at 10% while employees contribute at 5% of basic salary.

Valuation of the DB scheme assets and the present value of the defined benefit obligation was carried out as at June 30, 2022, by Actuarial Services (E.A) Ltd in line with disclosure requirements under IPSAS 39. The present value of the defined benefit obligation and the related current cost was measured using the Projected Unit Credit Method. The valuation reflected a net defined liability of Kshs. 9,526,293,728. For the period ended June 30, 2023 and 2024 the deficit was determined through estimation by management using the reported figures in the financial statements of the DB Scheme.

The principal assumptions used for purposes of the actuarial valuation were as follows:

Details	2024	2023
Discount rate (% p.a.)	10%	10%
Future salary increases (% p.a.)	7%	7%
Future pension increases (% p.a.):		
- Service before July 1998	3%	3%
- Service after June 1998	0%	0%
Mortality - males	A1945/52	A1949/52
Mortality - females	A1945/52	A1949/52
The weighted average duration of the defined benefit obligation	9.5	6.8



Amount recognized in the statement of financial performance.

Details	2024	2023
	Kshs. '000'	Kshs. '000'
Current service cost net of employee's contributions	97,087	169,025
Interest on net liability	1,167,915	951,815
Total included in Employee costs in respect to the DB scheme	1,265,002	1,120,840

Net actuarial losses in net liability recognized in the year.

Details	2024	2023
	Kshs. '000'	Kshs. '000'
Net actuarial losses and experience adjustments arising from participants experience	85,663	860,510
Actual return on assets less implied return included in net interest costs	67,766	545,736
Total included in other losses in respect of the scheme	153,429	1,406,246

Amount recognized in the statement of financial position.

Details	2024	2023
	Kshs. '000'	Kshs. '000'
Present value of funded obligations	(17,148,522)	(16,749,609)
Fair value of Scheme assets	4,501,991	5,060,464
Net Defined Benefit liability	(12,646,531)	(11,689,145)

36 Finance Lease Liability

The Hospital leased an Automated car parking system with effect from December 14, 2019, for five years under a finance lease as outlined below:

Description	2024	2023
	Kshs. '000'	Kshs. '000'
Finance lease liability at the beginning of period	4,093	6,410
Less: Repayment during the year	(2,640)	(2,317)
Finance lease liability as of June 30	1,453	4,093



Maturity Analysis:

Period	Amount Kshs.
Year 2019/20	811,937.46
Year 2020/21	1,790,173.62
Year 2021/22	2,037,274.03
Year 2022/23	2,316,401.68
Year 2023/24	2,640,586.04
Year 2024/25	1,452,837.18
Total	11,049,210.01

	2024 Kshs. '000'	2023 Kshs. '000'
37 Capital Reserve		
As at July 1	12,996,747	12,142,913
Capital Grants received during the year (see note 6)	1,736,773	853,834
As at End of the Period	14,733,520	12,996,747
38 Accumulated fund		
As of July, 1	(17,497,369)	(14,120,136)
Surplus/(Deficit) for the period	(299,708)	(3,377,233)
As at End of the Period	(17,797,077)	(17,497,369)
39 Revaluation reserve		
As at July 1	8,623,740	8,623,740
Adjustment during the period	-	-
As at End of the Period	8,623,740	8,623,740
40 Cash generated from operations		
Deficit for the year	(299,708)	(3,377,233)
Adjusted for: -		
Depreciation	715,364	739,644
Gain on disposal of fixed		(425)
Non-cash grants & donations received	(240,025)	(84,579)
Interest income		124,055
Impairment allowance	1,160,010	
Operating Inflow/ (outflow) before working capital changes	1,335,641	(2,598,538)



	2024 Kshs. '000'	2023 Kshs. '000'
(Increase) / Decrease in stock	72,620	44,694
(Increase) / Decrease in trade and other receivables	(860,610)	(2,048,057)
Increase / (Decrease) in trade and other payables	81,111	2,687,895
Increase / (Decrease) in deferred income	37,929	(59,121)
Increase / (Decrease) in provision for leave pay	(8,732)	(70,051)
Net cash outflow from operating activities	657,959	(2,043,178)

41 Contingent Liabilities

Pediatric Emergency Centre and Burns Management Centre Project

The construction of the pediatric Emergency Centre and Burns Management Centre commenced in August 2018. The Burns Centre will contain 82 general ward beds, 14 ICU beds and 6 HDU beds while the pediatric Centre will contain 82 general ward beds, 24 ICU and 6 High Dependency beds. The civil works were expected to be completed on 20th August 2020, but the date was revised to 31st December 2024. The amount certified as of 30th June 2024 for the contractor is Kshs.1,217,956,722.00 at 70% of the builders works.

The Contractor

The contractor raised Interim Payment Certificate 14 of Kshs.32,972,198.22 dated 5th December 2023. The amount owed to the contractor is 78,503,037 (inclusive of Interest).

The contractor has submitted financial claims (1-15) on idle plant and machinery of Kshs.905,279,216.16 out of which the consultant has reviewed it downwards to Kshs. 283,257,855 (Claim 1-13) as analyzed below:

Details	2023/24 Amount (Kshs)	2022/23 Amount (Kshs)
Contractor's Project Cost	2,959,511,555	2,959,511,555
Interest Paid	34,364,555	34,364,555
Interest Claim on late payments	33,678,938	10,254,075
Defect rectification		81,236,740
Financial Claim	283,257,855	283,257,855



The Project Consultant

The project consultant suspended consultancy services on 13th May 2024 due to non-payment of fee note 4 amounting to Kshs. 5,863,309.20 and accrued interest on delayed payment. The project consultant has raised a claim of interest on delayed payments on fee note 1 to 3 of Kshs. 17,203,412.77 and has since been reviewed to KSH11,124,863. The hospital is in the process of verifying the claim, change of scope and prolongation cost of as tabulated below;

Details	2023/24	2022/23
	Amount (Kshs)	Amount (Kshs)
Consultant Project Cost	39,927,200.00	39,927,200
Accrued Interest	11,124,863.00	17,203,412
Change of Scope and Prolongation cost	72,646,089.76	206,828,929

42 Financial instruments

Capital risk management

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

	2024	2023
	Kshs. '000'	Kshs. '000'
Revaluation Reserve	8,623,740	8,623,740
Accumulated Fund	(17,797,077)	(17,497,369)
Capital Reserve	14,733,520	12,996,747
Total Funds	5,560,183	4,123,118
Finance Lease Liability	1,453	4,093
Net Defined Benefit Liability	12,646,531	11,689,145
NSSF Arrears	118,830	142,830
Total Borrowings	12,766,814	11,836,068
Less: Cash and bank balances	(1,958,610)	(734,669)
Net debt / (excess cash & cash equivalent)	10,808,204	11,101,399
Gearing ratio: (borrowings to total funds)	230%	287%



Financial Risk Management

The hospital's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The hospital'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 hospital does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history. The hospital's financial risk management objectives and policies are detailed below:

i. Credit risk

The hospital has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables. The hospital management assesses the credit quality of each customer, considering 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 management. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the hospital's management based on prior experience and their assessment of the current economic environment. Between June 30, 2023 and June 30, 2024, the Hospital did consider there to be a significant concentration of credit risk.

Description	Total Amount	Fully performing	Past due	Impaired
As at June 30, 2024	Kshs. '000'	Kshs. '000'	Kshs. '000'	Kshs. '000'
Receivables from exchange transactions	16,142,287	2,756,562	1,280,394	12,105,331
Receivables from non-exchange transactions	2,001,492	1,732,456		269,036
Bank balances	2,388,271	1,958,610		429,661
Total	20,532,050	6,447,628	1,280,394	12,804,028
As at June 30, 2023				
Receivables from exchange transactions	13,738,282	2,790,107	1,131,730	9,816,445
Receivables from non-exchange transactions	2,365,317	2,096,281		269,036
Bank balances	1,164,330	734,669		429,661
Total	17,267,929	5,621,057	1,131,730	10,515,142



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 hospital has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The hospital has significant concentration of credit risk on amounts due from NHIF. The board of management sets the hospital'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 Directors of the Hospital, who have built an appropriate liquidity risk management framework for the management of the Hospital's short, medium and long-term funding and liquidity management requirements. The hospital manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

Liquidity risk is the risk that the Hospital will be unable to meet its funding requirements. The table below represents cash flows payable by the hospital under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows as at June 30, 2024. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.



	Less than 1 month Kshs. '000'	Between 1-3 months Kshs. '000'	Over 5 months Kshs. '000'	Total Kshs. '000'
As of June 30, 2024				
Trade payables	958,090	331,264	1,101,599	2,390,953
Provisions			108,215	108,215
Deferred Income			326,355	326,355
NSSF arrears			118,830	118,830
Finance Lease Liability			1,453	1,453
Net Defined Benefit Liability		1,265,002	11,381,529	12,646,531
	958,090	1,596,266	13,037,981	15,592,337
As at June 30, 2023				
Trade payables	1,310,276	1,117,129	446,852	2,874,257
Provisions			116,947	116,947
Deferred Income			281,798	281,798
NSSF arrears			142,830	142,830
Finance Lease Liability			4,093	4,093
Net Defined Benefit Liability		1,120,840	10,568,305	11,689,145
Total	1,310,276	2,237,969	11,560,825	15,109,070

44 Related party disclosures

Nature of related party relationships

Kenyatta National Hospital is related to the National Government, Ministry of Health, University of Nairobi, Kenya Medical Training College, the Board of Management, and key management.

	2024 Kshs. '000'	2023 Kshs. '000'
Amount due from Related Parties		
(i) Transfers from Ministry of Health	14,921,659	12,386,000
(ii) Board of Management remuneration		
Sitting Allowance	7,020	6,260
Accommodation Allowance	7,168	4,320
Chairman Honoraria	960	960
Mileage	989	630
CEO Salary	11,108	12,508
Airtime	84	84
Total Board of Management remuneration	27,329	24,762

There were 9 members of the Board of Management during the year



(iii) **Key management compensation**

Gross Salaries

Gratuity

Total key management compensation

	2024 Kshs. '000'	2023 Kshs. '000'
	133,568	124,559
	6,068	4,366
	139,636	128,925

24 members of senior management served during the year

45 Capital Commitments

Capital commitments at the year end for which no provision has been made in these financial statements are:

Authorised for

Authorised and contracted for

Total Capital Commitments

	1,100,000	475,000
	3,887,527	1,529,000
	4,987,527	2,004,000

46 Events after the Reporting Period

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

47 Ultimate and Holding Entity

Kenyatta National Hospital is a state corporation under the Ministry of Health. Its ultimate parent is the Government of Kenya.

48 Currency

The Financial statements are presented in Kenya Shillings rounded to the nearest thousand (Kshs. '000').



Appendices

Appendix I: Progress on Follow Up of Auditor Recommendations

1. Unsupported Secured Individual Debtors

Issue / Observations from Auditor

Note 25 to the financial statements reflects gross medical services receivables balance of Kshs.13,139,787,000. The balance includes secured individual debtors balance of Kshs.562,353,542. However, verification of schedules revealed six hundred and seven-eight (678) patients with total unsecured debt amount of Kshs.74,556,613 did not have details of in-patient number, invoice number, folio number and guarantor. In addition, these debts have been outstanding for more than 360 days.

In the circumstances, the accuracy and recoverability of secured individual debtors of Kshs.74,556,613 could not be confirmed.

Management Response

The Hospital extracted relevant information from source documents of undertaking agreements and populated all the requisite details.

Status: Resolved

Time frame: June 30, 2024

2. Un-Collected Rental Income

Issue / Observations from Auditor

The statement of financial position reflects receivables from exchange transactions of Kshs.2,790,107,000 as disclosed in Note 25 to the financial statements. Included in the amount is rent receivables of Kshs.36,371,000 out of which Kshs.11,488,827 are rent receivables which have accumulated for over 360 days. Majority of the house occupants are public servants and it is not clear why the Hospital has not initiated rent recovery through checkoff system as required by the Kenyatta National Hospital (KNH) Housing Management Policy. Further, sixteen (16) debtors had a balance of Kshs.21,123,059 accounting for 58% of total rent receivables.

In the circumstances, the recoverability of uncollected rental income of Kshs.36,371,000 could not be confirmed.

Management Response

The hospital has since put internal control measures which include external debt collection services, monthly demands notes and individual reminders.

The revised Housing Policy which is being implemented will ensure that deposit is paid as security for new tenants occupying the houses and which will cushion the hospital in-case of default in rent payment.

Status: Resolved

Time frame: June 30, 2024



Emphasis of Matter

1. Budgetary Control and Performance

Issue / Observations from Auditor

The statement of comparison of budget and actual amounts reflects final receipts budget of Kshs.21,114,717,000 and actual on comparable basis of Kshs.20,291,252,000 resulting to an underfunding amounting to Kshs.823,465,000 or 4% of the budget. Similarly, the Hospital spent Kshs.23,668,485,000 compared to the final expenditure budget of Kshs.21,114,717,000 resulting to an unapproved over expenditure amounting to Kshs.2,553,768,000 or 12% of the budget.

The underfunding affected the planned activities and may have impacted negatively on service delivery to the public whereas the over expenditure means there may have been expenditure on unbudgeted items.

Management Response

Revenue – Underfunding of Kshs.823 million

The revenue generated by the Hospital during the year fell short of the budget due to reduced number of patients seen in the hospital. The reduced number of patients is attributed to implementation of the National Referral Policy and System.

Over Expenditure - Kshs.2,554 million

The expenditure for the period exceeded the budgeted amount due to;

- a. Accrual of tax liability of Kshs. 615,642,650 for unpaid Corporation tax, interest and penalty levied on the Hospital by KRA relating to rental and interest income earned for the period 2015 to 2019.
- b. Net Actuarial loss relating to the Defined Benefit Pension Scheme amounting to Kshs. 1,406,245,750 was reported during the period in line with IPSAS 39 on employee benefit. These expenses had not been projected in the budget.
- c. The impairment loss on receivables (Kshs. 1,131,730,000) and medical service contract loss (Kshs. 569,237,000) exceeded the budgeted amount due to increase in the number of indigent patients and members covered by NHIF who were attended to in the hospital during the period.

The hospital is in the process of automating the budget making and monitoring process. This will institute a more vibrant budget implementation and follow-up mechanism and feedback process to ensure that all activities are implemented as budgeted and planned.



2. Pending Accounts Payable

Issue / Observations from Auditor

The statement of financial position reflects trade and other payables of Kshs.2,874,256,000 (2022 – Kshs.1,569,872,000) an increase by Kshs.1,304,384,000 or 83% as disclosed in Note 30 to the financial statements. Management has attributed this amount to unpaid suppliers.

Failure to settle bills during the year to which they relate distorts the financial statements and adversely affects the budgetary provisions for the subsequent year as they form a first charge.

Management Response

The trade and other payables include trade payables, retention money, remittances, doctors' fees, tax liability and other payables. The increase in FY 2022/23 as compared to FY 2021/22 is explained in the table below:

Details	FY 2022/23	FY 2021/22	Change	Remarks
Trade payables	1,412,169,000	1,055,900,000	356,269,000	This relate to outstanding supplier invoices and were settled within FY 2023/24.
Retention money	112,980,000	117,935,000	(4,955,000)	This relates to on-going capital projects which will be released to the contractors upon completion of the projects.
Remittances	215,061,000	59,112,000	155,949,000	This relates to Payroll deductions that were remitted in July 2023 within the statutory timelines.
Doctors' fees	446,009,000	253,000,000	193,009,000	This is expected was paid within the FY 2023/24 when the hospital received settlement from Corporate debtors relating to accounts receivables for patients attended to in KNH Prime Care Centre.
Tax liability	686,165,000	80,534,000	605,631,000	The increase is due to recognition of tax liability assessed by KRA in the financial statements for FY 2022/23. The Hospital received a waiver on interests and penalties after completion of payment of the



Details	FY 2022/23	FY 2021/22	Change	Remarks
				principal amount kshs.360 million.
Other payables	1,872,000	3,391,000	(1,519,000)	This relates to unpaid salaries and over recovery from staff which was paid out in FY 2023/24.
Total	2,874,256,000	1,569,872,000	1,304,384,000	

Status: Resolved

Time frame: June 30, 2024

Other Matter

1. Unresolved Prior Year Matters

Issue / Observations from Auditor

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

Management Response

The Hospital appointed an Audit Resolution Committee with specific mandate to resolve pending prior year matters for presentation to the Parliamentary Investment Committee. The committee has effectively resolved all the issues except those that involve external partners such as the land matters. Management will endeavor to have the pending matters settled within the year ending June 30, 2025.

Status: Unresolved

Time frame: June 30, 2025

2. Systems Audit on Payment System

Issue / Observations from Auditor

During the year under review, the Management through letter Ref: KNH/SCM/39 dated 14 July, 2023 requested for a review of payment system after they noted loss of funds. After our preliminary assessment, internal control weaknesses in the system were noted and included in this audit report. In addition, indications of fraudulent activities were noted and a forensic audit recommended which is currently ongoing.



Management Response

The follow-up forensic audit commenced on 1st March, 2024. The Auditors were provided with all the documentations required and the Audit was completed by Friday 19th April, 2024.

Status: Resolved

Time frame: June 30, 2024

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Basis for Conclusion

1. Medical Services Contract Loss

Issue / Observations from Auditor

1.1 Contracts with National Hospital Insurance Fund (NHIF)

The statement of financial performance includes medical services contracts loss of Kshs.569,237,000 out of which Kshs.379,100,000 relates to loss from National Health Insurance Fund (NHIF) as disclosed in Note 22 to the financial statements. The NHIF loss arises where the medical cost incurred on a patient who is a contributor to the Fund is greater than the rebate reimbursed by the Fund based on the existing medical service contracts.

It was noted that Management continued to engage NHIF and the Ministry of Health on the loss-making contracts from 2016 to 2022 as evidenced in several correspondences. Although a renegotiated contract commencing on 1 July, 2022 has enhanced the number of claimable services, the annual losses incurred during the year is still significant at Kshs.379,100,000.

In the circumstances, the Hospital has continued to bear the high cost leading to losses if the reimbursable amounts are not reviewed.

Management Response

The Hospital Management engaged NHIF on the rates for reimbursement on the provision of health service to the Fund members. The hospital has a new medical service contract with the Fund (2022-2024) which took effect from July 2022.

The contract has the enhanced benefits and provided for co-payment by the patient for several surgical and medical services. This has resulted to decrease in the loss reported in FY 2022/2023 (Kshs. 379,099,762) compared to that in FY 2021/22 (Kshs. 655,313,000).

Status: Unresolved

Time frame: June 30, 2025



1.2 Linda Mama Program

Issue / Observations from Auditor

The statement of financial performance includes medical services contracts loss of Kshs.569,237,000 out of which Kshs.190,137,000 relate to loss on Linda Mama Program offered by the Hospital, as disclosed in Note 22 to the financial statements. It was noted that the Government reimburses the Hospital Kshs.17,500 per delivery despite receiving complicated maternal referrals for specialized care services which include renal dialysis, critical care services and neonatal care whose medical cost could be way above Kshs.100,000. However, with effect from July 2017 the package was enhanced so that in case of complications the Hospital is allowed to claim a normal rebate rate of Kshs.4,000 per day in addition to the Kshs.17,500. This has however not been sufficient to cover the losses at Kshs.190,137,000 for the year under review.

In the circumstances, the Hospital has continued to bear the high cost of free maternity programs which has negatively impacted on the overall performance.

Management Response

In July 2013, the Government of Kenya rolled out free maternity services program through a presidential declaration to encourage women to give birth at health facilities under skilled personnel. The policy aimed at reducing maternal complications as well as maternal mortalities in Kenya. Under this program, referral hospitals were to be reimbursed on every delivery conducted in the facility Kshs.17, 500 with the assumption that this will be adequate with/without delivery complications.

The management vide ref: KNH/FIN/13/26 dated 1st July 2015 appealed to the Principal Secretary MOH for review of the reimbursement rate to Kshs.39, 000. However, this proposal did not yield a positive consideration.

In July 2017, the Government transferred the Free Maternity Scheme to Linda Mama Programme under the NHIF management. The Linda Mama covers delivery and pre- delivery incidental costs only. The hospital has engaged NHIF in full implementation of the programme where NHIF agreed to take care of post-natal and delivery complication through Letter ref: HF/CB/12/3/ (97) dated 11th April 2018. The reimbursable amounts include:

- Delivery package at Kshs.17, 500
- Hospitalization as a result of pregnancy complications at a rebate of Kshs.4, 000 per day.
- Three months' post Natal care for mother and child at a rebate of Kshs.4, 000 per day.

The Hospital Management is in the process of renegotiating with the Fund for favorable rates. The Hospital is optimistic that the Government will enhance the rebate under the programme.

The loss comparison for the two financials years 2021/2022 and 2022/2023 reflects a loss decrease from Kshs 231 million to Kshs 190 million respectively.



The Hospital Management has escalated the matter to the PS, MOH and awaits direction and guidance on the way forward.

Status: Unresolved

Time frame: June 30, 2025

2. Incomplete Pediatrics Emergency and Burns Management Centre

Issue / Observations from Auditor

Note 41 to the financial statements on contingent liabilities reflects projected contractor's cost of Kshs.3,368,624,780 and consultant costs of Kshs.263,959,541 totaling Kshs.3,632,584,321. However, the contract was awarded at project cost of Kshs.2,959,511,555 and consultant cost at Kshs.39,927,200 totaling Kshs.2,999,438,755. This implies an increase by Kshs.633,145,566 or 21% of the original costs. This escalation of costs is largely attributed to delays in making prompt payments which continues to persist. This was demonstrated in the contractor's letter dated 18 April, 2023 on delay in payment by the employer, release of certificate of financial claims to the employer and delay in submission of clear details and instructions from the consultant resulting to slow work progress. Further, there was no evidence of ongoing negotiations with both the contractor and consultant.

It was noted that the project was to be financed through a concessionary loan from development partners at Kshs.1,235,724,580 or 41.8% and Government of Kenya at Kshs.1,723,786,975 or 58.2% with an initial completion date of 20 August, 2020 which has lapsed.

However, one of the extended loan agreements with the financiers expired on 31 December, 2023 while the second expires on 31 July, 2024 and there is no evidence of additional extensions.

In the circumstances, value for money on amounts spent on construction of pediatrics emergency and burns management center could not be confirmed.

Status: Unresolved

Time frame: June 30, 2025

Management Response

Project Cost Increase by Kshs. 663,145,566

The increase relates to additional claims made by the contractor and project consultant as tabulated below:

a. Contractor's additional claims

Details	Claim Amount (Kshs)
Interest Claim on late payments	44,618,630
Defect rectification	81,236,740
Financial Claim	283,257,855
Total	409,113,225



b. Project Consultant’s Additional Claims

Details	Claim Amount (Kshs)
Accrued Interest	17,203,412
Change of Scope	130,371,288
Prolongation Cost	76,457,641
Total	224,032,341

The Hospital is in the process of reviewing the merit of all claims and will submit the findings to the National Treasury through the Ministry of Health for guidance upon verification. In addition, the Hospital has requested supporting documentation to substantiate these claims.

Negotiation with the contractor and Project consultant

The Hospital conducted several negotiation meetings with the Contractor and Consultant to assess their financial and professional claims as tabulated below.

Date	Deliberation
13 th March 2023	Consultants professional Claims- Change of Scope, Interests and prolongation Cost
20 th March 2023	Contractors financial Claims & consultants Professional fee claims
11 th May 2023	Consultants Scope
15 th May 2023	Contractors Financial Claims
22 nd May 2023	Contractors Claims
19 th June 2023	Consultants Interests
4 th July 2023	consultants Professional fee claims Prolongation cost

On 11th July 2023, the Hospital Management engaged in a consultative meeting with the PS Ministry of Health, presenting a comprehensive project brief highlighting challenges faced during implementation, including the projected cost increase due to delayed payments for both Consultant & Contractor and Change of Scope (Minutes and Brief with supporting documentation)

Extension of Loan agreements

On 22nd May 2023 and 29th June 2023, the Hospital requested the Ministry of Health to facilitate the extension of the loan agreement by the financiers. In addition, the Contractor, formally requested a 305-day contract extension on 25th October 2023, (letter attached). The Hospital subsequently sought the Ministry of Health's assistance in obtaining a “No-Objection” from the financiers for the extension of the contractor's contract and an extension of the loan agreement until April 30, 2025. This extension includes a 6-month defects liability period and is awaiting recommendations from the Consultant.



Status: Resolved

Time frame: June 30, 2025

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Basis for Conclusion

1. Failure to Adjust Rent Rates

Issue / Observations from Auditor

The statement of financial performance reflects rental revenue from facilities of Kshs.135,378,000 as disclosed in Note 11 to the financial statements out of which Kshs.100,062,000 relates to residential properties revenue from the hospital staff. It was noted that the Hospital has 968 staff houses but the rates charged have not been reviewed since the year 2001 to align them to market rent rates. Analysis revealed projected estimated annual rent of Kshs.318,060,000 compared to the current annual rent of Kshs.57,199,200 which results to difference (rental revenue loss) of Kshs.260,860,800.

In the circumstances, the effectiveness of internal controls on management of house rents could not be confirmed.

Management Response

The Hospital was in the process of reviewing the rental rates upwards by 10% as directed by the Government with effect from 1st July 2024.

Status: Unresolved

Time frame: June 30, 2025

2. Inadequate Segregation of Duties

Issue / Observations from Auditor

Review of the system processes revealed that a supply chain officer could amend orders, perform inspections and receive stocks. In addition, a finance officer could register suppliers, could change supplier account numbers, commit orders and make direct cash payments. Further, there was no clear distinction between human resource and payroll staff.

In the circumstances, the effectiveness of internal controls in procurement and human resource section could not be confirmed.

Management Response

To mitigate against the risks pointed out by the auditor, the hospital is in the process of fully implementing the Information Security Management System (ISMS) policy (Policy No. 3: ICT access control and user



access management policy). Further, the usage of group domain accounts has been disabled across the entire hospital and all users are required to log in to the domain computers with their individual domain accounts for accountability and non-repudiation. In addition, a user is required to request for system rights through E-ticketing according to their assigned duties through his/her Head of Department/Unit.

Each department has been requested to assign specific administrative roles to specific users on a need-basis to facilitate the implementation of Least Privilege and Just-In-Time user access security principles. This will eliminate the possibility of having users that have multiple administrative roles and permissions.

User rights in the Funsoft are batched on positions such that, for example, supervisor rights allow to perform cross cutting functions in the system. However, the physical manual processes are done by different individuals with clear segregation of duties. The Management is in the process of onboarding a more robust system to mitigate against the risks highlighted by the auditor.

Status: Resolved

Time frame: June 30, 2024

3. Weaknesses in the Payment System

Issue / Observations from Auditor

Review of the Hospital payment systems revealed that the same payment voucher would appear in different systems with different amounts and details. Further, analysis revealed amounts of Kshs.19,269,324 were processed in the QuickBooks System but the amount paid in the bank was Kshs.22,048,014 resulting to an overpayment by Kshs.2,778,689.01.

In the circumstances, the effectiveness of internal controls in the system used for processing payments and reporting could not be confirmed.

Management Response

The hospital uses QuickBooks system to maintain subsidiary ledgers for suppliers with orders (LPO/LSO) issued from Supply Chain division.

The variance noted by the auditor of Kshs. 2,778,689.01 as a result of payments made have been cleared in the individual supplier's ledger in QuickBooks system. There was no financial loss to the hospital.

Status: Resolved

Time frame: June 30, 2024



4. Weaknesses in Use of Manual Processes

Issue / Observations from Auditor

The Hospital uses four (4) different systems one for processing payments and reporting, the second for uploading of payments for onward remittance to individual accounts, the third to manage human resource and payroll processes and fourth to manage operations of supply chain, management of cashier shifts, revenue collection, patient registration and processing of imprest. However, these systems are not integrated and rely on manual interventions to link them. These manual interventions are done multiple times which hampers smooth business workflow and greatly poses a high risk to data integrity.

In addition, the information relating to staff creditors' banks details and processing of their payments is maintained manually.

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

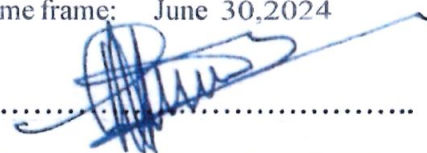
Management Response

The hospital has implemented an ERP system (ERP and SAP) which has integrated and provided seamless exchange of data between the different systems and applications. This system is expected to provide a future of streamlined efficiency and data accuracy and minimize likelihood of errors and fraud.

The controls that exist in the current manual processes is that the work input of one person is subjected to checking by a different officer before transfer to the software. The suppliers bank details forms are put under lock and key and only designated officers have access.

Status: Resolved

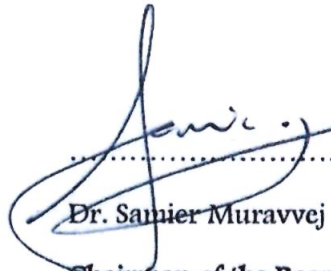
Time frame: June 30, 2024



Dr. Evanson Kamuri, CBS, EBS

Chief Executive Officer

Date: 19/12/24



Dr. Samier Muravvej

Chairman of the Board

Date: 19/12/2024

Appendix II: Projects Implemented by Kenyatta National Hospital

	Project title	Source of Funding	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1.	Cancer Treatment Centre Phase 1	GOK	52	293M	NO	YES
2.	Burns and paediatrics Emergency Centre	GOK, OFID, SFD BADEA	254 weeks		NO	YES
3.	Hope Hostel	ACS, FHH, DEVKI	52 weeks	200M	NO	YES
4.	Replacement of Obsolete Equipment & Equipping Day care Centre	Sports, Art and Social development fund	52 weeks	627.075M	YES	YES
5.	Bunkers	GOK	52 Weeks	96.7 M	NO	YES
6.	Expansion of specialized services	Sports, Art and Social development fund	52 Weeks	667 M	Yes	YES
7.	Rehabilitation and refurbishment of KNH					
a	Renovation of the 8th Floor	GOK	52 Weeks	102 M	NO	YES
b	Hospital Lifts	GOK	52 Weeks	24M	No	YES
c	Renovation and equipping of the KNH Fertility centre	Sports, Art and Social development fund	52 Weeks	133.59 M	YES	YES



Status of Project completion

	Project	Total project Cost	Total expended to date	Completion % to date	Sources of funds
1.	Cancer Treatment Centre Phase 1	KShs. 244,721,296	KShs 330,185,505	100%	GOK
2.	Burns and paediatrics Emergency Centre	KShs. 2,959,511,555.29	KShs. 295,951,155 Advance Payment, KShs 911,723,851 by KNH including Interest	58%	GOK, OFID, SFD BADEA
3.	Hope Hostel	KShs. 494,000,000	-		ACS, FHH
4.	Replacement of Obsolete Equipment & Equipping Day care Centre (Boiler and reticulation system)	KShs 627,075,000	KShs 481,586,030.04	100% installation 80% Equipping	Sports, Art and Social development fund
5.	Bunkers	KShs 96,789,750	KShs 45,361,387	80%	GOK
6.	Expansion of specialized services	667 M		1%	Sports, Art and Social development fund
7.	Rehabilitation and refurbishment of KNH				
a	Renovation of the 8th Floor	KShs 102,264,152.50	KShs 32,944,248.26	45%	GOK
b	Hospital Lifts	KShs 24,000,000	KShs 9,401,094	80%	GOK
c	Renovation and equipping of the KNH Fertility centre	KShs 133,597,940			Sports, Art and Social development fund
8	Medical Oxygen Generating Plant	KShs 443,000,000	KShs 39,029,940	65%	GOK through World bank



Appendix III: Inter-Entity Transfers Confirmation

KENYATTA NATIONAL HOSPITAL
Hospital Rd. along, Ngong Rd
P.O. Box 20723, Nairobi



Tel: 2726300-/2726450/2726550
Email: Knhadmin@knh.or.ke

Ref: KNH/FIN/12/Vol.III/35

Date: 12th July 2024

Harry Kimtai, CBS
The Principal Secretary
State Department of Medical Services
Ministry of Health
P.O Box 30016 - 00100
NAIROBI



Attn: *Head of Accounts*

RE: INTER ENTITY TRANSFER CONFIRMATION FOR FINANCIAL YEAR 2023/2024

In line with Public Sector Accounting Standards Board (PSASB) requirement, Kenyatta National Hospital wishes to confirm the amount received from your disbursement as at 30th June 2024.

According to our records, KNH received Recurrent and Development Grants for FY 2023/2024 of Kshs. 13,327,500,003.30 and Kshs 1,594,159,399.00 respectively as tabulated below;

Inter Entity Transfer FY 2023/2024 - as at 30.06.2024

A. Recurrent Grant

Institution	Grant Period	Amount Requested Kshs)	Date Disbursed	Receipt No	Amount received (Kshs)
KNH Main	July 2023	989,733,333.30	15-08-23	31927	989,733,333.30
Mwai Kibaki Hospital	July 2023	65,666,667.00	15-08-23	31928	65,666,667.00
MMUH	July 2023	41,666,667.00	15-08-23	31929	41,666,667.00
Emergency Relief	July 2023	3,433,333.30	31-08-23	34652	3,433,333.30
KNH Main	August 2023	989,733,333.00	13-09-23	53943	989,733,333.00
Mwai Kibaki Hospital	August 2023	65,666,667.00	15-09-23	53942	65,666,667.00
MMUH	August 2023	41,666,667.00	15-09-23	53945	41,666,667.00
Emergency Relief	August 2023	3,433,333.30	15-09-23	53914	3,433,333.30
KNH Main	September 2023	989,733,333.30	18-10-23	71530	989,733,333.30
Mwai Kibaki Hospital	September 2023	65,666,667.00	18-10-23	71531	65,666,667.00
MMUH	September 2023	41,666,667.00	25-10-23	71878	41,666,667.00
Emergency Relief	September 2023	3,433,333.00	25-10-23	71935	3,433,333.00
KNH Main	October 2023	989,733,333.00	15-11-23	55605	989,733,333.00
Mwai Kibaki Hospital	October 2023	65,666,667.00	15-11-23	55607	65,666,667.00
MMUH	October 2023	41,666,667.00	15-11-23	55608	41,666,667.00
Emergency Relief	October 2023	3,433,333.35	15-11-23	55606	3,433,333.35
KNH Main	November 2023	989,733,333.00	14-12-23	19367	989,733,333.00
Mwai Kibaki Hospital	November 2023	65,666,667.00	14-12-23	19369	65,666,667.00
MMUH	November 2023	41,666,667.00	14-12-23	19368	41,666,667.00
Emergency Relief	November 2023	3,433,333.00	14-12-23	55541	3,433,333.00
KNH Main	December 2023	989,733,333.00	08-01-24	84880	989,733,333.00
Mwai Kibaki	December 2023	65,666,667.00	08-01-24	84882	65,666,667.00
MMUH	December 2023	41,666,667.00	08-01-24	84881	41,666,667.00
Emergency Relief	December 2023	3,433,333.00	08-01-24	84883	3,433,333.00



Institution	Grant Period	Amount Requested (Kshs)	Date Disbursed	Receipt No	Amount received (Kshs)
KNH Main	January 2024	989,733,333.00	15-02-24	74352	989,733,333.00
Mwai Kibaki	January 2024	65,666,667.00	15-02-24	74355	65,666,667.00
MMUH	January 2024	41,666,667.00	15-02-24	74354	41,666,667.00
Emergency Relief	January 2024	3,433,333.00	15-02-24	74355	3,433,333.00
KNH Main	February 2024	989,733,333.00	13-03-24	96058	989,733,333.00
Mwai Kibaki	February 2024	65,666,667.00	13-03-24	89300	65,666,667.00
MMUH	February 2024	41,666,667.00	13-03-24	89295	41,666,667.00
Emergency Relief	February 2024	3,433,333.35	13-03-24	89299	3,433,333.35
KNH Main	March 2024	989,733,333.00	12-04-24	93028	989,733,333.00
Mwai Kibaki	March 2024	65,666,667.00	12-04-24	93026	65,666,667.00
MMUH	March 2024	41,666,667.00	12-04-24	93025	41,666,667.00
Emergency Relief	March 2024	3,433,333.35	12-04-24	93029	3,433,333.35
KNH Main	April 2024	989,733,333.00	17-05-24	81554	989,733,333.00
Mwai Kibaki	April 2024	65,666,667.00	17-05-24	81552	65,666,667.00
MMUH	April 2024	41,666,667.00	17-05-24	81553	41,666,667.00
Emergency Relief	April 2024	3,433,333.35	17-05-24	81555	3,433,333.35
KNH Main	May 2024	989,733,333.00	18-06-24	82739	989,733,333.00
Mwai Kibaki	May 2024	65,666,667.00	18-06-24	82740	65,666,667.00
MMUH	May 2024	41,666,667.00	18-06-24	82737	41,666,667.00
Emergency Relief	May 2024	3,433,333.35	18-06-24	82738	3,433,333.35
KNH Main	June 2024	989,733,333.00	10-7-2024	87725	989,733,333.00
KNH Main	June 2024	70,000,000.00	10-7-2024	87725	70,000,000.00
Mwai Kibaki	June 2024	65,666,667.00	10-7-2024	87725	65,666,667.00
MMUH	June 2024	41,666,667.00	10-7-2024	87725	41,666,667.00
Emergency Relief	June 2024	3,433,333.35	10-7-2024	87725	3,433,333.35
Pension and Retirement grants	June 2024	87,000,000.00	10-7-2024	87726	51,500,000.00
Total		13,363,000,003.3			13,327,500,003.3

B. Development Grants

Capital Project	Grant Period)	Total Amount Requested(Kshs)	Date Disbursed	Receipt No	Amount received (Kshs)
Burns and Paediatrics	Q1	58,416,666.00	28-02-24	74461	58,416,666.00
Burns and Paediatrics	Q1	58,416,666.50	28-02-24	74460	58,416,666.50
Burns and Paediatrics	Q1	58,416,666.00	28-02-24	74458	58,416,666.00
Burn and Paediatrics	Q2	58,416,666.50	28-02-24	74457	58,416,666.50
Burn and Paediatrics	Q2	58,416,666.50	28-02-24	74453	58,416,666.50
Burn and Paediatrics	Q2	58,416,666.50	28-02-24	74455	58,416,666.50
Strengthening Cancer Management	Q1	50,000,000.00	28-02-24	74459	50,000,000.00
Supply Installation and commissioning of medical oxygen generating plant	2022/23	143,659,400.00	28-02-24	74456	143,659,400.00
Refurbishment/ Renovation and Replacement of obsolete equipment	Q1	275,000,000.00	28-02-24	74452	275,000,000.00



Capital Project	Grant Period)	Total Amount Requested(Kshs)	Date Disbursed	Receipt No	Amount received (Kshs)
Refurbishment/Renovatio n and Replacement of obsolete equipment	Q2	275,000,000.00	28-02-24	74454	275,000,000.00
Refurbishment/Renovatio n and Replacement of obsolete equipment	Q3& Q4	550,000,000.00	10-7-24	87727	500,000,000.00
Strengthening Cancer Management	Q3& Q4	250,000,000.00			
Burn and Paediatrics	Q3& Q4	350,500,002.00			
Total		2,244,659,400.00			1,594,159,399.00

Confirm that the amounts shown above are correct as indicated.

Head of Accounts Department, Kenyatta National Hospital

Name: Michael Kihugo Signature: [Signature] Date: 12.07.24

Head of Accounts Department, Ministry of Health

Name: Moses Gitau Signature: [Signature] Date: 15.07.24



Kenyatta National Hospital
Annual Report and Financial Statements for the Year Ended June 30, 2024

