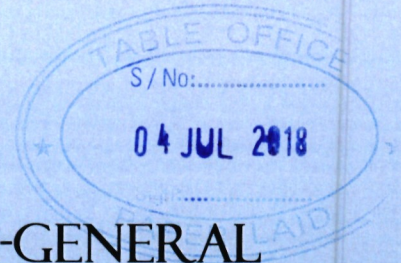
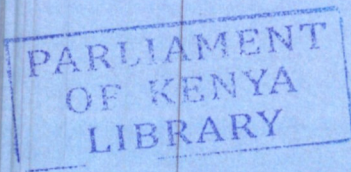


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

PAPER LAID BY THE
DEPUTY LEADER OF
THE MAJORITY PARTY
ON 4TH JULY 2018
IBM



REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
KENYA MEDICAL TRAINING COLLEGE**

**FOR THE YEAR ENDED
30 JUNE 2017**



KENYA MEDICAL TRAINING COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2017

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

KENYA MEDICAL TRAINING COLLEGE	
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KENYA MEDICAL TRAINING COLLEGE

I INSTITUTIONAL DETAILS/INFORMATION

Incorporation/Establishment

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

Registered Office and Principal Place of Business

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

Bankers

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





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

Independent Auditor






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

KENYA MEDICAL TRAINING COLLEGE








II BOARD OF DIRECTORS

NAME	PHOTO	DATE OF BIRTH	HIGHEST PROFESSIONAL/ ACADEMIC QUALIFICATIONS	KEY WORK EXPERIENCE
Prof. Philip Kaloki		10.12.1960	PhD (Business Administration)	Chairman, Board of Management (Upto May 9 th , 2017)
Eng. David N. Muthoga		26.03.1954	Bachelors of Science (Civil Engineering)	Vice Chairman, Board of Management
Eng. Peter K. Tum		2.6.1962	Master of science (Energy)	Director /CEO
Mrs Grace Thitai		10.05.1950	Masters Degree in Plant Pathology	Member, representing public Interest Chair, Academics/Training Standards, Ethics committee

Quality training of health professionals towards realization of Vision 2030

Mr. David Kemei		12.12.1964	Masters Degree in Business Administration- (Finance)	Member, representing public Interest Chair, Audit Committee
Mr. Duncan Mwangi		08.08 1952	Masters in Business Administration	Member, representing public Interest Chair, Finance, Planning & Development committee
Dr. Joseph Sitienei		31.12.1965	PhD – Epidemiology & disease Control	Rep, Principal Secretary Ministry of Health
Ms. Susan Mucheru		30.12.1962	Masters of Science in Human Resource Management	Rep. Cabinet Secretary National Treasury
Ms. Peris Adema		22. 11. 1962	Master of Business Administration	Alt. Principal Secretary Ministry of Education

Quality training of health professionals towards realization of Vision 2030

Mr. David N. Kanji		22.12.1963	Master of Science in Human Resource Management	Rep. Principal Secretary, Ministry of public service
Ms. Lily Koros Tare		1973	Master of Business Administration (Finance)	Director Kenyatta National Hospital
Dr. Evans Amukoye		18.01.1959	Masters in Medicine (Paediatric)	Rep. Director KEMRI Nairobi
Prof. Isaac O. Kibwage		1954	PhD in Pharmaceutical Chemistry	Principal College of Health Sciences, UoN,
Dr. Pacifica Onyancha		1966	Masters of Medicine (Psychiatry)	Alt. Director of Medical Services Ministry of Health Afya House
Mrs Rose Kuria		30.12.1960	Masters Degree in Master Public Health & Epidemiology	Ag Director of Nursing Services Ministry of Health Afya House
Mrs. Caren Oyugi		29.10.1955	Bachelors Degree (Nursing)	Principal Medical Training College Homa Bay

Quality training of health professionals towards realization of Vision 2030








Dr. John Nyaga		05.09.1966	Masters of Science in Public Health	Principal Medical Training College Muranga Campus
Dr. Miriam Muthoka		09.09.1985	PhD-Strategic Management	Corporation Secretary

KENYA MEDICAL TRAINING COLLEGE

III MANAGEMENT TEAM

NAME	PHOTO	PROFESSIONAL/ACADEMIC QUALIFICATIONS	MAIN AREAS OF RESPONSIBILITY
Eng. Peter K. Tum		Master of Science (Energy)	Director/CEO
Mr. John Anyira		Masters in Community Health and Development	Deputy Director (Finance and Administration)
Mrs. Nancy Michire		Masters of Mental Health/Psychiatric Nursing	Deputy Director (Academic Affairs)
Dr. Lucy Waweru		PhD, Nursing Education	Registrar (Academic Affairs)
Dr. Miriam Muthoka		PhD –Strategic Management	Corporation Secretary

Quality training of health professionals towards realization of Vision 2030

Dr.Silas E. Njeru		PhD (Supply chain Management)	Supply Chain Manager
Mr. John I. Obiye		Masters of Business Administration (MBA) - HR	Human Resource Manager
Mr. David O. Ondeng		Masters of Business Administration	Administration Manager
Mr. Elijah Mititi		Masters of Business Administration (MBA) – Finance	Finance Manager
Mr. Mathew Kipturgo		Masters of Nursing	Deployment: Principal, KMTC Nairobi
Ms. Callen Nyabuto		Bachelor of Commerce (BCOM)	Chief Internal Auditor
Mr. Kamau Maina		Masters of Arts in communication studies	Deputy Corporate Communications Manager

Quality training of health professionals towards realization of Vision 2030

<p>Ms. Lilian Obinju</p>		<p>Bachelor of Science (Computer)</p>	<p>Information Technology Manag</p>
<p>Ms. Caroline Musango</p>		<p>Master of Law</p>	<p>Legal Officer</p>
<p>Ms. Lucy Kuria</p>		<p>Bachelor's Degree In Health Sciences - Psychological Counseling</p>	<p>Principal Lecturer Deployment: Head, Performance Contract</p>
<p>Dr. Leah Bii</p>		<p>Masters in Public Health</p>	<p>Chief Principle Lecturer Deployment: Intergovernmental Relations</p>

KENYA MEDICAL TRAINING COLLEGE

REPORT OF THE CHAIRMAN

Opening Statement

On behalf of the Board of Directors, i am pleased to present the College annual Report statement for the year ended 30th June 2017, I hereby report impressive performance characterized by remarkable improvement in financial and operational performance as well as expansion of the College in the entire Country.

College Mandate

Kenya Medical Training College (KMTC) is a State Corporation under the ministry of health established under Chap 261 of laws of Kenya, and exists to train and develop competent health professionals through training and research, and provision of Consultancy Services. It is the main arm of the Government that trains mid-level health professionals and contributes to over 80% of the health care workforce in Kenya.

College Performance

In line with the Government commitment to provide efficient and high quality care that is accessible, equitable and affordable to all Kenyans, KMTC has endeavored to ensure quality training. It is for this reason that the Board of Directors has grown the College in pursuit of the expansion policy into a regional health training hub with a network of 65 campuses spread out in 42 out of 47 counties in Kenya. The College has over 33,000 students attending more than 65 courses in 18 departments, aimed at ensuring the country has adequate health care providers with the right skills mix. The aim is to provide training opportunities to Kenyans so that they can bridge the human resource for health gap in the country. Through this effort, KMTC Board has developed a cordial working relationship with devolved units of Government resulting to attraction of support of financial resources, infrastructure and practical training sites.

The Board successfully requested for re-categorization of the College from PC 2 to PC 4A which translates to improved terms and conditions of staff leading to retention of skilled workforce.

The Board approved for implementation of the Enterprise Resource planning (ERP) for automation of all College operations. This will lead to increased efficiency and effectiveness across the College in delivering quality health care training.

Quality training of health professionals towards realization of Vision 2030

Future Outlook

The Board is committed to growing the potential of KMTC through establishing at least one campus in each of the remaining Counties. This will open up opportunities for more students to access training opportunities and hence ease out the shortage of health professionals in the Country.

Tribute

I wish to convey my sincere gratitude to His Excellency the President Hon. Uhuru Kenyatta CGH, the Deputy President H.E Hon. William Ruto, EGH, EBS, Cabinet Secretary, Ministry of Health, Dr. Cleopa Mailu, EGH, Principal Secretary Mr. Julius Korir, CBS, Governors of the County Governments and Development partners for their immense support. I also thank fellow Board of Directors, Chief Executive Officer, Management team, Principals, Staff, Students, for their steadfast support and contribution towards KMTC success in the year.



Eng. David Muthoga
Vice Chairman

16th March 2018

KENYA MEDICAL TRAINING COLLEGE

CHIEF EXECUTIVE OFFICER'S STATEMENT

The year 2016 was a great success for Kenya Medical Training College (KMTC). As we conclude the year, it gives me and staff joy and confidence that our understanding, interpretation and implementation of strategies and policies set by the board of directors are yielding results and the College is on course as it continues to be a model institution in providing quality training for health professionals.

College Performance

During the year, about 12,500 new students joined the College for training while 8042 graduated with various Certificates, Diplomas and Higher Diplomas in different courses to serve Kenyans and as part of efforts to generate new knowledge that is aimed at advancing the health of Kenyans. The College is ISO 9001:2008 Certified and compliant and looks forward to its successful recertification and transition to ISO 2008:2015 standards.

The College through the Ministry of Health received sponsorship from World Bank to train Enrolled Community Health Nurses (ECHN) for the marginalized communities. The two and half year program is in two phases of 400 students each. The training will be instrumental in addressing child and maternal death in marginalized areas.

KMTC, Ministry of Health, Kenyatta National Hospital and the University of Nairobi, School of Health Sciences are collaborating in the establishment of a Centre of Excellence for Skills development and Tertiary Education in Biomedical Sciences (East African Kidney Institute (EAKI)). The project is part of the African Development Bank (AfDB) support to the East African Community (EAC) member countries. The objective is to contribute to development of relevant and highly skilled workforce in biomedical sciences. This will reduce the dependency of the member countries on services outside the region.

The Institute will be housed on land co-owned by KMTC, Kenyatta National Hospital (KNH) and University of Nairobi. The designs for the Institute are being developed by a consultant. The firm has submitted the inception report for review and final designs are due in September and construction is expected to commence in 2018. As a key stakeholder, KMTC will be involved in the training of targeted higher diploma courses, membership to proposed implementation committees and allocation of space in the building complex.

The College management successfully implemented the Collective Bargaining agreement for staff and this contributed to industrial harmony between staff and management. Terms and conditions of staff have been enhanced through staff promotions, staff

Quality training of health professionals towards realization of Vision 2030

training and capacity building and this has led to improved service delivery and harmony among the members of staff.

Technology

The College developed an ICT Policy and is in the process of implementing the Enterprise Resource Planning (ERP). The system will enable automation in Finance, Human Resource, Academics and administration areas of operations. This will play a crucial role in supporting growth and excellent service provision to our customers and stakeholders. The College also implemented online admission of students to the College and the systems will be successfully integrated to ensure the operations are flawless and there is harmony across the departments.

Way Forward

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

Conclusion

I wish to convey my sincere gratitude to His Excellency the president Hon. Uhuru Kenyatta CGH, the Deputy President H.E Hon. William Ruto, EGH, EBS, Cabinet Secretary, Ministry of Health, Dr. Cleopa Mailu, EGH, Principal Secretary Mr. Julius Korir, CBS, Governors of the County Governments and Development partner for their immense support. I also thank the Board of Directors, Management team, Principals, Staff, Students, for their steadfast support and contribution towards KMTC success in the year.



Prof. Michael Kiptoo
Director/CEO

16th march 2018

KENYA MEDICAL TRAINING COLLEGE

CORPORATE GOVERNANCE STATEMENT

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

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

Oversight role of Board of Directors

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

KENYA MEDICAL TRAINING COLLEGE

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

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

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

b) Principle on Board composition

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

The code states that directors have the following fiduciary duties:

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

Quality training of health professionals towards realization of Vision 2030

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

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

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

d) Principle on induction and continuous skill development

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

Quality training of health professionals towards realization of Vision 2030

e) Principle on Board tools

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

f) Principle on governance and legal audit

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

g) Compliance with laws and regulations

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

h) Committees of the Board

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

1. Human Resource Committee

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

2. Academic, Training, Standards And Ethics Committee

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

3. Finance, Planning And Development Committee

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

4. Audit, Risk, Governance And Compliance Committee

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

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

KENYA MEDICAL TRAINING COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS

Statement of Comprehensive Income

Total revenues from various streams during the year amounted to Kshs.5.9billion against a resource application of Kshs.5.5billion thus yielding a surplus of Kshs.380million. Notably for the first time the internally generated revenue surpassed the grants received from the government. This remarkable performance is attributed to the strategic expansion process. Employee costs, General expenses, Repairs and maintenance and operational expenses accounted for 58%, 24%, 5%, and 7% respectively, whereas Board expenses took about 0.6% of the total resource application. There was an increase in revenue collection from exchange transactions of Kshs.888million (42%) compared to 2015-2016 financial year. This is largely due to the massive expansion of the college. The College was at 65 campuses as at 30th June 2017, up from 50 campuses in the financial year 2015-2016. The total expenses also increased by Kshs.926million (20%) to 5.5billion up from 4.6billion in 2015-2016. This is largely due to implementation of the collective bargaining agreement which increased employee costs as well general college expansion.

Statement of Financial Position

The balances of receivables and payables amounted to Kshs.446million and Kshs.407million. Receivables were largely made up of outstanding fees whereas trade payables mainly consisted of outstanding claims relating to utilities, capital works in progress and personal emoluments related expenses. The working capital ratio stood at 2.6 whereas the debt to equity ratio as at year end stood at 0.07. This implies that the College had a relatively low liquidity risk during the financial year.

Statement of Changes in Equity

Accumulated fund balances at the end of the year totaled Kshs.1.775billion with an opening balance of Kshs.1.395billion and Kshs.320million surplus for the year.

Capital Expenditure

The College committed additional resources to the tune of Kshs.476million on capital expenditure mainly building works, computers and accessories, teaching equipment and furniture and fittings.

KEY PROJECTS/INVESTMENT DECISIONS IMPLEMENTED

The College managed to increase the number of enrolled students from 25,601 as at 30th June 2016 to 35,426 in 2017. This is in line with the current health sector 2012-2017 plan to reduce health inequalities and reverse the downward trend in health related impact and outcome indicators.

The College in collaboration with county governments managed to increase campuses from 50 in 2016 to 65 in 2017. The campuses opened in the financial year include Rera, Rachuonyo, Molo, Othaya, Nyahururu, Nyamache, Lugari, Wajir, Kombewa, Lamu, Ugenya, Isiolo, Tanariver, Busia and Voi.

The college successfully introduced five new training programs in the financial year as follows:

- Clinical Medicine in Kitale campus
- Medical lab sciences in Kombewa campus
- Kenya Registered Community Health Nursing in Garissa campus
- Clinical Medicine in Busia campus
- Enrolled Community Health Nursing in Wajir

COMPLIANCE WITH STATUTORY REQUIREMENTS

The College in compliance with the Public Procurement and Disposal regulations managed to allocate projects worth Kshs.111, 163,031 to youth, women, and people with disability. This is 33% of procurement budget.

The College in compliance with the Public Procurement and Disposal Act developed a procurement plan as part of the budgeting process and submitted it to the relevant bodies within the statutory deadlines. The quarterly procurement plan implementation reports were submitted to Public Procurement and Oversight Authority in the required format.

Quality training of health professionals towards realization of Vision 2030

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

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

- i. Submission of the Financial Programme Performance report to Controller of Budget every quarter within the deadline
- ii. Submission of Draft Budget Estimates by 30th April 2017
- iii. Submission of Annual Procurement Plan by 30th July 2016.
- iv. Submission of Annual Work plan and Cash flow projections by 30th July 2016.
- v. Compliance with other circulars from National treasury issued in 2016/2017.

CONCLUSION

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

KENYA MEDICAL TRAINING COLLEGE

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

The Board has created a framework that facilitates achievement of social and sustainability goals. As part of commitment to a sustainable relationship with its stakeholders, the College takes an active part in supporting the local community on social causes. In so doing, which includes working with neighbors to improve the welfare of the communities, KMTC is guided by ethical practices that seek to promote good corporate citizenship.

Pursuant to this goal led to all the 40 KMTC campuses participating in Corporate Social Responsibility (CSR) activities aimed at giving back to the community. The activities, which were organized by the campuses and held at various places, included health talks, HIV counseling and testing, HIV attitude training, screening for breast and cervical cancer and sanitation and awareness creation.

KMTC Nairobi and Makueni campuses partnered with the Special Olympics to hold free medical screening clinics for children and adults with intellectual disabilities. The exercise involved checking their eyesight, dental check-ups and promotion of healthy living.

KMTC Karuri and Bondo participated in polio and measles vaccination campaigns where they joined other health professionals in giving door to door vaccinations to children. Other campuses partnered with their respective County Governments to give services to the community. KMTC Lodwar took part in the construction of pit latrines at the Nakwamekwi, as part of the President's Award scheme.

KMTC Lake Victoria and Bomet campuses participated in cleaning the environment around their respective campuses and planted trees to conserve the environment. Manza, Msambweni, Port Reitz, Kwale and Machakos were among campuses that organized free medical camps, community outreach programs, HIV/AIDS attitude training and sanitation programs in the community. During the World Consumers' Rights Day organized by Competition Authority of Kenya, KMTC Mombasa campus gave health talk on use of antibiotics.

Kapkatet and Migori campuses carried out community diagnosis aimed at ascertaining the health status of the communities around them. Nakuru campus pharmacy students visited

Quality training of health professionals towards realization of Vision 2030

children from St. Anne's Baby and Children's Home and donated food items to them. They also visited patients at the Nakuru Hospice.

These activities were aimed at cementing the trust that communities have on KMTC, which is the cardinal reason they entrust them with their children to train.

By Order of the Board

A handwritten signature in black ink, appearing to be 'Dr. Miriam Muthoka', with a long vertical line extending upwards from the top of the signature.

Dr. Miriam Muthoka
Corporation Secretary
16th March 2018

KENYA MEDICAL TRAINING COLLEGE

REPORT OF THE DIRECTORS

The directors have the pleasure of presenting their report together with the audited Financial Statements for year ended 30th June 2017 which show the state of the Board's affairs.

PRINCIPAL ACTIVITIES

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

RESULTS

The results of the college for the year ended June 30, 2017 are set out on pages 22 to 46

DIRECTORS

The Board of Directors who held office during the year are shown on pages 3 to 6.

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

FINANCIAL STATEMENTS

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

AUDITORS

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



Dr. Miriam Muthoka
Corporation Secretary
16th March 2018

KENYA MEDICAL TRAINING COLLEGE

X STATEMENT OF BOARD OF DIRECTORS RESPONSIBILITIES

The Kenya Medical Training College Act, Cap 261, Section 18, requires the Directors to prepare financial statements in respect to the college which give a true and fair view of the state of the college affairs at the end of each financial year and operating results of the college for that year. The Board of Management is required to ensure that the college maintains proper accounting records which disclose, with reasonable accuracy, the financial position of the college. The Directors are responsible for safeguarding the assets of the college.

The Directors are responsible for preparation and presentation of the Colleges Financial Statements, which give a true and fair view of the state of affairs of the college for and as at the end of financial year ended June 30, 2017. This responsibility includes:

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

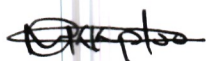
The Directors accepts responsibility of Financial Statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimate, in conformity with International Public Sector Accounting Standards (IPSAS), and in manner required by PFM Act and State Corporations Act. The Directors confirm the completeness of accounting records maintained for the College; which have been relied upon in the preparation of the Colleges financial statements as well as the adequacy of the systems of financial control. Nothing has come to the attention of the

Quality training of health professionals towards realization of Vision 2030

Directors to indicate that the College will not remain a going concern for at least the next twelve months from the date of this statement.

The Directors are of the opinion that the College's financial statements give a true and fair view of its transactions during the financial year ended June 30, 2017.

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



PROF. MICHAEL KIPTOO
DIRECTOR/CEO

16th March 2018



ENG.DAVID MUTHOGA,
VICE CHAIRMAN

16th March 2018

Quality training of health professionals towards realization of Vision 2030

KENYA MEDICAL TRAINING COLLEGE

X REPORT OF THE AUDITOR GENERAL

REPUBLIC OF KENYA

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NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON KENYA MEDICAL TRAINING COLLEGE FOR THE YEAR ENDED 30 JUNE 2017

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kenya Medical Training College set out on pages 29 to 54, which comprise the statement of financial position as at 30 June 2017, and the statement of financial performance, statement of changes in equity, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kenya Medical Training College as at 30 June, 2017, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with Kenya Medical Training College Act, Cap 261 of the Laws of Kenya.

In addition, as required by Article 229(6) of the Constitution, except for the matters described in the Basis for Opinion and Emphasis of matter sections of my report, based on the procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public money has not been applied lawfully and in an effective way.

Basis for Qualified Opinion

1.0 Revenue from Exchange Transactions

1.1 Fraudulent Receipts

Included in the statement of financial performance for the year ended 30 June 2017 is tuition, boarding and application fees of Kshs.2,962,923,630 which includes fraudulent receipts for the period totaling Kshs.3,363,260 caused by the students falsifying deposit slips in the payment of fees. There was no evidence that the same had been recovered by the time of audit in February, 2018.

Report of the Auditor-General on the Financial Statements of Kenya Medical Training College for the year ended 30 June 2017

Consequently, the accuracy of the tuition, boarding and application fees of Kshs.2,962,923,630 included in statement of financial performance could not be confirmed.

2.0 Receivables from Exchange and Non-Exchange Transactions

As previously reported, receivables from exchange and non-exchange transactions balances totaling Kshs.457,178,715 reflected in the statement of financial position as at 30 June 2017 include brought forward amounts of Kshs.19,812,181 and Kshs.21,831,155 due from the Ministry of Health and Kenyatta National Hospital respectively and which, although recommended for write-off by the Board were not expunged from the books of account because approval in this respect had not been obtained from the parent Ministry by 30 June 2017.

Further, the total receivables transactions balance of Kshs.457,178,715 includes an amount of Kshs.64,656,640 in respect of accumulated rent arrears due from the University of Nairobi for ninety-six (96) rooms occupied by the University's medical students. Records available show that the rent arrears have accumulated at the rate of Kshs.2,803,200 per annum for over 23 years. However, no lease agreement between the College and the University was presented for audit verification.

Consequently, it has not been possible to establish the circumstances under which the arrears accumulated to Kshs.64,656,640 as at 30 June 2017.

3.0 Property, Plant and Equipment

3.1 Lack of land ownership documents

As similarly reported in the year 2015/2016, property, plant and equipment balance of Kshs.5,840,132,791 reflected in the statement of financial position as at 30 June 2017 includes the following 22 parcels of land at the headquarters and constituent colleges with a total acreage of 277.587 acres valued at Kshs.502,485,000 in the June 2017 assets valuation report but whose title documents have not been availed for audit review:

No.	Location of Parcel of Land	Size (Acres)	Value as at 30 June 2017
1	Nairobi	5	88,750,000
2.	Nakuru	16.82	32,730,000
3.	Mombasa	4.42	19,800,000
4.	Kakamega	16.41	34,500,000
5.	Homabay	9.12	14,750,000

6.	Garissa	16.83	5,845,000
7.	Embu	8.471	13,600,000
8.	Meru	6.946	17,350,000
9.	Kisumu	21.5	41,450,000
10.	Murang'a	4	8,710,000
11.	Siaya	11.29	6,800,000
12.	Lodwar	40.11	11,500,000
13.	Loitokitok	3	2,550,000
14.	Kitui	20	20,000,000
15.	Port Reitz	7.5	28,500,000
16.	Kabarnet	9.25	5,600,000
17.	Kilifi	4.34	9,600,000
18.	Eldoret	21.32	43,250,000
19.	Msabweni	19.76	6,200,000
20.	Karuri	5	6,000,000
21.	Mathare	1.5	22,500,000
22.	Karen	25	62,500,000
	Total	277.587	502,485,000

Further, the lands occupied by the campuses have not been valued nor brought into the books of account.

Consequently, it has not been possible to confirm ownership of the twenty two (22) parcels of land included in the property, plant and equipment balance in the statement of financial position.

4.0 Opening of New Constituent Colleges

As reported in the previous year, the college opened eight (8) new constituent colleges during the years 2013/2014, 2014/2015 and 2015/2016 contrary to Part 4.0 of Expansion and Policy Guidelines Section 1 and 3 which states that new infrastructure should only be developed after concept paper and proposal in compliant with the

respective Kenya Medical Training College strategic plan are prepared and approved, and source of financing identified. The new colleges are Makueni, Vihiga, Chwele, Kapenguria, Migori, Bomet, Kitale and Nyandarua. These colleges were not budgeted for in the year when established (2013/14) and the total expenditure of Kshs.104,870,2014 incurred on the same was not included in the annual estimates for the year. This is contrary to Section 12 of the State Corporations Act, Cap 446 which states that no corporation shall without the prior approval in writing of the Minister and the Treasury incur any expenditure for which provision has not been made in annual estimates.

Further, a total of fourteen new constituent colleges with a total cost of Kshs.76,127,341 were opened during the financial year under review. They include; Kuria , Lake Victoria, Chuka, Gatundu, Iten, Kaptumo, Makindu, Molo, Mosoriot, Mwingi, Nyahururu, Rachuonyo, Rera and Othaya. These constituent colleges were not budgeted for during the year and were not included in the annual estimates for 2016/2017 contrary to Section 12 of the State Corporations Act, Cap 446. No reason has been provided for failure to comply with the expansion Policy and the State Corporations Act Cap 446. Consequently, the management is in breach of the law and the propriety of Kshs 76,127,341 utilized in opening of new constituent colleges for the year ended 30 June, 2017 could not be ascertained.

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

Emphasis of the Matter

It was observed that at the closing date of the financial year 2016/2017, Kenya Medical Training College had pending legal proceedings against them that if successful would cost the college approximately Kshs.1,653,515,593 and which would have a significant impact on its finances and operations. These litigations have been disclosed under note (II) R of the financial statements as required by IPSAS 19 Paragraph 100 and IAS 37, there is a strong case against the College and the verdict may fall on either side/party.

Key Audit Matters

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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 such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Those charged with governance are responsible for overseeing the College's financial reporting process.

Auditor-General's Responsibilities for the Audit of the Financial Statements

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

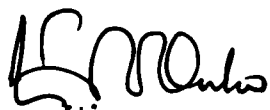
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern or to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the College to cease as a going concern or to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the College to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



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

Nairobi

23 April 2018

**KENYA MEDICAL TRAINING COLLEGE
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2017**

	Notes	2016-2017	2015-2016
Revenue from Non-Exchange Transactions			
Grants and donations	3	2,901,981,667	2,855,892,266
		2,901,981,667	2,855,892,266
Revenue From Exchange Transactions			
Tuition, Boarding and application fees	4	2,962,923,630	2,050,721,583
Rental revenue from facilities and equipment	5	23,544,945	29,819,606
Other income	6	34,661,560	46,178,644
		3,021,130,135	2,126,719,833
Total Revenue		5,923,111,802	4,982,612,099
Expenses			
Employee costs	7	3,217,656,337	2,739,412,080
General expenses	8	1,376,466,821	1,096,383,553
Repairs and maintenance	9	266,266,643	162,583,075
Operational expenses	10	367,957,498	312,726,927
Depreciation and amortization expense	11	268,177,460	261,868,280
Expenses of the boards, committees & conferences	12	34,710,124	26,305,823
Finance costs	13	6,575,437	6,052,555
Total Expenses		5,537,810,320	4,605,332,292
Surplus for the Period		385,301,482	377,279,807

The notes set out on pages 32 to 46 form an integral part of the Financial Statements

KENYA MEDICAL TRAINING COLLEGE

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Note	2016-2017	2015-2016
		Kshs	Kshs
Assets			
Current Assets			
Cash and cash equivalents	14	603,200,080	427,986,677
Receivables from exchange transactions	15	432,299,868	389,002,302
Receivables from non-exchange transactions	16	24,878,847	453,891,115
Inventories	18	18,058,635	41,012,289
Total Current Assets		1,078,437,430	1,311,892,384
Non-Current Assets			
Property, plant and equipment	17	5,840,132,791	5,631,124,036
Total Assets		6,918,570,221	6,943,016,419
Current Liabilities			
Trade and other payables from exchange transactions	19	410,764,444	820,455,578
Bank overdraft	20	161,088	217,634
Total Liabilities		410,925,532	820,673,212
Net assets		6,507,644,689	6,122,343,207
Equity			
Capital fund	21	4,727,538,005	4,727,538,005
Accumulated fund	22	1,780,106,684	1,394,805,202
Total Equity		6,507,644,689	6,122,343,207

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



Prof. Michael Kiptoo
DIRECTOR/CEO
16th March 2018



ENG.DAVID MUTHOGA
VICE CHAIRMAN
16th March 2018

KENYA MEDICAL TRAINING COLLEGE

STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 30 JUNE 2017

CASH FLOWS FROM OPERATING ACTIVITIES	Note	2016-2017 Kshs	2015-2016 Kshs
Cash generated from operations	23	652,456,164	574,203,832
Net cash flow from operating activities		652,456,164	574,203,832
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant, equipment and intangible assets	17	- 477,186,215	- 336,060,549
Net cash flows used in investing activities		- 477,186,215	-336,060,549
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase /(decrease) Bank overdraft	20	- 56,546	217,634
Net cash flows used in financing activities		- 56,546	217,634
Net increase/(decrease) in cash and cash equivalents		175,213,403	238,360,917
Cash and cash equivalents at 1 JULY 2016		427,986,677	189,625,760
Cash and cash equivalents at 30 JUNE 2017		603,200,080	427,986,677

KENYA MEDICAL TRAINING COLLEGE

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017**

	Capital Fund	Accumulated Funds	Total
		Kshs.	
	Kshs.		Kshs.
Balance as at 01.07.2015	4,727,538,005	1,017,525,395	5,745,063,400
Surplus for the year	0	377,279,807	377,279,807
Balance as at 30.06.2015	4,727,538,005	1,394,805,202	6,122,343,207
Balance as at 01.07.2016	4,727,538,005	1,394,805,202	6,122,343,207
Surplus for the year	0	385,301,482	385,301,483
Balance as at 30.06.2016	4,727,538,005	1,780,106,684	6,507,644,690

KENYA MEDICAL TRAINING COLLEGE
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE YEAR ENDED 30 JUNE 2017

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% age	Explanations
	2016-2017	2016-2017	2016-2017	2016-2017	2016-2017		
	Kshs	Kshs	Kshs	Kshs	Kshs		
Revenue from Non-Exchange Transactions							
Grants and donations	9,951,250,000	7,049,268,333	2,901,981,667	2,901,981,667	0		
					0		
Revenue from Exchange Transactions					0		
Tuition, Boarding and application fees	2,331,742,546	0	2,331,742,546	2,962,923,630	631,181,084	27	Positive variance occurred due to expansion of the college. The college enrolled more students during the financial year with 65 campuses in 42 out of the 47 campuses
Rental revenue from facilities and equipment	33,523,000	0	33,523,000	23,544,945	-9,978,055	-30	Negative variance is because some of the houses initially occupied by members of staff were converted into hostels and thus revenue that used to be collected as rental income reduced.
Other income	21,988,000	0	21,988,000	34,661,560	12,673,560	58	Variance is due to increased revenue collected from graduation fees as more than expected students graduated during the year
Total Revenue	<u>12,338,503,546</u>	<u>7,049,268,333</u>	<u>5,289,235,213</u>	<u>5,923,111,802</u>	<u>633,876,589</u>		
					0		
Expenses					0		
Employee costs	6,217,771,179	3,000,114,842	3,217,656,337	3,217,656,337	0		
General expenses	1,399,319,478		1,399,319,478	1,376,466,821	22,852,657	2	Variance is due to the general expansion of the college. With increased population came increased expenses
Repairs and maintenance	223,172,342	48,000,000	271,172,342	266,266,643	4,905,699	2	Due to increased student population, a lot of renovations had to be done in order to accommodate them hence increasing the cost of repairs
Operational expenses	399,471,071		399,471,071	367,957,498	31,513,573	8	Variance is due to expansion of the college. With increased population came increased expenses
Depreciation and amortization expense	430,744,000		430,744,000	268,177,460	162,566,540	38	Anticipated capital investment in asset was not undertaken.
Expenses of the boards, committee & conferences	35,000,000		35,000,000	34,710,124	289,876	1	A significant increase in board travel (local) arising from expansion activities
Finance costs	8,721,350		8,721,350	6,575,437	2,145,913	25	Variance is due to increased financial transactions especially in the revenue accounts
Total Expenses	<u>8,714,199,420</u>	<u>3,048,114,842</u>	<u>5,762,084,578</u>	<u>5,537,810,320</u>	<u>224,274,258</u>		
	3,624,304,126			385,301,482			

KENYA MEDICAL TRAINING COLLEGE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

1. Statement of Compliance and Basis of Preparation

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

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

2. Summary of Significant Accounting Policies

a) Revenue Recognition

i) Revenue from Non – Exchange Transactions – IPSAS 23

Transfers from Other Government Entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the college and can be measured reliably.

ii) Revenue from Exchange Transactions – IPSAS 9

Rendering of Services

The college recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labor hours incurred to date as a percentage of total estimated labor hours.

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

KENYA MEDICAL TRAINING COLLEGE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

Sale of Goods

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

Interest Income

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

Rental Income

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

b) Budget Information – IPSAS 24

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

c) Property, Plant and Equipment – IPSAS 17

- (i) All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the college recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in

KENYA MEDICAL TRAINING COLLEGE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

Surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

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

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

d) Intangible Assets–IPSAS 31

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

The useful life of the intangible assets is assessed as either finite or indefinite.

e) Financial Instruments – IPSAS 29

Financial Assets

Initial Recognition and Measurement

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

KENYA MEDICAL TRAINING COLLEGE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

Loans and Receivables

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

Impairment of Financial Assets

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

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

f) Financial Liabilities

Initial Recognition and Measurement

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

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

KENYA MEDICAL TRAINING COLLEGE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

Loans and Borrowing

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

IPSAS 29.65

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

g) Inventories – IPSAS 12

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

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

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

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

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

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

h) Nature and Purpose of Reserves

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

KENYA MEDICAL TRAINING COLLEGE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

i) Changes in Accounting Policies and Estimates – IPSAS 3

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

j) Employee Benefits – IPSAS 25

Retirement Benefit Plans

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

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

k) Related Parties – IPSAS 20

The College regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the College, or vice versa. Kenya Medical Training College is related to The National government, The Ministry of Health, Key management personnel and the Board of management. The board of management consists of 18 members who are responsible for strategic direction and operational management of KMTC and is entrusted with significant authority to execute KMTC's mandate.

Related party transactions	2017	2016
Ministry of health		
Transfers from Ministry of Health	2,893,066,667	2,841,947,227
Transfers to Ministry of Health	Nil	Nil

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Compensation to key Management		
Directors Emoluments	14,259,900	14,185,190
Key management staff	42,807,540	38,662,724
Due from related parties		
Due from Ministry of Health	19,812,180	19,812,180
Due from National Government	5,066,667	434,078,935

l) Cash and Cash Equivalents

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

m) Comparative Figures

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

n) Significant Judgments and Sources of Estimation Uncertainty – IPSAS 1

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

o) Estimates and Assumptions

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

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available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the College. Such changes are reflected in the assumptions when they occur IPSAS 1.140

Useful Lives and Residual Values

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

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

o) Subsequent Events – IPSAS 14

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2017

p) Taxation

The statement of financial performance for the year ended 30 June 2017 does not include a taxation charge since the institution is exempted from corporation tax.

Q) Financial Risk Management

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

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

(i) Credit risk

The college has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from trade and other receivables.

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Management controls credit risk through a strict fee collection policy that endeavours to ensure revenue is collected in full. Management assesses the credit quality of each customer, mostly sponsors, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the board of directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the college's management based on prior experience and their assessment of the current economic environment.

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

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impair ed Kshs
At 30 June 2017				
Receivables from exchange transactions	432,299,867	432,299,867	Nil	Nil
Receivables from non-exchange transactions	24,878,847	5,066,667	19,812,180	Nil
Total	457,178,714	437,366,534	19,812,180	
At 30 June 2016				
Receivables from exchange transactions	453,891,115	453,891,115	Nil	Nil
Receivables from non-exchange transactions	19,812,180		19,812,180	
Total	473,703,295	453,891,115	19,812,180	

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(i) Credit risk (Continued)

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

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

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

(ii) Liquidity risk management

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

R) Contingent Liabilities

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

Wathanagu Holdings Ltd -Vs- The Hon.Attorney General & 4 Others	Plaintiff states that the defendants have been interfering with its rights of ownership and occupation of its property LR No. 209/12109 and prays that the court makes a declaration that the defendants are jointly and severally liable to compensate them by way of damages for the loss of user and other infringement of its rights and privileges amounting to Kshs.1,652,087,004 and the costs of the suit. Our legal team
Dominic Ndwiga Ngure -Vs-KMTC & AG	Plaintiff claims unlawful termination from employment. Mombasa Labor Relations Court judgement awarded Mr. Ngure Kshs. 1,428,589 for wrongful termination of employment. KMTC has lodged an appeal against the judgement.

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FOR THE YEAR ENDED 30 JUNE 2017**

S) Project Accounts

As at close of the financial year 2016/2017 the college had two project accounts that did not form part of the assets of the college. This donor funded project accounts are:

- a) Kenya mental health project: 0100305856100: National Bank Hospital Branch: kshs 1,290,566.45
- b) VVOB SKILLS Lab project: 01020058377000: National Bank Hospital Branch: kshs 4,800,105.40

Note 3:

Revenue from Non Exchange Transactions

Grants and Donations

	2017		2016
	(Kshs.)		(Kshs.)
Government of Kenya grants	2,893,066,667		2,841,947,227
Funzo Kenya Project grant	475,000		13,092,769
UNICEF	3,080,000		-
Sight Savers International grant	0		852,270
ALDAI CDF	4,400,000		0
USAID AFYA JIJINI	960,000		0
TOTAL	2,901,981,667		2,855,892,266

Note 4:

Revenue from Exchange transactions

	2017		2016
	(Kshs.)		(Kshs.)
Tuition and Boarding fees	2,899,142,098		2,000,951,873
Application fees	63,781,532		49,769,710
TOTAL	2,962,923,630		2,050,721,583

Note 5:

Rental Revenue from Facilities and Equipment

	2017		2016
	(Kshs.)		(Kshs.)
i. Rental income	23,544,945		29,819,606
TOTAL	23,544,945		29,819,606

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Note 6:
Other Income

	2017	2016
	(Kshs.)	(Kshs.)
Sale of tender documents	34,650	131,500
Sale of Non-Capital goods	11,170	-
Miscellaneous income	34,615,740	46,047,144
TOTAL	34,661,560	46,178,644

Note 7:
Employee Costs

	2017	2016
	(Kshs.)	(Kshs.)
Salaries and wages	1,532,662,947	1,327,597,228
Contributions to pensions	313,814,137	254,323,130
House allowances	484,044,593	314,277,360
Medical insurance	195,140,914	138,910,402
Commuter and other allowances	483,213,859	523,887,890
Health workers extraneous allowances	208,779,887	180,416,070
TOTAL	3,217,656,337	2,739,412,080

Note 8:
General Expenses:

	2017	2016
	(Kshs.)	(Kshs.)
Travelling and accommodation – local	409,056,121	284,734,289
Travelling and accommodation – external	1,204,714	263,465
Purchase of uniforms and clothing	21,827,560	5,137,985
Fees, commission and honoraria	195,408,203	188,971,756
Staff training expenses	9,813,391	3,692,249
Postal and telegrams	21,300,034	16,908,925
Telephone	24,537,038	22,197,120
Electricity	60,203,529	55,748,278

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Water and conservancy	47,479,122	36,600,708
Stationery	81,784,755	74,266,983
Rent and rates	1,562,621	2,324,690
Contracted professional services	202,646,051	169,962,401
Insurance of property	144,580,837	95,882,601
Internet Expenses	22,068,605	17,123,456
Advertising, printing and publicity	71,462,011	82,918,065
Official entertainment	26,842,883	14,039,949
Computer expenses	29,500,701	19,024,861
Audit Fee	1,160,000	1,160,000
Increase in provision for bad debts	4,028,644	5,425,771
TOTAL	1,376,466,821	1,096,383,553

Note 9:

Repairs and Maintenance

	2017	2016
	(Kshs.)	(Kshs.)
Maintenance of plant and machinery	73,461,972	33,622,650
Maintenance of buildings and stations	192,804,672	128,960,424
TOTAL	266,266,643	162,583,075

Note 10:

Operational Expenses:-

	2017	2016
	(Kshs.)	(Kshs.)
Transport operating	54,948,478	51,086,143
Food and rations	24,275,651	59,389,483
Library expenses	33,868,063	35,335,702
Cleansing materials	11,732,916	16,571,250
Teaching materials	110,144,912	65,155,428
Students activity and sports	74,335,044	60,063,037
Student Allowance	37,509,135	9,325,147
Fuel, gas and firewood	2,542,882	6,420,151
Insecticides and pesticides	3,851,504	2,304,138
Drugs and dressings	14,748,914	7,076,448
TOTAL	367,957,498	312,726,927

KENYA MEDICAL TRAINING COLLEGE
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Note 11:

Depreciation and Amortization Expense

	2017		2016
	(Kshs.)		(Kshs.)
Depreciation expenses	268,177,460		261,868,280
TOTAL	268,177,460		261,868,280

Note 12:

Expenses of Boards, Committees and Conferences:

	2017		2016
	(Kshs.)		(Kshs.)
Sitting allowances	12,560,000		11,796,000
Honoraria (Chairman's)	843,900		1,044,000
Lunch allowances	856,000		890,000
Mileage	3,045,412		2,044,963
Travelling and accommodation (local)	17,404,812		10,075,670
Medical insurance	-		455,190
Total	34,710,124		26,305,823

Note 13:

Finance Costs

	2017		2016
	(Kshs.)		(Kshs.)
Bank charges	6,575,437		6,052,555
Interest charges	-		-
Total	6,575,437		6,052,555

Note 14:

Cash and Cash Equivalents

	2017		2016
	(Kshs.)		(Kshs.)
Cash at Hand	260,518		1,029,635
Cash at Bank	601,907,461		425,390,463
Pay bill	1,032,102		1,566,579
Total	603,200,080		427,986,677

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NOTES TO THE FINANCIAL STATEMENTS
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Note 15:

**Receivables from Exchange
Transactions**

	2017		2016
	(Kshs.)		(Kshs.)
Trade receivables (outstanding fee balances)	381,532,483		346,087,301
Rent receivable	67,679,670		62,838,408
Outstanding imprests	11,852,501		5,897,953
Salary advances	648,096		1,087,387
Prepayments	15,508,333		13,983,824
Provision for bad debts	(44,921,215)		(40,892,571)
Total	432,299,868		389,002,302

Note 16:

**Receivables from Non-Exchange
Transactions**

	2017		2016
	(Kshs.)		(Kshs.)
Government of Kenya grant	5,066,667		434,078,935
Ministry of Health	19,812,180		19,812,180
Total	24,878,847		453,891,115

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Note 17:

PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Work in Progress	Motor Vehicles	Plant, Office and Other Equipment	Furniture and Fittings	Computers and Accessories	Totals
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
COST:								
Balance b/f/ (01.07.2015)	1,165,920,000	3,267,527,074	405,673,665	267,333,145	1,929,393,546	284,460,097	331,062,304	7,651,369,831
Additions during the year	-	-	102,297,653	25,856,800	112,543,479	50,098,241	45,264,376	336,060,549
Balance as at 30.06.2016	1,165,920,000	3,267,527,074	507,971,318	293,189,945	2,041,937,025	334,558,338	376,326,680	7,987,430,380
DEPRECIATION:								
Balance as at 01.07.2015	-	628,594,194	-	211,342,106	933,103,518	108,024,101	213,374,142	2,094,438,061
Charge for the year	-	65,973,322	-	13,997,760	124,536,254	22,054,500	35,306,449	261,868,283
As at 30.06.2016	-	694,567,516	-	225,339,866	1,057,639,772	130,078,601	248,680,591	2,356,306,344
Net Book Value (as at 30.06.2016)	1,165,920,000	2,572,959,558	507,971,318	67,850,079	984,297,253	204,479,738	127,646,090	5,631,124,036
COST:								
Balance b/f/ (01.07.2016)	1,165,920,000	3,267,527,074	507,971,318	293,189,945	2,041,937,025	334,558,338	376,326,680	7,987,430,380
Transfer TO/(FROM)	-	391,348,306	(391,348,306)	-	-	-	-	-
Additions during the year	-	-	144,518,087	4,400,000	177,139,992	86,224,254	64,903,883	477,186,216
Balance as at 30.06.2017	1,165,920,000	3,658,875,380	261,141,099	297,589,945	2,219,077,017	420,782,592	441,230,563	8,464,616,596
DEPRECIATION:								
Balance as at 01.07.2016	-	694,567,516	-	225,339,866	1,057,639,772	130,078,601	248,680,591	2,356,306,344
Charge for the year	-	64,323,989	-	16,962,520	123,037,157	25,559,967	38,293,827	268,177,460
As at 30.06.2017	-	758,891,505	-	242,302,386	1,180,676,928	155,638,568	286,974,418	2,624,483,804
Net Book Value (as at 30.06.2017)	1,165,920,000	2,899,983,875	261,141,099	55,287,559	1,038,400,089	265,144,024	154,256,145	5,840,132,792

KENYA MEDICAL TRAINING COLLEGE
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Note 18:
Inventory

	2017	2016
	(Kshs.)	(Kshs.)
Food and rations	789,361	1,106,020
Stationery and related items	13,922,144	12,132,980
Other consumables	3,347,130	27,773,290
Total	18,058,635	41,012,289

Note 19:

	2017	2016
	(Kshs.)	(Kshs.)
Trade and other Payables from Exchange Transactions	410,764,444	820,455,578

Note 20:

Overdrawn Ac

	2017	2016
	(Kshs.)	(Kshs.)
Overdrawn Ac	161,088	217,634

Note 21:

Capital Fund

	2017	2016
	(Kshs.)	(Kshs.)
GOK capital investment	4,727,538,005	4,727,538,005

Note 22:

Accumulated Fund

	2017	2016
	(Kshs.)	(Kshs.)
Balance at start of the year	1,394,805,202	1,017,525,395
Surplus for the year	385,301,482	377,279,807
Balance at end of year	1,780,106,684	1,394,805,202

Quality training of health professionals towards realization of Vision 2030

Note 23: Cash generated from operations

	2017		2017
	(Kshs.)		(Kshs.)
Surplus for the year before tax	385,301,482		377,279,807
Adjusted for:	-		
Depreciation	268,177,460		261,868,280
Working capital adjustments:	-		
Decrease (Increase) in inventory	22,953,654		2,567,084
Increase(Decrease) in receivables	385,714,702		(355,006,507)
Increase (Decrease)in payables	(409,691,134)		287,495,168
Net cash flows from operating activities	652,456,164		574,203,832

Appendix 1: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized						
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	Total Transfers during the Year	
UNICEF	09.01.2017	Recurrent	1,400,000.00	Grants & donations	N/A	N/A	N/A	N/A	1,400,000.00	
AFYA JIJINI USAID	19.01.2017	Recurrent	960,000.00	Grants & donations	N/A	N/A	N/A	N/A	960,000.00	
UNICEF	27.03.2017	Recurrent	1,680,000.00	Grants & donations	N/A	N/A	N/A	N/A	1,680,000.00	
ALDAI CDF	23.06.2017	Development	4,400,000.00	Grants & donations	N/A	N/A	N/A	N/A	4,400,000.00	
Total			8,440,000.00						8,440,000.00	

APPENDIX II: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

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

Quality training of health professionals towards realization of Vision 2030

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



Prof. Michael Kiptoo
 Director/C.E.O
 16th March 2018.



ENG.DAVID MUTHOGA
 Vice-Chairman
 16th March 2018