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THE AUDITOR-GENERAL

ON

KENYATTA NATIONAL HOSPITAL

**FOR THE YEAR ENDED
30 JUNE, 2022**



KENYATTA NATIONAL HOSPITAL

ANNUAL REPORT

AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
JUNE 30, 2022

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
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Prepared in accordance with the Accrual Basis of Accounting Method
under the International Public-Sector Accounting Standards (IPSAS)

Kenyatta National Hospital



President Uhuru Kenyatta poses for a photo with members of the Kenyatta National Hospital Board of Management shortly after launching Human Leukocyte Antigen Laboratory, Zarina Merali Day Care Centre and Centre for Kidney and Organ Transplantation

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Abbreviations and Acronyms

ABC Study	Air Pollutant Exposures and Brain Development in Children
ACS	American Cancer Society
A&E	Accident & Emergency
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 Développement Économique en 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
CHV-NEO Study	CHV-NEO: Community-based digital communication to Support neonatal health
CONNECT Study	County 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
FHH	Friends of Hope Hostel
FP Plus Study	Integrating PrEP delivery in family planning clinics in Kenya Study
FY	Financial Year
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 AECI 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

Kenyatta National Hospital	
HCV-TX Study	Optimizing Hepatitis C virus Treatment for Kenyan people who inject drugs to achieve micro-elimination
HMIS	Health Management Information System
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
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
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
MMAP	Development of Global Good for Measurement and Programme Study
MMUH	Mama Margaret Uhuru Hospital
MoH	Ministry of Health
MOPC	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
NHIF	National Hospital Insurance Fund

Kenyatta National Hospital	
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
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

Preamble

Kenyatta national hospital is at the Apex of the National Referral System in Kenya. It prides itself in delivering quality specialized healthcare services in the region and beyond. Over the years, it has introduced and conducted cutting-edge specialist procedures that have led to its esteemed performance. This includes but not limited to managing health related crisis in Kenya with Covid-19 pandemic being the most recent crisis managed.

This annual report details the stellar performance of the Hospital in the different areas of operations highlighting the key milestones and achievements for the Hospital in FY - 2021/22. The report equally enlists the challenges that the Hospital experienced in its operations in the year under review.

The Hospital performance is driven by a rigorous performance contracting process that defines the objectives for the year at the Board level that are then cascaded to functions domiciled in Division, Departments and Units for implementations across its diverse professions. These objectives inform the development of performance contracts that are guided by the National Health Agenda. The implementation of the defined performance indicators drives the overall Hospital performance that is evaluated annually.

This report details the expanded mandate of the Hospital in the National Health Planning and Policy development. It highlights the tremendous investments and efforts geared towards the provision of enhanced specialized services that are accessible and affordable throughout its established Annexes.

This report highlights prominence of the established structures of governance and management in the Hospital that charts the Hospitals growth journey and sustainable operations for posterity. It spells the aspirations of the Hospital with diverse roles and responsibilities of its stakeholders that shape the Brand that is KNH.

The milestones highlighted in this Annual report will culminate in the formulation of successive Hospital performance targets, selection of strategic development projects and expansion of the Hospital service portfolio for enhanced service delivery.

Key Hospital Information

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

- 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 for 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 referred hospital, in national health planning

The Hospital has two Annexes to its operations, namely the Mwai Kibaki Hospital, and Mama Margaret Uhuru Hospital (MMUH). The two were handed over to KNH for operationalization to a Level VI tier of Hospitals through a presidential directive in September 2019 and March 2022 respectively.

Vision: A world class patient-centered specialized care Hospital

Mission: “To optimize patient experience through innovative healthcare; facilitate training and research; and participate in national health policy formulation”

Core Values

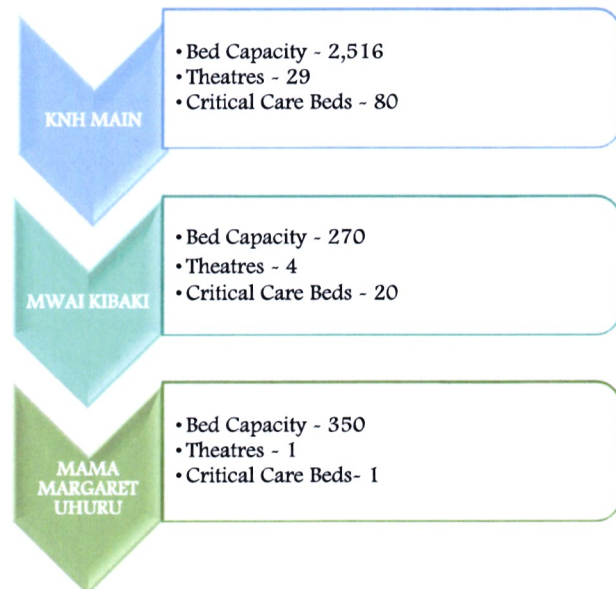


Kenyatta National Hospital Strategic Destination

A multi-specialty center of excellence offering services that meet international certification standards

Our journey

Kenyatta National Hospital in Nairobi is the oldest hospital in Kenya. The Hospital has commemorated its 35th anniversary years since listing as a State Corporation and turned 121 years since its founding. Established in 1901 with a bed capacity of 40, as the Native Civil hospital, it was renamed the King George VI in 1952. At that time the settler community was served by the nearby European Hospital (now Nairobi Hospital). It was renamed Kenyatta National Hospital — after Jomo Kenyatta, First President of the Republic Kenya — following independence from the British. Currently, KNH is supporting Mama Margaret Uhuru Hospital (MMUH) and Mwai Kibaki Hospital (MKH) operations.



Strategic Collaborators

KNH is strategically located at the heart of Kenya's and covers an expansive area of 45.7 hectares within which it hosts partner institutions like: University of Nairobi (College of Health Sciences) and the Kenya Medical Training College (KMTTC). The institution also works closely with the Kenya Medical Research Institute (KEMRI), Government Chemist, National Radiation Protection Board, National Public Health Laboratories Services (NPHLS), National AIDS and STIs Control Program (NASCO), National AIDS Control Council (NACC), National Blood Transfusion Services (NBTS) African Medical and Research Foundation (AMREF) and National Police Hospital (NPH).

Our Higher purpose

KNH has remained the facility of choice in provision of specialized healthcare services to patients from the Great Lakes Region, Southern and Central Africa. These specialized services range from; sports medicine, IVF, bariatric surgery open heart surgery, neurosurgery, orthopedics surgery, reconstructive surgery, burns management, critical care services, new born services, ophthalmology (cornea transplant), liver resections, oncology, palliative care and renal services among others.

KNH 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 leading 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's staff 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 (EMC)

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 Hospitals 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) 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 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).

Kenyatta National Hospital

- 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.

iv) 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.

v) 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.

Kenyatta National Hospital
Fiduciary Management

The key management personnel who held office during the period ended June 30, 2022, and had direct fiduciary responsibility were:

Table 1: Key Management

No.	Name	Position Held
1.	Dr. Evanson N. Kamuri, EBS	Chief Executive Officer
2.	Dr. Irene Inwani	Senior Director, Clinical Services
3.	CS Calvin Nyachoti	Corporation Secretary & Director Legal Services
4.	Dr. John Ngugi	Senior Director, KNH Prime Care Centre
5.	Raheli Mukhwana	Ag. Director, Nursing Services
6.	Dr. Kennedy Ondede	Director, Surgical Services
7.	Dr. Rose Nyabanda	Director, Diagnostics Services & Health Information
8.	Dr. Alfred Birichi	Director, Pharmaceutical Services
9.	Mr. Kennedy Mbogo	Ag. Director, Affiliation and Institutional Development
10	Dr. William Sigilai	Director, Medical Services
11	Eng. Richard Binga	Director, Facilities, and Services
12	CHRP Winnie Mwangi	Director, Human Resource
13	Mr. Job Makanga	Director, Planning, and Strategy
14	Mr. Abdallah Ali Ofula	Ag. Director, Supply Chain Management
15	CPA Michael Kihuga	Director, Finance
16	Dr. Peter Muiruri	Ag. Senior Director, KNH Othaya
17	Dr. Lydia Okutoyi	Director, Health Care Quality
18	Mr. Dave Opiyo	Chief Manager, Marketing and Communication
19	CPA Erick Otieno Omondi	Director, Risk & Audit

Fiduciary Oversight Arrangements

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

- Clinical Research and Standards Committee
- Human Capital, Finance and Administration Committee
- Corporate Strategy and Enterprise committee
- Risk and Audit Committee

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,
Fax: +254 20 2725272,
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,
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



Board of Management



Mr. George O. Ooko (age 59)
Independent Non-Executive
Chairman

Position: Chairman since 21st April 2020 and Member of the Board of Trustees, KNH Staff Superannuation DB Scheme.

Skills and experience

Mr. Ooko spearheads the Managed Equipment Services (MES) Review Committee at the Ministry of Health and is the Team Leader of the Technical Experts Cluster 9 Western Region, COVID-19 & UHC Systems Strengthening. He has served in various senior positions including Commission Secretary & CEO of the Commission on Revenue Allocation, a position he held from 2011 to February 2020; Chief Executive & Managing Trustee of the Coffee Development Fund; Project Manager & Consultant for Silverpool Ltd; Head of Personal Banking at NIC Bank Limited; Regional Retail Director for Absa Bank Kenya Plc, formerly Barclays Bank Kenya Limited; Regional Marketing Services Manager for Coca-Cola Africa Limited and Product Manager for Gillette Interproducts (K) Limited.

He holds a Master in Business Administration and Bachelor of Commerce. He equally has undertaken several Management courses from the Harvard Business School.

Position: Chief Executive Officer since 15th October 2019 and Chief Medical Specialist (Dermatology and Venerology)

Skills and experience

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

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



Dr. Evanson N. Kamuri, EBS
(Age 51)
Chief Executive Officer





Hon. Amb. Ukur Y. Kanacho, EGH
Cabinet Secretary,
The National Treasury & Planning

Position: Cabinet Secretary, The National Treasury & Planning since 14th January 2020.

Skills and experience

Hon. Ambassador Ukur Kanacho Yatani served as Cabinet Secretary for Labour and Social Protection prior to current appointment. Between June 2009 and October 2012, he served as Kenya's Ambassador to Austria with Accreditation to Hungary and Slovakia and Permanent Representative to the United Nations in Vienna. He held senior leadership positions at various diplomatic and international agencies such as International Atomic Energy Agency (IAEA), United Nations Organization on Drugs and Crimes (UNODC), United Nations Industrial Development Organization (UNIDO), Vice Chairperson of United Nations Convention Against Transnational Organized Crime (UNTOC), Vice President of Convention on Crime Prevention and Criminal Justice (CCPJ), and, Chair of African Group of Ambassadors among others. During the period 2006-2007 while serving Member of Parliament for North

Horr constituency. CS Yatani also served as an Assistant Minister for Science and Technology. Between March 2013 and August 2017, he served as a pioneer Governor of Marsabit County and in different positions in Public Administration including District Commissioner between 1992 and 2013.

He holds a Master of Arts in Public Administration and Public Policy; and Bachelor of Arts in Economics.

Position: Principal Secretary, Ministry of Health since January 2018.

Skills and experience

Before joining the Ministry of Health, she was the Principal Secretary in the State Department for Co-operatives overseeing implementation of the various Co-operative Policies. She has also served as the PS for the Ministry of Environment and Forestry overseeing development and implementation of policies and programmes on Environment, Forestry and Climate Change. Earlier on, she was the Principal Secretary in the State Department for Social Protection where she oversaw the design and implementation of policy reforms in Social Protection, Child Protection, Older Persons and Persons with Disability. She provided strategic leadership in the design and execution of innovative programmes that helped strengthen service delivery to the vulnerable people across the country.

She holds a Master's of Science degree in Communications Management and Bachelor of Science in International Business. She is a Chevening Scholar and Fellow of Commonwealth Scholarship Commission (2012) and a certified practitioner in Prince 2, Project Management and MSP Programme Management.



Susan Mochache, CBS
Principal Secretary,
Ministry of Health

Key Appointments: She is the Chairperson for the Africa Constituency Bureau (ACB) and Board Director of the Eastern and Southern Constituency (ESA) of the Global Fund.



**Dr. Richard T. Kamau, HSC
(age 64)
Independent & Non-Executive**

Position: Independent & Non-Executive Director from 3rd May 2019 to 2nd May 2022, and Member of the Board of Trustees, KNH Staff Superannuation DC Scheme.

Skills and experience

Dr. Kamau is the Program Director of Centre for Corporate and Business Leaders Health, (CCBLH). An established healthcare entrepreneur, Dr. Kamau is a trained and experienced corporate governance practitioner as well as a trained and Certified Pension Scheme Trustee. He has over the years consulted in various committees on reforms in the pharmaceutical sector in Kenya and has served as Lead Consultant in World Bank Funded Projects and played a key consultancy role in the introduction of ARVs (2004) in the public and mission hospitals in Kenya. He has in the past served as a Board Director of Kenya Medical Supplies Agency (KEMSA) and as Board Chairman of Ruiru and Juja Water and Sewerage Company (RUJWASCO).

He holds a Bachelor's degree in pharmacy (BPharm), Master's degree in Public Health (MPH), with a specialty in Health Promotion, and a KIM Diploma in Business Management.

Key Appointments: He holds directorship in the National Hospital Insurance Fund Board.

Position: Independent & Non-Executive Director since 6th October 2021.

Skills and experience

Dr. Maina is the Founder & Executive Director, Ahadi Kenya Trust, an organization dedicated to the eradication of jiggers in Kenya and beyond. He is also the Managing Director for Agra Enterprises a property and real estate company. He is also the Chairman of Riders Auction Group since 2000 and an Advisor for Beyond Zero, an initiative by H.E. the First Lady of Republic of Kenya in the promotion of healthy lives and well-being of women, children and adolescents.

He holds a Bachelor of Commerce (Accounts and Auditing) and Doctor of Philosophy, and has attended several courses on leadership, board audit committee training, high performance management, and corporate governance.



**Stanley Kamau Maina, OGW
(age 53)
Independent & Non-Executive
Director**



Peris Onsarigo (age 54)
Independent & Non-Executive
Director

Position: Independent & Non-Executive Director from 3rd May 2019 to 8th February 2022.

Skills and experience

Mrs. Onsarigo has extensive experience in public sector administration having served in the Ministry of Immigration and Registration of Persons for a period of 20 years, where she rose through the ranks to the position of Chief Registration Officer. She is the immediate former member of the County Executive Committee, Kisii County, in charge of Administration, Corporate Services and Stakeholder Management. She has also worked with the Teachers Service Commission between 1991 and 1992.

Mrs. Onsarigo has attended several courses on leadership, public policy management, financial management, strategic leadership, and corporate governance. She is a member of the Women on Board Network.

She holds a Master of Science in Organizational Development and a Bachelor of Arts (Sociology and History).

Position: Independent & Non-Executive Director since 4th March 2022.

Skills and experience

Ms. Beuttah has extensive experience in public sector having served at the Kenya Power & Lighting Company for over a period of 20 years, where she rose through the rank of Regional Customer, Relations & Marketing Officer.

Within the 23 years of service in the Energy Sector, she has been in charge of overseeing major development related projects such as French Development Rural Electrification Project, European Union Electrification Scheme and the Spanish Rural Electrification Project in Western Kenya, Mount Kenya, Nairobi and Nyanza regions. Ms. Beuttah has also worked with the United Nations International Children's Emergency Fund (UNICEF) and Kenya Revenue Authority in marketing and operational roles respectively.

She holds a Bachelor of Commerce degree in Marketing & Communication.



Winnie C. Beuttah (age 62)
Independent & Non-Executive
Director



Prof. James M. M'Imunya
(age 63)
Principal, College of Health Sciences
University of Nairobi

Position: Principal for the College of Health Science, University of Nairobi since 2nd June 2018; Associate Professor in the Department of Obstetrics & Gynaecology, University of Nairobi; Honorary Consultant, Kenyatta National Hospital; and Principal Coordinator, Centre for Research, Innovation and Grants Advancement (CERIGA).

Skills and experience

Prior to his appointment, Prof. M'Imunya served as the Deputy Director, University of Nairobi Institute of Tropical and Infectious Diseases (UNITID) in-charge of Research, Training and Community Service Programmes. He was instrumental in the development of Guidelines for HIV Counselling and Testing in Clinical Settings. The guidelines were adopted by the Ministry of Health and are being used nationally and internationally. He has 17 publications in the field of medicine and has carried out over 23 researches. He has a wide experience in training and teaching skills; including curriculum development and review; programs evaluation; and training materials development.

He holds a Ph.D. in Medicine and Surgery; Master of Medicine (Obstetrics & Gynaecology); Fellow in Medical Anthropology; Bachelor of Medicine & Bachelor of Surgery; Certificate in Advanced Research Methodology; Certificate in Reproductive Endocrinology/IVF-ET and Andrology; and Master Trainer in Curriculum Development and Review.

Position: Alternate Director to the Cabinet Secretary, The National Treasury and Planning since 30th September 2019.

Skills and experience

Mr. Kagika is the Pensions Secretary & Director of Pension at The National Treasury & Planning. He has over 28 years' experience in the Public Sector and having previously served as Chief Executive Officer/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 Masters and Bachelor degree in Public Health Administration and a Certified Public Accountant.



Mr. Alfred M. Kagika, EBS
(age 53)
Alternate Director to Cabinet Secretary,
The National Treasury & Planning



Dr. Julius Ogato (age 55)
Alternate Director to Principal Secretary,
Ministry of Health

Position: Alternate Director to the Principle Secretary, Ministry of Health since 13th August 2019.

Skills and experience

Dr. Ogato is the Senior Deputy Director of Medical Services at the Ministry of Health and the Head of National Health Systems Strengthening. He is also a member the National Multi Agency Command Centre for Covid-19. He has over 30 years' experience in health sector has previously worked as the Medical Superintendent at Mathari National Teaching & Referral Hospital and Mama Lucy Kibaki Hospital.

He holds a Master of Medicine in Diagnostics Radiology; Bachelor of Medicine & Bachelor of Surgery degree; and Certificate in Radiology (Ultrasound).

Position: Alternate Director to the Hon. Attorney General since 2nd January 2022.

Skills and experience

Mr. Bittta is currently a Deputy Chief State Counsel working with the Office of the Attorney General and Department of Justice. He has over 17 years with in-depth knowledge and experience in public law litigation, governance, public policy, economic development, public administration, human rights, and international law. He has also served as the Alternate Director to the Hon. Attorney General on the Anti-Counterfeit Authority Board

He holds a Master's degree in Law; Bachelors of Laws degree; and Post-graduate Diploma in Law



Mr. Emmanuel Bitta, OGW, MBS
(age 45)
Alternate Director to Hon. Attorney General



CS Calvin Nyachoti
(age 40)
Corporation Secretary

Position: Corporation Secretary since 6th February 2013 and Director for Legal Services.

Skills and experience

He has more than 10 years' experience as an Advocate of the High Court, a certified Corporate Secretary and a practicing Arbitrator/Mediator and Trainer. Mr. Nyachoti is a member of various professional bodies among them: 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.

He holds a Master in Business Administration (Strategic Management), Masters degree in Law (International Environmental Law), 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, 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 Venerology 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

- 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

- Honorary faculty (UoN)
- Global Health Equity Scholars (GHES)
- The Fogarty Global Health training program- Paediatric and Maternal Health, HIV/AIDS Care, and Public Health

Appointed
2020

Experience

- A Chief Medical Specialist with more than 24 years of experience in Paediatrics, Child Health, Research Regulation, Program Implementation, Coordination, Monitoring, and Evaluation.

- Served as Director Affiliation and Institutional Development

Membership

- Researcher with a methodological focus on Epidemiology, International Health, and implementation science and health research
- Member, KNH/UON Ethics and Research committee

Awards

- OGW-July 8, 2022

Responsibilities

Overseeing the effective implementation of clinical services, facilitating training and research in the Hospital, and coordinating and overseeing the provision of surgical, medical, diagnostic, health information, nursing, rehabilitative, and pharmaceutical services in the Hospital.



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
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

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 (CIArb.)
- 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. Tom Menge
Director, Affiliations and Institutional Development

Qualifications

- MSc (Pharmacology and Toxicology) (UoN)
- Bachelor of Pharmacy (B. Pharm) (UoN)

Appointed
2020

Experience

Joined Kenyatta National Hospital in 1995.

Membership

- Chair of the Hospital Pharmacists Association of Kenya (HOPAK)
- Member, Governing Council of the Pharmaceutical Society of Kenya

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.



Mr. Abdallah A. Ofula
Ag. Director, Supply Chain Management

Qualifications

- MSc Procurement & Logistics (JKUAT)
- Bachelor in Business Administration (BBA) (LimKokWing University, Malaysia)
- Professional Graduate Diploma from the Chartered Institute of Purchasing and Supply

Appointed

Ag. Director, Supply Chain Management in 2022.

Experience

- More than 13 years of experience in Supply Chain Management
- Joined Kenyatta National Hospital in 2009 as a Chief Supplies Officer
- Worked with Nairobi City Water and Sewerage Company as Stores Coordinator prior to joining KNH

Membership

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

Responsibilities

Providing strategic leadership at the Supply Chain Management Division, facilitating the procurement of goods, works, and services, inventory management, and disposal as per the requirements of the law.



Ms. Raheli Mukhwana
Ag. Director Nursing Services

Qualifications

- 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.



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 Ondede
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

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
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

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
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).

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
Director, Health Care Quality**

Qualifications

- Masters in Obstetrics and Gynecology (MMed) (UoN)
- Masters in Public health (MPH) (University of Rochampton 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

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.



Dr. Caroline Robai

Ag. Head, Clinical and Nursing Services - Mama Margaret Uhuru Hospital (MMUH) -KNH Annex

Qualifications

- Master of Medicine (MMed.) Family Medicine (Aga Khan University Hospital)
- Bachelor of Medicine and Bachelor of Surgery (MBChB) (Moi University)
- Ongoing Masters in Public Policy and Management (MPPM) (Strathmore University)

Appointed

2022

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

Membership

- Fellow, International Society of Quality Health Care (ISQua)
- Emergency Medicine Kenya Foundation (EMKF)
- Kenya Association of Family Physicians (KAFP)

Responsibilities

Assisting the Senior Director, Clinical Services in the overall administration of the Directorate at MMUH, promoting training and research activities in the Division, and formulating policies and plans for improved service delivery in the Hospital.



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.

Chairman's Statement

Kenyatta National Hospital turned 121 years during the period. This is indeed a great milestone coupled with provision of specialized healthcare services to the region. It is a regional hub in provision of specialized healthcare services and center for medical tourism. Being in place for over 35 years as a State Corporation and National Teaching and Referral Hospital, KNH has remained resilient in the ever changing healthcare environment.



“During the year under review KNH ensured full operationalization of Mama Margaret Uhuru Hospital (MMUH) as well as Mwai Kibaki Hospital.”

Anchor Mission

During the year, KNH Board of Management and staff were tasked by His Excellency the President of the Republic of Kenya with the responsibility of operationalizing Mama Margaret Uhuru Hospital. The Hospital embarked on operationalization journey and I'm proud to report that Mama Margaret Uhuru Hospital is now fully operational equipped with specialized equipment and a pool of skilled personnel to offer specialized services. This is in addition to full operationalization and commissioning of Mwai Kibaki Hospital which is the premier junction in provision of specialized healthcare services in Mount Kenya region. The two facilities have aided access to healthcare services.

Strategic Direction

Progressive execution of the Hospitals Strategic Plan IV that charts our strategic destination as well as ingredients to reposition KNH to become a world class patient-centered specialized care hospital has enabled the Hospital to achieve quality healthcare outcomes. Commendable Milestones have been registered. In the financial year 2021/2022, the Hospital strengthened its resolve towards delivering its mandate by reconfiguring its processes and procedures to offer better care. This strategy has created a platform for institutionalizing values of customer focus, Accountability and transparency, Equity and equality, Professionalism and integrity, Security and safety and most importantly teamwork and team spirit throughout provision of services.

The Hospital further refocused its service delivery on referral cases for secondary healthcare management. This is to enhance the implementation of the National Referral policy and system in which the Hospital is positioned at the apex.

Strengthening Corporate Governance

The Hospital Board of Management has put in place structures geared towards building an excellent and effective team. Behavioural, governance, technical and industry competencies have been created to spur dynamism, future proofing and high performance. In addition, the Hospital has made immense progress in setting up procedures, processes, policies and structures of the Hospital.

Transparency and accountability remains the hallmark of the Board, which continues to strengthen its institutional governance through human resource expansion, capacity building, and corporate reporting, among other measures. The Hospital Board is also alive to the dynamic policy and regulatory environment in which it operates and is constantly engaging with stakeholders to ensure that the environment remains favourable to the best interest of the patients seeking services in the facility.

Stakeholder management

The focus of our business model is the delivery of quality healthcare services that to the satisfaction of the patient who visits the hospital with hope of improved health outcome. Huge strides have been made towards realizing our brand promise on provision of specialized healthcare services that meet and exceed patient expectations in line with government Health Agenda of enhancing access, affordability and quality of care. We are greatly indebted to our staff and suppliers who have worked tirelessly in ensuring continuity in service delivery. The Government through National Treasury and our strategic partners have been instrumental on provision of requisite resources needed to propel the hospital in realization of its core mandate to the Kenyans.

Our stakeholders provide a competitive edge to our operations with a mutual promise of working together for the betterment of our services. KNH has created emphasis on partnerships with a focus on sharing of knowledge, expertise, human resources and other resources in pursuit of common goals.

Financial and Non-Financial Performance

In the FY-2021/22, the Hospital posted a strong positive performance in the execution of its mandate. The evaluated Board Performance Contract exhibited an increase in patient confidence in the service delivery, increased number of specialized services, policies developed and patient visits distributed across the varied specialist disciplines in the Hospital. The Hospital equally exhibited positive trajectory in the revenue growth towards financial sustainability for maintained operations. Collective efforts are being put in towards partnering and resource mobilization to support the priority projects earmarked for completion.

Projected Outlook

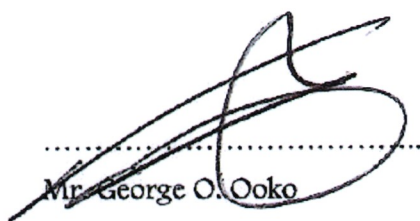
Going forward, the Hospital will continue to align its policies and programmes towards the promotion of the National Health Agenda, Vision 2030 and Agenda 63 which lays emphasis on universal health for all.



Towards this, the Hospital has put structures in place to optimize patient experience through expanded services, Value addition, System reengineering, introduction of new services, enterprise risk management, partnerships and collaborations.

Promise for the year

It is my finding that with streamlined processes and service's lead to timely healthcare management thus saving lives and scaling down the healthcare burden. It is our resolve as a Hospital to live our brand promise and put in collaborative efforts towards provision of quality healthcare services to the nation.



.....
Mr. George O. Ooko

Chairman

Board of Management

Chief Executive Officer's statement

Kenyatta National Hospital continued to thrive in the FY 2021/22. This is despite the deteriorating macro-economic conditions in the operating environment. We delivered outstanding results for our patients, our partners and our staff. In the year under review, we made important strides to enhance service delivery by introducing patient centered programmes aimed at enhancing excellence in clinical outcomes and efficient operations.

“Our resiliency and adaptability has enabled us to continue offering cutting-edge specialized healthcare services”

During the period we operationalized Mama Margaret Uhuru and Mwai Kibaki Hospital as Annex facilities under the KNH Management. We believe operationalization of the two facilities will create a substantial long-term value by reducing congestion at KNH whilst enhancing access to specialized services.

The impact of Covid-19 has exposed the inequalities for the people who are unable to access specialized quality healthcare services. This is something KNH is committed in addressing to ensure we enhance access affordability and quality of care within our context through structured contracts with the Nation Hospital Insurance Fund.

This report highlights the Hospital annual performance for the financial year 2021/22. It entails financial and non-financial performance in line with our strategic priorities and aspirations as envisioned in the KNH Strategic Plan IV (2018-2023). KNH targets to achieve among others the following:

Customer-centric

KNH has positioned itself as patient centered specialized care hospital. It has set priorities, strategies and practices that create positive experiences for our customers through interactive communication, service delivery and engaged leadership. The key building blocks of customer-centric that KNH has institutionalized include; capacity building, accountability and transparency.

Strengthening the Core

KNH has put measures in place in the implementation of Competitive differentiation strategy by providing customers with unique, different and distinct services in the market. This is geared towards increasing the Hospitals' competitive advantage as well as enhancing or enabling sustainability.

To meet the rising demand of healthcare services, KNH has adopted a resource allocation model to expand the existing specialized services and introduce new sub specializations. This include; introduction of IVF, Maternal foetal interventions, Sports medicine, Histocompatibility antigen testing, liver, kidney, corneal and bone marrow transplant services. Additionally, the Hospital has expanded the burns and paediatrics care services, reproductive health, theatres, cancer treatment, cardiothoracic among others.



Digitization of Key Hospital Processes

KNH takes cognizance of improvements in the digital age. The use of ICT is a priority for KNH as reflected in the Kenya ICT masterplan that is, the need to automate systems and processes to enhance quality of service delivery. The Hospitals Journey of ICT transformation aimed at adopting modern technologies to the current market demands. To this end the hospital is implementing an Enterprise resource planning (ERP) system and e-solution to integrate processes. The system entails automation of finance, supply chain, Human resources, patient registration and billing.

On the other end KNH has established diagnostic and reporting centre to spur teleconferencing and artificial intelligence for purposes of relaying radiological images from referring facilities. The images are read, interpreted and sent back on timely basis for clinical decision making.

Our staff, Our Pride

A large part of our focus has been on improving staff needs through implementation of various staff centered initiatives. The admiration for staff resilience and commitment to supporting needs has never been more important. We are focused on developing a pool of skilled personnel to offer specialized quality healthcare services. We have reimagined our future of our work and considerations to improve our staff welfare and morale to as to remain relevant and ready to delivery on our mandate.

I appreciate the critical role of our staff in the delivery of the brand promised to our patients. The impact of the health crisis has heightened the importance of looking after our staff's health and wellbeing; their safety is our number one priority.

Looking Ahead

The Hospital is making great strides towards attaining its strategic direction. In the coming financial year, The Hospital looks forward in developing its fifth strategic plan as it aligns its services in the realization of its mission and vision through expansion and introduction of new services. We strive to equip our facility with state of the art modern technology equipment and machinery, Training staff and infrastructural upgrade.

Promise for the year

I'm confident that we will navigate our way and play a key role in supporting the government's health agenda towards a healthy population, past post covid-19 recovery period into the next period of growth, prosperity and esteemed healthcare service delivery.



Dr. Evanson Kamuri, EBS,
Chief Executive Officer

Statement of Performance against predetermined objectives

Our Strategic Transformation for FY-2021/22

KNH has three strategic themes and twelve objectives within the current Strategic Plan for FY 2017- FY 2022. To effectively implement the strategy, annual work plans are usually developed. Assessment of the Board's performance against its annual work plan is done every quarter to gauge progress and put mitigation measures for underperforming areas. The Hospital achieved most of the targets that had been set for the FY 2021-2022.



Business growth: This theme is geared towards attainment of financial sustainability. To achieve this, the hospital aims to promote and expand services, improve financial performance and strengthen partnering



and resource mobilization. During the period, the Hospital embarked on business process reengineering of revenue streams and enhanced billing of services. Under resource mobilization, a total of Kshs. 1.4 billion has been mobilized largely in kind through donations, partnerships, sponsorships and collaborations. This has led to facility and process

improvements, replacement of old and obsolete equipment, operationalization of the Day Care Centre, completion of the KNH Othaya infrastructure projects as well as equipping of the expanded specialized units.

Excellence in Clinical Outcomes: To achieve improved quality of care the Hospital has identified Key strategic objectives that is, Clinical governance and Health planning; promote training research and innovation and Enhance risk management. Towards this, the hospital has: Operationalized the national



diagnostic centre of excellence; conducted process mapping on reporting and dispatch of all laboratory reports; reviewed and operationalized a template for theatre booking to reduce cancellations and optimize theatre usage; established an Enterprise Risk Management (ERM) committee to spearhead implementation of the ERM framework; Trained 540

staff on ERM and conducted ERM sensitizations across all functional areas; Conducted 17 clinical audits and 48 mortality audits have been conducted along with the sensitization of 15 quality improvement teams;

and conducted 78 new researches, 2 policy briefs and 5 health related courses introduced at the KNH Training & Research Centre.

Operational Excellence; The hospital has made a deliberate effort to ensure seamless, effective and timely service delivery as well as efficient utilization of resources. In a bid to inculcate a performance-based culture, the hospital developed a culture change strategy “**#JAMBO Strategy**” and commenced execution. This is expected to reinvigorate and spur performance whilst ensuring that the levels of staff engagement are enhanced. In addition, the hospital has continuously trained staff towards strengthening its human resource capacity. The average Staff performance index across the plan period stands at 91.6. Further, the Hospital has acquired a robust information communication and technology system that is, Enterprise Resource Planning (ERP) and E-Solution with integrated with LIMS and PACS that supports seamless operations.

The revised Kenyatta National Hospital Strategic Plan FY 2018/2023 focuses on repositioning the hospital regain its position as the facility of choice in provision of specialized referral services. To attain sustainable competitive advantage whilst focusing on meeting customer needs, the hospital focuses in four dimensions that aid in linking short and long term goals. Successful strategy execution will enable the hospital to achieve its mission and vision.

The Jambo Effect

Organizational culture plays an inexorable role in organizational transformation. Progressive organizations create attention to culture amongst its work force. Culture is a system of shared values, attitudes, norms and beliefs that show people what is appropriate and inappropriate. It sets the tone for an organization and influence behaviour and performance. To attain the desired level of performance, whilst focusing on optimizing patient experience, KNH endeavours to inculcate cultures that ethical, trusting, accountable, open, innovative and motivating of high performance.

Transformational leadership, employee engagement, operations and service delivery have been identified as the strategic pillars of culture change that will drive KNH in the implementation of the blue ocean strategy as it strides towards the uncharted waters. KNH has adopted an eight step culture change model of transformation to unfreeze, change and refreeze into the desired organizational culture.

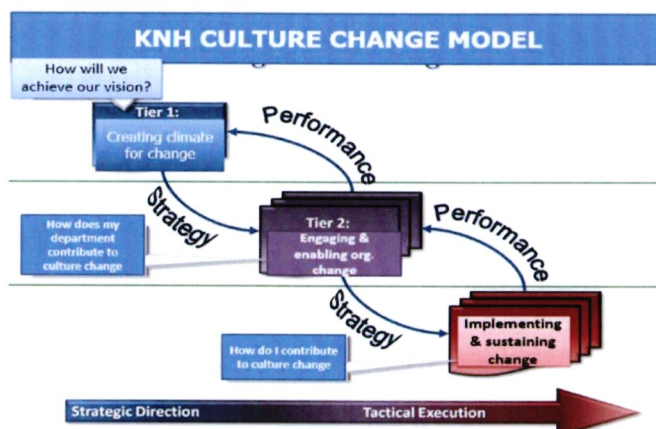
Paradigm Shift in Service delivery

KNH operates in an environment characterized by turbulent and radical changes brought about by changes in consumer and labour market needs. In addition, technological advancements, pressures of financial markets and need for innovation and innovation ways play a vital role in shaping the organizational culture. KNH has positioned itself to adapt to changes or otherwise risk failure. The top management oversees

cultural change and has a deep understanding of the different layers and its respective elements and meanings to achieve change. To achieve productivity the hospital has created an environment that promotes sharing of knowledge and conducive atmosphere that inculcates a culture of teamwork towards the attainment of organization strategic goals.

Culture change strategy was formulated to provide a positive organizational culture that impacts on processes and in return enhancing growth and sustainability. It is a roadmap geared towards ensuring that short term results are aligned to the long – term Hospital goals. The Hospital continued to embrace and deepen the use of the performance management strategies that provide periodic assessment of how the Hospital is progressing towards achieving its strategic goals and ultimately its vision. The strategy has defined measures and initiatives taking cognizance of the current situation in the Hospital.

To achieve the highest standards of customer satisfaction, employees are treated as partners in the Hospital, their interests respected, opinions sought and listened to. Finally, communication and involvement has been emphasized to create a climate of mutually defined expectations of implementing culture change initiatives. In view of the dynamism required for strategy execution, the Hospital continues to support culture change initiatives and provide a conducive environment for a paradigm shift.



Monitoring and evaluation

For the effective implementation of the KNH project portfolio: strategic plan, projects, and programs, a Monitoring and Evaluation System that comprises of a Logical Framework and an M&E plan has been institutionalized at KNH. A logic framework is a visual tool to systematically map the relationships among a program's resources, activities, and goals with M&E Plan describing the program's approach to implementing its M&E activities. It helps programs measure and track progress toward their objectives and determine if their desired results were achieved.



Developing and implementing a well-designed M&E plan will contribute to success i.e. facilitate efficient and effective allocation of resources; build consensus; promote evidence-based decision-making; help programs satisfy reporting requirements and facilitate dissemination of findings; as well as benchmark against best practices. During the year, the Hospital reviewed 17 Policies to align them to changes in legislation and other statutory requirements. The culmination of the policy review process was a policy exposition highlighting key areas of focus going forward. In addition, an M&E day was conducted to create awareness on the need to track policy and project implementation as well as enable functions to develop tools for data management. Further, a data supervision and audit exercise was conducted to assist functions create a platform for data sharing to spur evidence based and real time decision making.

Quality Agenda

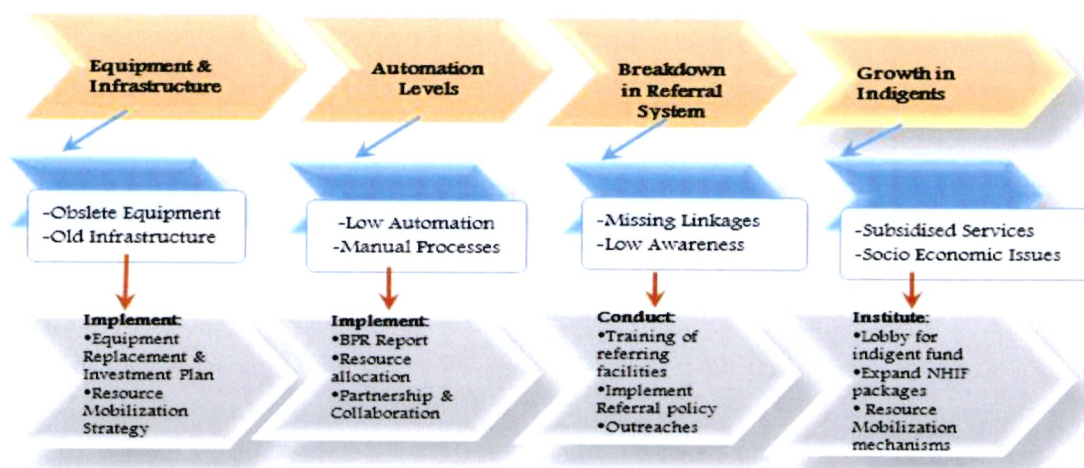
In line with the Hospitals strategic theme of enhancing quality of care, the Hospital has made a deliberate exertion to oversee different activities and tasks within the Hospital to ensure that services offered as well as means used to provide them are consistent and coherent with set standards. This helps to achieve and maintain a desired level of quality within KNH. The Hospital has identified four quality management components to drive the quality agenda. These are quality planning, improvement, control and assurance. The dream of the hospital is to ensure that all stakeholders work together to improve our processes, products, services and culture to achieve the long-term success that stems from customer satisfaction.

Additionally, KNH has institutionalized quality improvement methods focusing on service improvement, process improvement and people based improvement. The applicable techniques in our context are Kaizen, Six Sigma, Quality cycles, ISO and Zero service defect programs. To maintain ISO 9001:2015 certification seven quality management principles have been made to stick in our operations. These are Customer focus, results based leadership, People engagement, continuous engagement, Process approach, relationship management. Quality management in our operation is vital to ensure process consistency.



Challenges facing the Hospital and mitigations

Kenyatta National Hospital has undertaken various initiatives aimed at ensuring constant provision of high-quality medical services to all her stakeholders in a bid to realize her mandate and strategic objectives. However, the Hospital has encountered a number of challenges which have in turn affected service delivery. The following are some of the key challenges encountered by KNH.



Corporate Governance Statement

Board Stewardship

The KNH Board of Management is committed to the highest standards of corporate governance and has instituted systems to ensure that high standards of corporate governance are maintained at all levels of the Hospital and its satellite facilities. This is done through the adoption of ethically driven business structures, procedures and processes.

The Board being the core of the Hospital's governance structure is committed to the principles of best practice in governance. The Board draws its powers and authority from relevant laws of Kenya, and the Code of Governance for State Corporations (Mwongozo Code 2015). The primary responsibility of the Board is to provide leadership, oversight and stewardship of the Hospital while acting in utmost good faith in discharging its duties. The Board sets and oversees the overall policy, broad strategy and framework for the Hospital and monitors the execution progress.

Statement of Compliance

The Hospital conducts its business affairs in full compliance with all applicable laws, rules and regulations. The Board ensures that the Hospital complies with the spirit and the letter of the Constitution and that the policies, institutional frameworks and administrative procedures of the Hospital effectively support implementation of the Constitution; laws, rules, regulations, codes and standards applicable to the Hospital are identified, documented and observed.

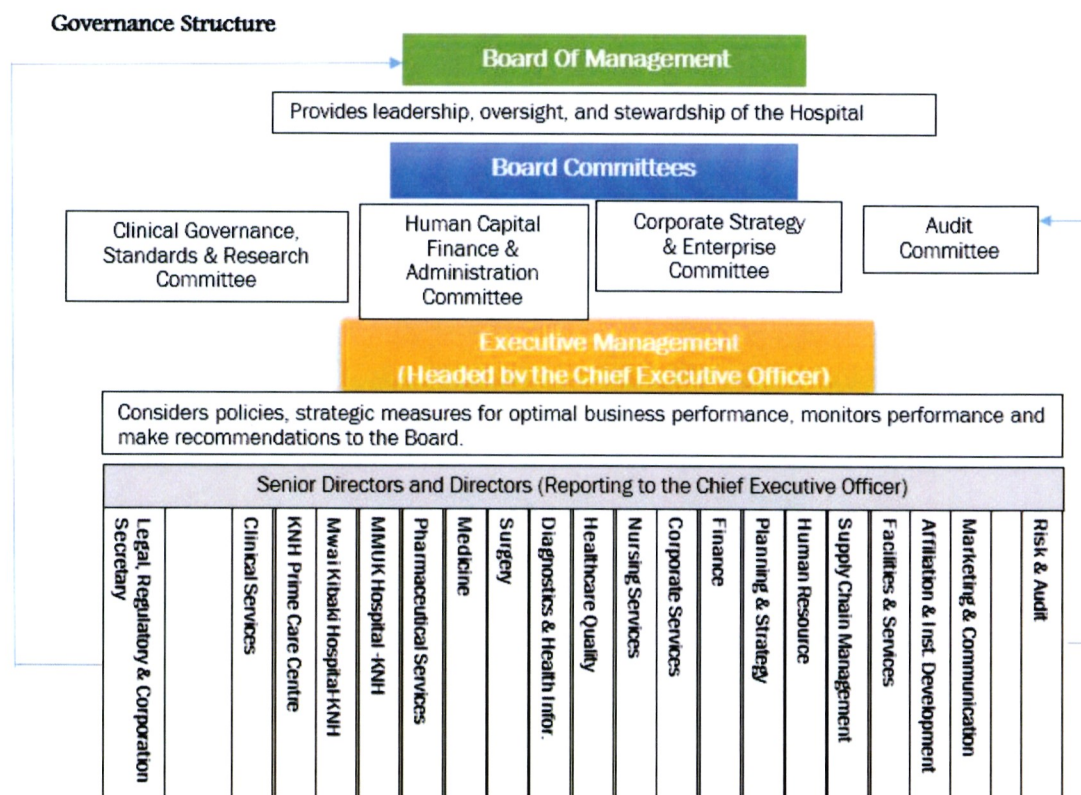


The Role of the Board

The Board's principal collective duty is to deliver quality specialized healthcare services through setting the Hospital's strategy and overseeing its implementation. In so doing, due regard is paid to matters that will affect the future of KNH, such as the effect the Board's decisions may have on employees, the environment, surrounding communities and relationships with customers and suppliers.

The Board ensures that Management achieves the right balance between promoting long-term growth and delivering short-term objectives. The existing corporate governance framework embeds the right culture, values and behaviours throughout KNH and supports the Board's role in determining strategic objectives and policies.

In addition to setting strategy and overseeing its implementation, the Board is also responsible for ensuring that Management maintains an effective system of internal control that provides assurance of effective and efficient operations, internal financial controls and compliance with laws and regulations. The Board is satisfied that it has fulfilled its responsibilities in accordance with its charter and with all other applicable legislation for the year under review.



Separation of Powers and Duties of the Chairman and the Chief Executive Officer

The roles and responsibilities of the Chairman and the Chief Executive Officer are separate with each having clearly defined duties and responsibilities.

The Chairman is responsible for leadership of the Board, for ensuring its effectiveness and for facilitating the productive contribution of both Executive and Non-Executive Directors. He sets the agenda for Board meetings in consultation with the Chief Executive Officer and the Corporation Secretary. The Chairman is accountable to the Board for leading the direction of the Hospital's corporate and financial strategy and for overall supervision of the policies governing the conduct of the business.

The Chief Executive Officer is responsible for the day-to-day management of the Hospital and is also responsible for the performance of the Hospital and its satellite facilities. He provides leadership to enable successful planning and execution of the objectives and strategies agreed by the Board.

The Corporation Secretary

The Corporation Secretary is a member in good standing with the Institute of Certified Secretaries. The Corporation Secretary provides a central source of guidance and advice to the Board on matters of governance, statutory compliance and compliance with the regulators. The roles and responsibilities of the Corporation Secretary are more specifically delineated in the Code of Governance for State Corporations.

The Office of the Inspectorate of State Corporations

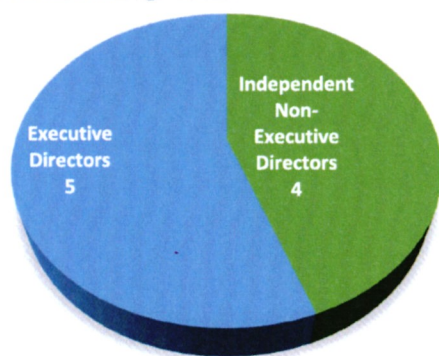
In accordance with Section 18 (2) (c) of the State Corporation Act, the Inspector General (Corporations) has the power to attend meetings of any state corporation including the meetings of the Board and its Committees. During the year, Mr. Isaac Odek, Deputy Inspector General, was appointed to represent the Inspector of State Corporation in all KNH Board meetings.

Board Effectiveness

Composition of the Board of Directors

The Board comprises of the nine (9) Directors four (4) of whom are Non-Executive including the Chairman. The Board composition is outlined in The Kenyatta National Hospital Board Order, 1987 and Amendment Order, 2021. As at the date of this Annual Report the composition of the Board and the Directors biographies containing their relevant skills and experience, is as set out on pages 8 to 14 above.

Figure 1: Board Composition



Board Diversity

Board diversity has been a focus area for the Company as it is an important dynamic for ensuring that the Company looks to richer conversation with a diversity of views.

Board Work Plan

The Board's work plan for the ensuing year is approved by the Board typically at the last meeting of the financial year. The work plan is designed to enable the Board to drive the strategic agenda forward across all the elements of the Hospital's business model.

Board Information

The Board receives high-quality, up to date information for review in good time ahead of each meeting. The Corporation Secretary ensures timely information dissemination within the Board and its Committees. The challenges presented by Covid-19 on the business during years 2020 and 2021 necessitated additional oversight and direction from the Board was achieved as a result of consistent intermittent updates from Management.

Attendance at Board Meetings

Members of the Board are expected to devote such of their time, attention and abilities as may be necessary to fulfil the duties of their appointments. This includes attendance at Board meetings which are held at least quarterly, and other Board Meetings if called in addition to Board Committee meetings as appropriate.

During the financial year ending 30th June 2022, Members attended Board meetings as disclosed in the table below. Most of the Board meetings during the year were held virtually to curb the spread of Covid-19 and as authorized under the Executive Office of the President Circular ref. OB/CAB.9/1A of 3rd April 2020 which provides for conduct of Board and Committee meetings virtually.

Table 2: Attendance at Board Meetings

Name of Director	Board Position	Appointment	Meetings (8)
Mr. George O. Ooko	Chairman	21/04/2020	8/8
Hon. Amb. Ukur Kanacho, EGH	CS, The National Treasury	01/07/2019	-
Ms. Susan Mochache, CBS	PS, Ministry of Health	01/03/2019	-
Dr. Stanley K. Maina, OGW	Non-Executive Member	30/08/2018	8/8
Mrs. Peris Onsarigo	Non-Executive Member	03/05/2019	1/8
MS. Winnie Beaufah	Non-Executive Member	04/03/2022	2/8
Dr. Richard T. Kamau	Non-Executive Member	03/05/2019	7/8
Mr. Alfred M. Kagika, EBS	Alt. to CS, National Treasury	30/09/2019	6/8
Dr. Julius Ogato	Alt. to PS, Ministry of Health	13/06/2019	8/8
Prof. James M. M'Imunya	Principal, UoN-CHS	01/06/2018	7/8
Mr. Emmanuel Bitta, OGW	Alt. to Hon. Attorney General		4/8
Dr. Evanson N. Kamuri	CEO, KNH	15/10/2019	

Board Induction

On appointment to the Board all Directors ordinarily receive induction which is tailored to the new Director's individual requirements. The induction schedule is designed to quickly provide the new Director with an understanding of how the Hospital works and the key issues that it faces. The induction typically consists of a full programme of briefings on all areas of the business including but not limited to the following:

- Introduction to the Board and the Executive Management
- Presentations on the overview of the Hospital's operations;
- Sessions with the Board Chairman, Chief Executive Officer and the Corporation Secretary as appropriate; and
- Tour of the Hospital and its satellite facilities.



Upon completion of the induction programme the Director should have sufficient knowledge and understanding of his or her roles and responsibilities as a Director to the Board, the nature of the business, and the opportunities and challenges facing KNH to enable them to effectively contribute to strategic discussions and oversight of the Hospital Group.

The induction programme was carried out on Mr. E. Bitta and Ms. W. Beuttah following their appointment to the Board.

Training and Development

In order to continue to contribute effectively to Board and Board Committee meetings, Directors are encouraged to continually update their skills and knowledge of the business. The Directors are also provided with the opportunity to take part in training and development. As part of the annual one-on-one performance review with the Chairman, any development needs that can be met are discussed.

The Corporation Secretary organizes a training schedule for the year which includes both formal training and functional presentations or topic specific briefings which training schedule is approved by the Board. Despite the challenges presented by the pandemic to physical trainings and activities, most Directors were able to secure training on areas of governance from the credible institutions such as ICPAK among others.

Board Evaluation

The Code of Governance for State Corporations (Mwongozo, 2015), requires that Board of Directors in State Corporations carry out annual performance evaluation and file a report thereof with the parent Ministry and the State Corporations Advisory Committee (SCAC).

The Board conducted its annual evaluation on each Member, the Chairman, the Chief Executive Officer and the Corporation Secretary on 20th July 2022. SCAC collated the information gathered from self/peer review and presented to the full Board with a view to acknowledging the Boards strengths and most importantly identifying and recommending areas for improvement which, if thought fit are approved.

The evaluation identified opportunities for improvement in the following areas: -

- i. Mandate of the organization in response to changes in the environment;
- ii. Time committed to addressing long term objectives of the organization; and
- iii. Providing the required resources for implementation of the Strategic Plan.

All Directors were considered to have performed well and each was considered to be making an effective contribution to the Board.

Conflict of Interest

The Board has formal procedures for managing conflict of interest in accordance with the Board Charter. Any conflict of interest or apparent conflict of interest between the Hospital and its Directors is avoided. Directors are required to declare any potential or actual conflicts of interest that could interfere with their ability to act in the best interests of the Hospital.

Any circumstances which may give rise to actual or potential conflicts of interest are disclosed to the Board upon appointment and subsequent changes highlighted as they arise. Directors are also given the opportunity, at the start of every Board meeting, to declare any actual or potential conflict of interest with their role as Directors. During the course of FY2021/2022 no conflict of interest was declared by any Director.

Financial and Business Reporting

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

Risk Management and Internal Control

The Board is responsible for determining the nature and extent of the significant risks that the Hospital is willing to take to achieve its strategic objectives and for maintaining sound risk management and internal control systems. With the support of the Audit Committee, the Board carries out a review of the effectiveness of its risk management and internal control systems covering all material controls including financial, operational and compliance controls and risk management systems.

The Directors have also defined procedures and financial controls to ensure that the Hospital's system of internal controls provide reasonable assurance that the assets are safeguarded, transactions are authorized and recorded properly, and that material errors and irregularities are either prevented or detected within a reasonable period of time. There is a clearly defined organizational structure within which individual responsibilities are identified in relation to internal controls. The structure is complemented by defined procedures, financial controls and information system controls.

The Hospital's internal audit department performs various activities in the evaluation of the risk management, control and governance process. Significant business risks and weaknesses in the systems of operating and financial controls are highlighted and brought to the attention of the Audit Committee, senior management and external auditors. Areas accorded high-risk profiles are given urgent attention by Management. At every Board meeting the status of mitigations against identified business risks is reviewed to ensure timely implementation of corrective actions.

Board Remuneration

The Board's remuneration is guided within the government set limits for state corporations as outlined in circular OP/CAB.9/21/2A/41/43 of 23/11/2004. The Chairman receives a monthly honorarium. Directors' fees are not payable. During the year, there were no Directors' loans. Details of Directors remuneration during the year are shown in note 15 in the notes to the financial statements.

Strategic Board Activities in FY 2021/22

Strategic Board activities conducted in FY 2021/22 include the following: -

- i) Reviewing and agreeing a re-articulation of the Hospital's strategy;
- ii) Approval of Budget and oversight of resource allocation activities to support strategy execution;
- iii) Endorsing the direction and activities proposed by Management to achieve the strategy and ensuring that Management was on track to deliver the Hospital's strategy;
- iv) Discussing and improving the Board's understanding of key risks facing the Hospital and considering the potential impact on the business of specific risk factors in consultation with the Board Audit Committee;
- v) Reviewing half-year results, year-end results and the Annual Report;
- vi) Reviewing the impact of Covid-19 on the operations of the Hospital and supply chain in addition to steps taken to deliver continuity of supply;
- vii) Reviewing the Hospital's Business Continuity Management process and Business Continuity Plans as well as the implementation of the improvement areas;
- viii) Reviewing operations of the satellite hospital-KNH Othaya;
- ix) Established and operationalized Mama Margaret Uhuru Kenyatta Hospital-KNH;
- x) Conducted recruitment, selection, interview and appointment of Senior Director (Corporate Services) and Senior Director (KNH Prime Care Centre);
- xi) Developed the Blood Transfusion Policy; and
- xii) Reviewed the Sexual Harassment Policy.

Board Committees

The Board has established and maintains four (4) principal Board Committees, to which it has delegated some of its responsibilities namely, the Clinical Governance Research & Standards Committee, the Human Capital Finance & Administration Committee, the Corporate Strategy & Enterprise Committee and the Audit



Committee. An ad hoc committee may be constituted by the Board to consider specific issues outside the mandate of existing committees.

Table 3: Clinical Governance Research & Standards Committee

Responsibility	Members	Meetings (2)
To oversee:	Chairman: Dr. Richard Kamau	2/2
- Clinical performance of the main Hospital and its satellite facilities. - Medical research and programs. - Patient safety and quality clinical care standards. - Review of policies and procedures on clinical, medical research and healthcare quality management.	Members: Dr. Julius Ogato Prof. James M'Imunya Dr. Evanson Kamuri	2/2 2/2 2/2
Composition The Committee comprises four members and regularly invites the Senior Director (Clinical Services), Director (KNH-Othaya), Deputy Director (Medical Research), Director (Healthcare Quality) and the Chairman KNH-UoN, Ethics & Research Committee to its meetings. The Corporation Secretary is in attendance in all the Committee's meetings.		

Table 4: Human Capital Finance & Administration Committee

Responsibility	Members	Meetings (2)
To oversee:	Chairman: Mrs. Peris Onsarigo ¹ Mr. Alfred M. Kagika	1/2 2/2
- Financial performance of the main Hospital and satellite facilities. - Procurement systems, procedures and structures. - Staff recruitment, selection, performance, remuneration, training and development, and succession planning. - Review of policies and procedures on finance, supply chain management, corporate services, and human resource.	Members: Dr. Richard Kamau Mr. Emmanuel Bitta ² Dr. Julius Ogato ³ Dr. Evanson Kamuri	1/2 1/2 2/2
Composition The Committee comprises four members and regularly invites the Senior Director (Corporate Services), Director (Finance), Director (Supply Chain Management), and Director (Human Resource) to its meetings. The Corporation Secretary is in attendance in all the Committee's meetings.		
¹ Mrs. Peris Onsarigo resigned from the Board on 8 th February 2022 and Mr. Michael Kagika was thereafter appointed as the Chairman of the Committee. ² Mr. Emmanuel Bitta appointed member of the Committee following his appointment to the Board on 2 nd January 2022. ³ Dr. Julius Ogato appointed member of the Committee following the expiry of term of Dr. Richard Kamau on 2 nd May 2022.		

Table 5: Corporate Strategy & Enterprise Committee

Responsibility	Members	Meetings (2)
To oversee:	Chairman: Dr. Julius Ogato	2/2
- The Hospital's strategic direction. - Progress of key capital projects. - Resource mobilization.	Members:	

Review of policies and procedures on strategy and performance management.	Ms. Winnie Beuttah Dr. Richard Kamau Dr. Evanson Kamuri	0/2 2/2 2/2
Composition The Committee comprises four members and regularly invites the Senior Director (Corporate Services), Director (Affiliation & Institutional Development) and Director (Planning & Strategy), to its meetings. The Corporation Secretary is in attendance in all the Committee's meetings.		

Table 6: **Audit Committee**

Responsibility	Members	Meetings (2)
Assist the Board in fulfilling its obligations and oversight responsibility for:	Chairman: Dr. Stanley Kamau	2/2
- Financial and corporate performance. - Financial disclosures and accounting practices. - Internal controls and internal and external audit processes. - Enterprise Risk Management.	Members: Prof. James M'Imunya Mr. Emmanuel Bitta Secretary: Mr. Eric Omondi	2/2 1/2 2/2
Composition The Committee comprises five members. The Director (Risk & Audit) is the Secretary of the Committee.		

Governance Policies

The Board Charter

The Charter is a critical corporate governance tool of the Board which documents the composition, roles and responsibilities of the Board. This ensures effectiveness of each Director's contribution in the governance of the Hospital by facilitating independent judgement, decision making and professional competencies.

Code of Conduct and Ethics

KNH has a Code of Conduct relating to lawful and ethical conduct of business which is supported by the Hospital's core values of integrity, professionalism, team spirit and emphasis on safety culture. The code of conduct provides fundamental principles and guidelines that govern the ethical and legal obligations of all employees at all levels. All employees are bound by the provisions of the Public Officers Ethics Act 2003, the Hospital Code of Conduct and any other statutory regulations issued from time to time. The Board, Management and employees are required to observe the code and high standards of integrity. These standards are applied in all dealings with customers, suppliers, and other stakeholders.

Whistle Blower Policy

The Hospital has a Whistle Blower Policy which enables staff, in confidence, to raise concerns and to report incidents they consider to be against our established code of conduct without fear of reprisal. No whistleblowing incidents were reported during the FY2021/22.

Supply Chain Manual

The Hospital has a Supply Chain Manual that governs the procurement of goods and services. The policy and the related procedures are addressed particularly to those persons who deal directly with suppliers, ordering parties/ contractors, and other business partners. The policy establishes principles for business conduct and for avoiding conflicts of interest that must be adhered to by each employee. It ensures that the most appropriate and effective controls are applied in the purchase of goods and services for the Hospital's needs.

Information Technology Policy

KNH information technology (IT) systems are covered under an Information Security Policy and Procedure Manual. The policy aims to protect the Hospital's investment in information technology infrastructure, IT equipment and mobile facilities, data/telecommunications networks and software, maintain the highest standards of cyber security, while protecting the Hospital's confidential and sensitive information.

Communication Policy

Effective communication with stakeholders is fundamental in maintaining KNH's corporate reputation as a trusted and respected provider of healthcare services and positioning itself as a world class patient centered healthcare service provider. The Hospital has in place a Communication and Marketing Policy. Further, a wide variety of communication vehicles are used to engage with stakeholders, which serve as an impact assessment to assess stakeholders' needs and to effectively respond thereto. Stakeholders' legitimate expectations have been considered in setting the Hospital's key sustainability priorities, as reported on throughout this report. The Hospital continually looks for ways to improve its use of online channels to communicate with its stakeholders through the corporate website.

Stakeholder Management

The reputation of the Hospital is a key focus for the Board. The Communications and Marketing department plays a key role in how the public (stakeholders, customers, suppliers, and the general public), as well as staff, perceive the Hospital. The department manages the organization'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 for communication strategies across the Hospital and the department is responsible for implementing these. An engagement strategy targeting key stakeholders including media and internal staff to improve the public's appreciation and to increase confidence in Kenyatta National Hospital has been developed. Underpinning this strategy is the building of internal capacity for content development, and alignment of existing digital communication solutions and processes, enabling greater control of the Hospital's reputation.

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.

Other Disclosures

Material Litigation

In the reporting period, the Hospital was not involved in any material litigation or arbitration proceedings, nor were the directors aware of any pending or threatened legal issues which may have a material impact on the Hospital's financial position.

Management Discussions & Analysis

Clinical Services Performance

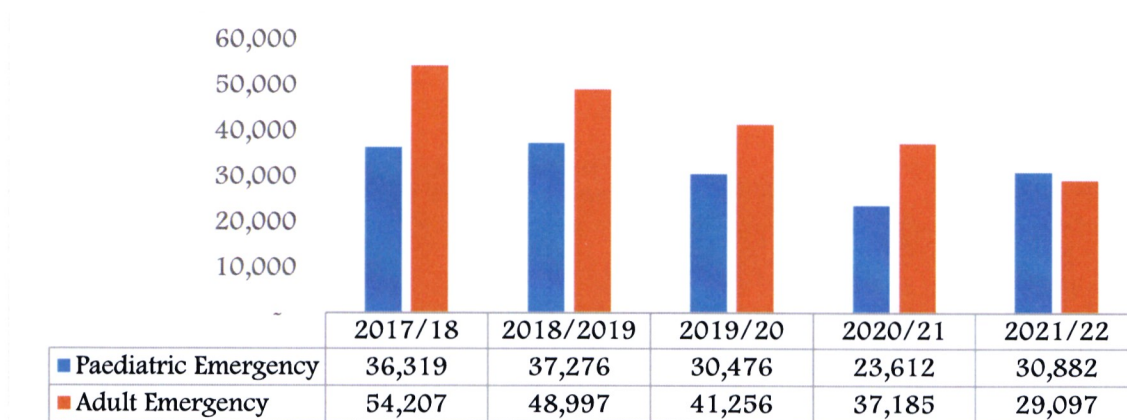
Emergency Outpatient services

The Hospital runs a 24-hour emergency outpatient services (Paediatric Emergency Unit and Accident & Emergency), 7 days a week. The number of patients seen in the emergency areas has, however, reduced as described in the figure below.

The reduction is due to the revamping of the Nairobi County health services, the COVID-19 pandemic, and the implementation of the National Referral Policy, which requires patients with minor ailments to be seen in lower-level facilities.

This has reduced congestion at the Accident and Emergency units leading to timely and patient-centric care. Most of the patients seen at the emergency units are very sick, have trauma and other emergency conditions often requiring resuscitations under a multidisciplinary team.

Figure 2: Patients seen in Emergency units

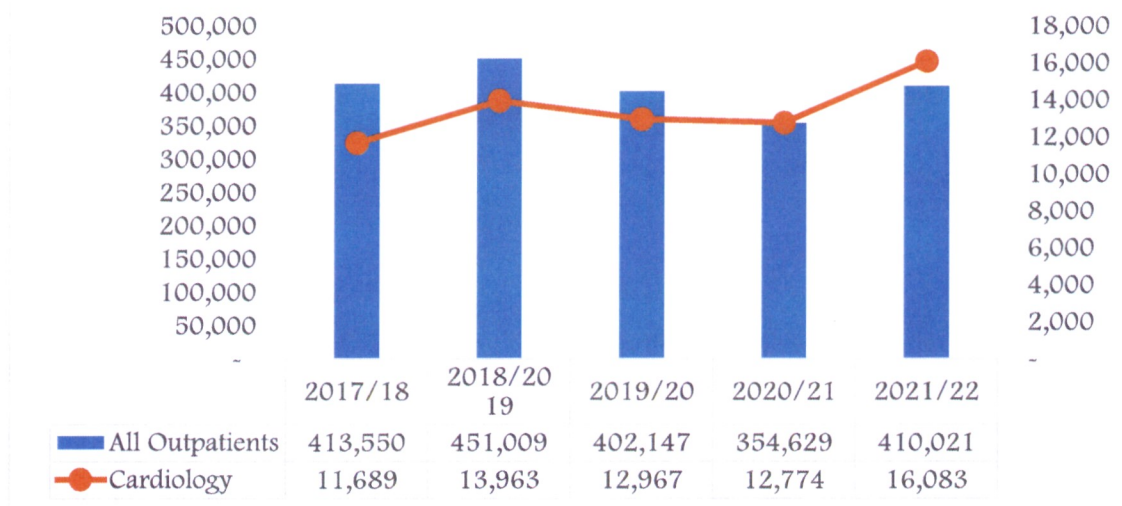


Specialized Clinics

The specialized clinics include paediatrics, gynaecology, ENT, surgery, medicine, orthopaedics, cardiology and ophthalmology amongst others. The clinics run on weekdays, during working hours for both adults and children.

In the FY 2020/21, the number of patients attended to in the specialized clinics reduced as a result of the COVID-19 pandemic. The hospital however witnessed a reversal in this trend, with the number of patients increasing back to the pre-pandemic levels as described in the figure below:

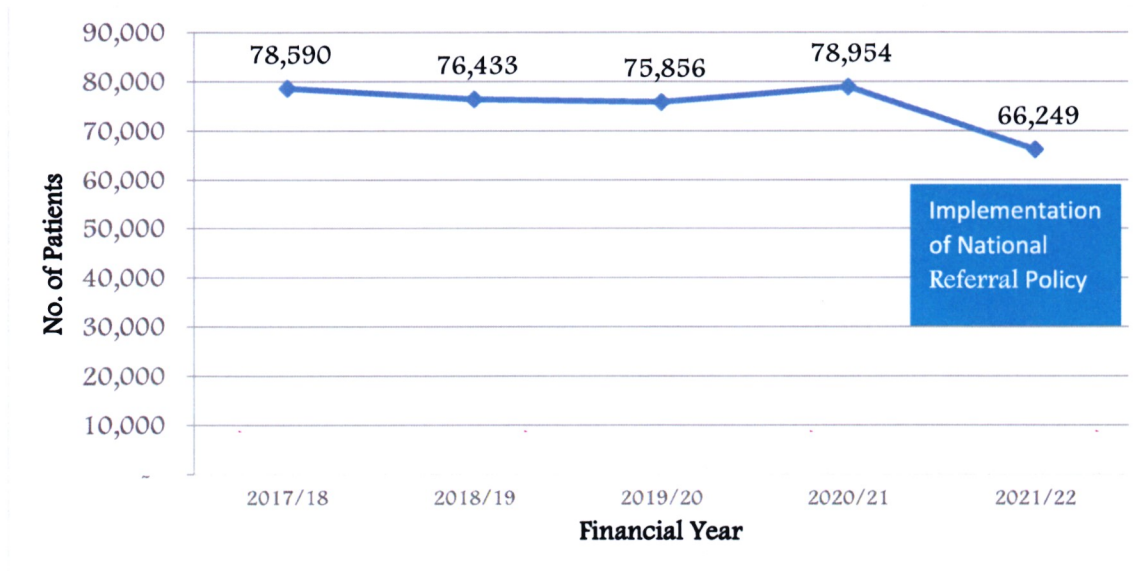
Figure 3: Specialized Clinics



Inpatients

The Hospital attended to more than 600,000 inpatients during the period under review. This was a slight drop from the previous year due to restructuring of health services such introduction of day-care surgical services and operationalization of trauma theatres. The trend of inpatients is described in the figure below.

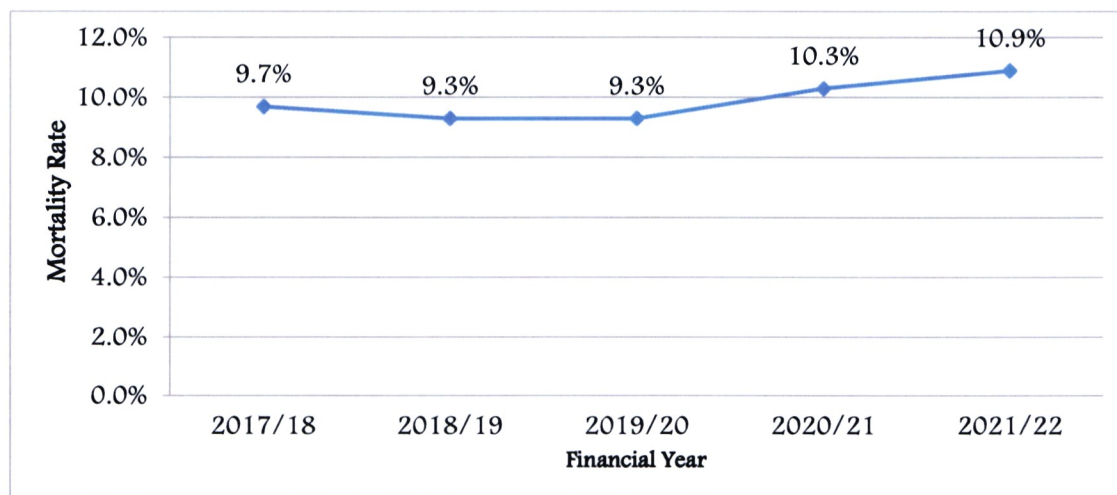
Figure 4: Inpatients



Mortality

The table below depicts an increase in the level of mortality rate (from 10.3% to 10.9%), amidst the reduced number of admission. This further confirms that the admitted patients are more sick than the previous year's owing to the implementation of the National Referral Policy.

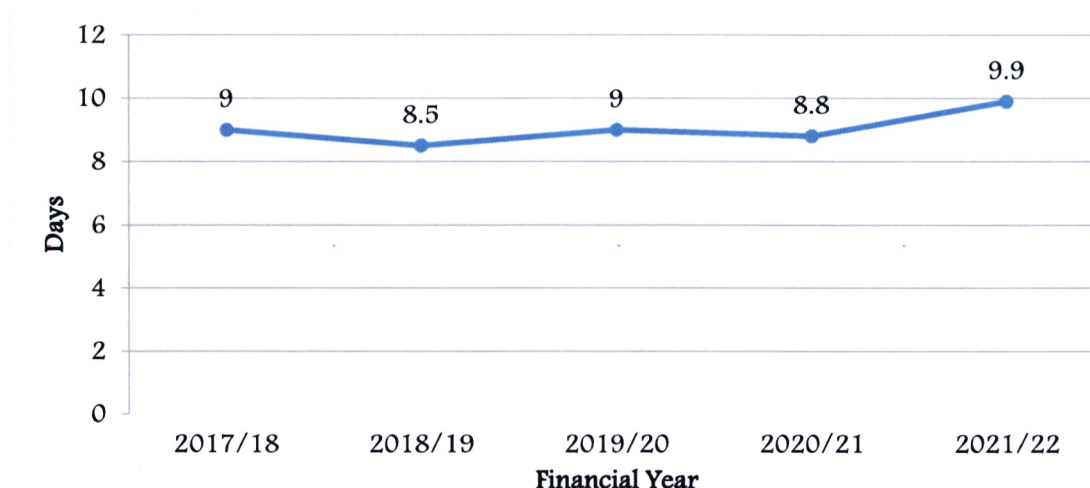
Figure 5: Mortality



The Average Length of Stay (ALOS)

There was a slight increase in the ALOS. In general, Burns Wards and orthopaedic Surgery contributed to the sustained high ALOS. In addressing the orthopaedic cases, there was the restructuring of how trauma surgeries are done at A&E and streamlined procurement of implants with a slight dent to what is attributable to Orthopaedics.

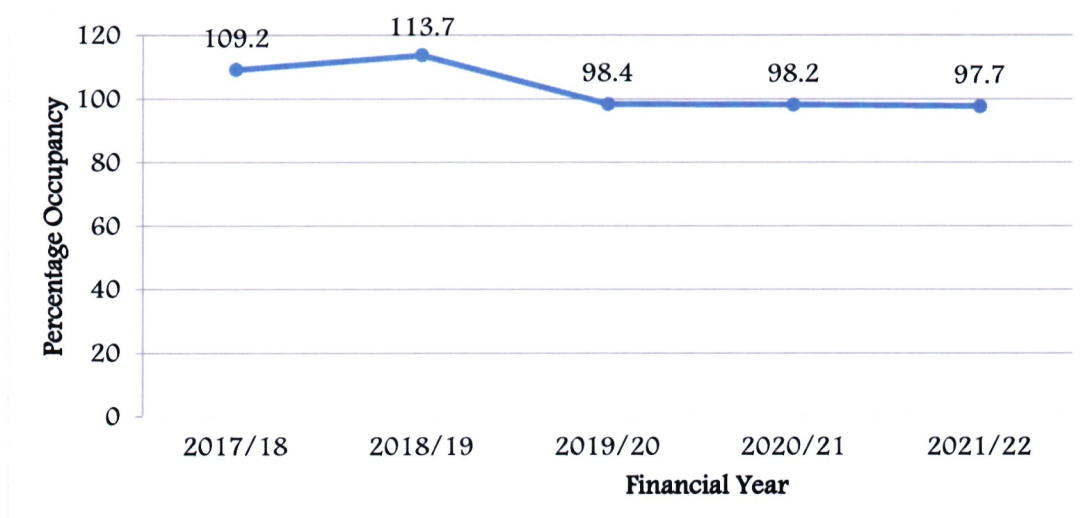
Figure 6: Average Length of Stay



Bed Occupancy

Bed occupancy at KNH was slightly reduced, spaces that have no elasticity like ICU remained constant, while COVID-19 isolation wards were handed back to NMS as a result of a decline in the number of COVID cases throughout the year. Paediatrics, Neurosurgery, and Adult Medicine wards were some of the areas that maintained bed occupancy of more than 100%, a slight reduction noticed with the implementation of the National Referral Policy.

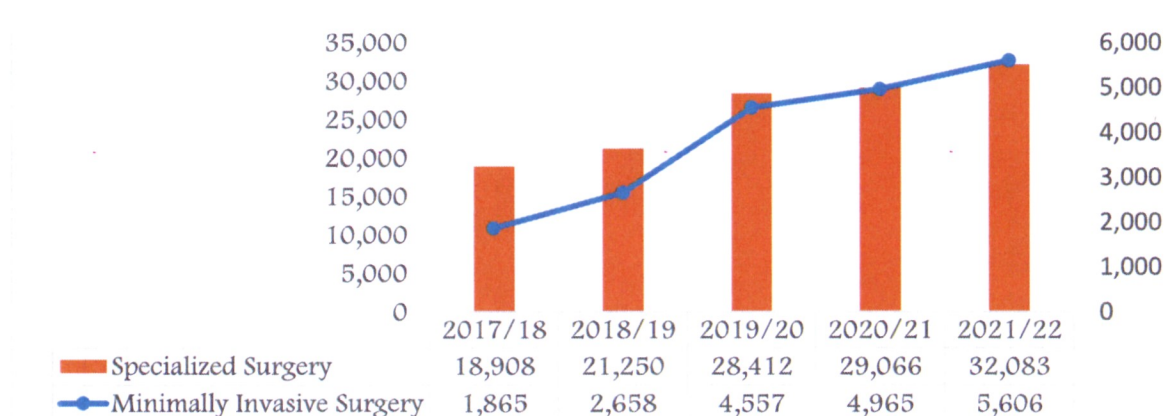
Figure 7: Bed Occupancy



Surgical Procedures

A 10% increase in the number of surgical procedures was realized as a result of the expansion of theatre space and an increase in equipment availability including aesthetic machines, theatre tables, and theatre lights. The Hospital also restructured the trauma theatre to run for 24hrs greatly enhancing theatre performance.

Figure 8: Surgeries Conducted



There was also an increase in the number of minimally invasive surgery performed. This is due to increased demand for the services, equipment availability, and the effect of the rapid response initiative implemented

Heart Surgeries

There was a remarkable increase in the number of Heart Surgeries performed at KNH, from 326 in FY 2020/2021 to 465 in 2021/2022. This is partly attributed to the strengthening of the team performing the surgeries with the employment of an additional cardiothoracic surgeon. Equipment and supplies were equally readily available for the teams undertaking the surgeries during the period under review

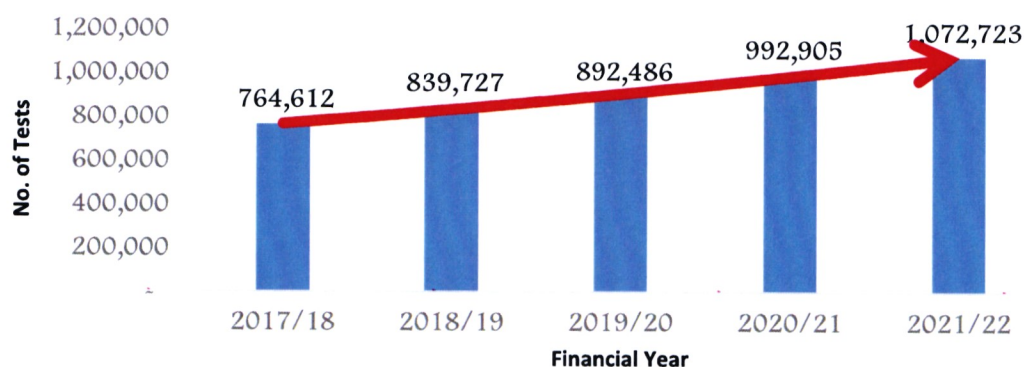
Figure 9: Heart Surgeries



Laboratory Tests

Laboratory tests increased gradually over the past five years. This is attributable to the placement of state-of-the-art laboratory equipment which has improved laboratory efficiency.

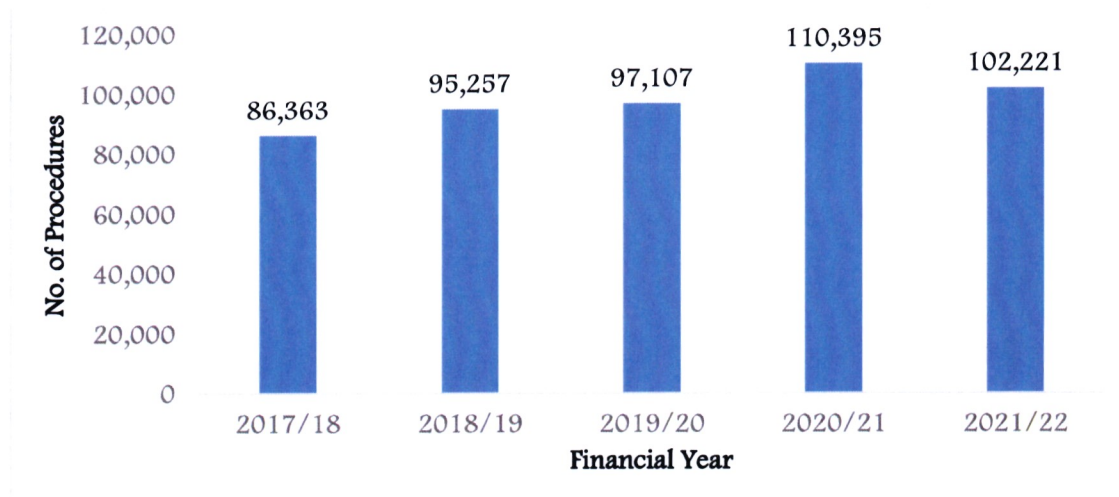
Figure 10: Laboratory Tests



Radiology Procedures

Radiology procedures dropped from 110,395 in the FY 2020/2021 to 102,221 in the FY 2021/2022 which can be attributed to the decline in outpatients and improved equipping of county facilities.

Figure 11: Radiology Procedures



Quality of Care

The KNH management continues to ensure that the care provided to patients is effective, timely, and safe. This is achieved through

a) Patient-Centred Care

During the FY 2021/2022 the members of staff across the various department were taken through the newly revised Patient-centered care guidelines, to implement the gaps noted. A family-centered engagement week was held with them, with the theme *“through the patient’s eye “achieving exceptional patient and family experience”*. More than 2000 health workers and patients participated in the engagement week. The patient experience survey is currently at 77.1%.

b) Enhancing Patient Safety

Enhancing a culture of patient safety has been a strategic approach for system learning and harm reduction during care. Throughout the year, 343 doctors and nurses have been trained on the culture of safety, medical error reporting system management, and system analysis. The hospital continued to identify, document, and review medical errors, through the paper-based system. An online medical error reporting system has also been developed to enable anonymous reporting. A Patient Fall audit was conducted and a Risk of Fall assessment tool developed with the collaboration of the nursing team.

c) Healthcare-Associated Infections (HAIs):

The HAI surveillance aims to provide continuous healthcare-associated trends by determining the prevalent microorganisms causing the HAIs and their prevalence in the hospital. This is done through a prospective analysis of microbiology data where laboratory results are abstracted from the microbiology laboratory records weekly. There are four types of surveillance.

- Surgical Site Infection (SSI),

- Catheter-Associated Urinary Tract Infections (CAUTI),
- Ventilator-Associated Pneumonia (VAP)
- Blood Stream Infections (BSI).

The annual Hospital-Acquired Infection rate was 7.5%. This rate is within the global prevalence rates of 5% to 15% as per the World Health Organization report on HAI of 2018. On the specific annual HAIs rates, Ventilator Associated Pneumonia (VAP) and Catheter-Associated Urinary Tract Infections (CAUTI) had the highest rates of 13.4% and 11.8% respectively. CAUTI rate is slightly higher than an unpublished point prevalence survey by IPC in March 2022 with a rate of 8.5%.

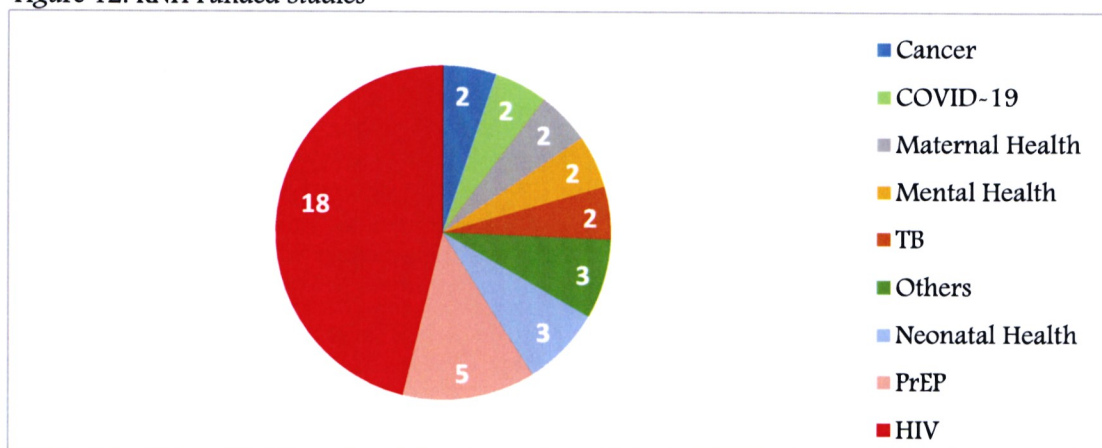
Hand hygiene audits: The Division conducted biannual hand hygiene audits were conducted, a total number of participants was 718 health care workers from 70 clinical units were assessed. The overall score for this Hand Hygiene audit (2021/22) was 44.6%, with 19.4% performing hand washing with soap and water and 25.2 % using hand rub.

Researches conducted in FY 2021/22

KNH funded studies

During the year the Hospital conducted 39 collaborative studies. Most investigators were from training and research institutions across the globe. Most studies were on HIV and Pre-exposure prophylaxis. These studies will provide critical information on the thematic areas to influence policy and practice.

Figure 12: KNH Funded Studies



Clinical Milestones

Uniportal Video-Assisted Surgery

Video-Assisted Thoracic surgery is a technique of minimally invasive surgical procedures. It involves the use of small incisions less than 5cm in size. In the uniportal technique, only one incision is made, the surgeon then introduces a camera (thoracoscope) through that incision which displays images from the chest onto a screen. The surgery is carried out through the incision with the surgeon viewing images on

the screen. The benefits of this technique include reduced postoperative pain, a short duration of hospital stay, and small scars.

The camp led by Dr. Morris Muhinga and Dr. Simon Ndiritu was an initiative of the cardiothoracic unit at the Kenyatta National Hospital and the 1st of its kind in East Africa. Participants in the camp included practicing consultant cardiothoracic surgeons, anaesthesiologists, cardiothoracic residents, nurses, nursing students, and other support staff.



The visiting surgeons were led by Dr. Diego Gonzalez a world-renowned expert in Uniportal Video-Assisted Surgery, Dr. Ivan Schewitz a South African thoracic surgeon, and Dr. Nabil Khan a thoracic surgery resident in Germany.

Pre- Transplant Laparoscopic Nephrectomy

On 25th May 2022, surgeons at KNH led by Dr. Njogu conducted a laparoscopic surgery to remove a large polycystic kidney in a patient who was being prepared for transplant. The polycystic kidneys would have made transplant surgery very challenging because of space restrictions during transplantation. The surgery was a first of its kind, acted as a stepping stone for future laparoscopic donor nephrectomy at Kenyatta National Hospital. The patient has subsequently had a successful transplant.



Carson Micky- A Ray of Hope and Resilience

A multidisciplinary team of medical specialists from Kenyatta National Hospital led by Dr. Naomi Gachara, a Pediatric Cardiologist, successfully carried out a four (4)-hour highly delicate and complicated Tetralogy repair surgery on two-year-old baby Carson Micky.

Baby Carson was diagnosed with Tetralogy of Fallot at birth in 2020. This is a rare condition caused by a combination of four heart defects that are present at birth which limits blood flow out of the heart and into the rest of the body: a hole in the wall between the two lower chambers, a narrowing of the pulmonary valve and main pulmonary artery, enlarged aortic valve and the muscular wall of the lower right chamber of the heart (right ventricle) being thicker than normal.

It is a birth defect that affects normal blood flow through the heart; leading to bluish-looking skin color—called cyanosis—because the blood doesn't carry enough oxygen. It happens when a baby's heart does not form correctly as the baby grows and develops in the mother's womb during pregnancy.

Two weeks after the diagnosis, doctors from Mama Lucy Kibaki Hospital referred baby Carson to KNH for specialized treatment. He was admitted on January 10, 2022, with the surgery being conducted on January 18, 2022.

Unfortunately, young Carson developed complications right after the operation such as pneumonia, lung complications, and kidney failure, which necessitated a multidisciplinary team of specialists that included intensivists (medical personnel specially trained to look after very sick patients round the clock), pediatric cardiologists, renal and nursing team among others to take care of him during his two months stay in the ICU and during his admission to Ward 4B.

KNH is the only hospital in the public sector that has the capacity both in personnel/expertise and supporting infrastructure to carry out highly delicate and successful surgeries.



KNH Doctors to the Rescue



Abdi Shakur Saidi, 17, underwent 12-hour surgery at KNH to remove a knife that was sticking out of his left eye that had gone through the eye to the base of the skull and ruptured his left globe.

Participants in the camp included practicing consultant cardiothoracic surgeons, anesthesiologists, cardiothoracic residents, nurses, nursing students, and other support staff, with Dr. Morris Muhinga and Dr. Simon Ndiritu

as team leaders. The visiting surgeons were led by Dr. Diego Gonzalez a world-renowned expert of uniportal VATS. The other members of his team were Dr. Ivan Schewitz a South African thoracic surgeon and Dr. Nabil Khan a thoracic surgery resident in Germany.

The Histocompatibility & Immunogenetics Laboratory

The KNH Histocompatibility & Immunogenetics Laboratory (HLA Lab) is a state-of-the-art laboratory for histocompatibility and genetic testing for solid organ and bone marrow transplantation.

The lab is the first of its kind in East Africa and will greatly support organ and tissue transplants by testing donor and recipient matching locally. It has been described as the 'new kid on the block'. The establishment of this laboratory has been well received by our clients who no longer depend on foreign laboratories for HLA tissue typing services.



The laboratory opened its door to patients on December 14, 2021. Among the readily available tests include HLA-A, B, C, DR, DQ, DP, Class I & II Antibody, Class I ID Antibody Detection, Class II IDv2 Antibody Detection, Donor Specific Antibody Detection, Single Antigen Class I Detection, Single Antigen Class II Detection, Single Antigen MIC Antibody Detection, and Complement Dependent Cytotoxicity. It was launched by President Kenyatta on May 11, 2022.

Universal Health Coverage

The Hospital has been at the forefront of implementing Universal Health Coverage (UHC) in line with the government's Big Four Agenda. This entails working closely with County Governments, External Partners, Government Ministries, and State Agencies/Departments to enhance the quality of Healthcare Services. Key focus areas were clinical outreaches, telemedicine, benchmarking visits, health workers' training, and mentorship.

Clinical Outreaches

The Hospital conducted 380 clinical outreaches to County Governments targeting various health specialties including Medical & Surgical Outreaches, Webinars, and Multidisciplinary Tumor Boards. The outreaches focused on skill transfer, provision of specialized services, mentorship, and awareness creation on common disease areas. More than 2,000 Health workers both at National and County health facilities have benefited from the program. The Hospital also organized special projects on circumcision of males living with

haemophilia targeting all the counties and point-of-care ultrasound training targeting Nairobi, Machakos, and Kiambu counties.

Telemedicine

KNH introduced a telemedicine platform through the support of the Ministry of Health and eight patients have already benefited from teleconsultation and teleradiology. In addition, the Hospital initiated robust webinars and tumor board virtual platforms where different specialists across the country can discuss unique cases and also undertake peer training on various disease areas. This has significantly supported training and capacity building for health workers in the country.

Benchmarking

The Hospital has provided a benchmarking platform for other hospitals seeking to learn from KNH in both clinical and non-clinical areas. In this regard, Meru Teaching and Referral Hospital, St. Lukes Uasin Gishu, Meru Teaching, and Referral Hospital, and Samburu County Government conducted benchmarking visits at KNH. Key areas of interest were specialized clinical areas, finance, resource mobilization, and project management among others.



Mwai Kibaki Hospital Clinical Performance

Mwai Kibaki Hospital is a level six Teaching and Referral Hospital located in Othaya Sub-County, Nyeri County. The Hospital sits on 7.9 acres of land of the 25 acres which is shared with the Othaya Level 4 Hospital.



The Hospital has a capacity of 350 beds covering maternity, paediatrics, medical & surgical wards, critical care, renal, new-born services & chemotherapy units. Specialized services offered are general surgery, orthopaedic, urology, ENT, ophthalmology, gynaecology, obstetrics, plastic & reconstructive surgery, dermatology, endocrinology, cardiology, and gastroenterology.

Mwai Kibaki Hospital is projected to become a centre of excellence in Non-Communicable Diseases (NCDs) management, especially in Diabetes, Cancer, Renal and Cardiovascular diseases which bear the greatest disease burden in the region. The facility is instrumental in supporting the management of patients and building the capacity of medical staff from the surrounding counties namely; Nyeri, Embu, Nyandarua, Laikipia, Tharaka Nithi, Meru, Isiolo, Samburu, Kirinyaga, Muranga, and Marsabit.

Mwai Kibaki Hospital Accident & Emergency Attendance

The hospital has an A&E department that is easily accessible for ambulances and walk-in patients. Emergency & general consultations are the main services offered, as well as minor & trauma surgeries and procedures.

Figure 13: Accident & Emergency Attendance – Mwai Kibaki Hospital



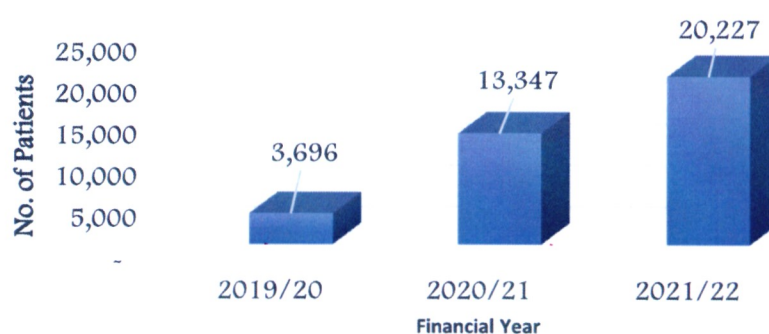
There has been a progressive increase in the number of hospital attendance as shown above; over 100% growth in 2020/21 in comparison to FY 2019/20 and 29% growth in FY 2021/2022 in comparison to 2020/21. This growth is majorly attributable to the availability of specialists, service accessibility, and effective marketing and public awareness activities.

Specialized Outpatient Clinics in Mwai Kibaki Hospital

Mwai Kibaki Hospital offers a wide range of specialized outpatient services which include, general medicine, general surgery, orthopaedic, urology, ophthalmology, Ear, Nose & throat, dental & maxillofacial, plastic & reconstructive surgery, obstetrics & gynaecology, dermatology, psychiatry, endocrinology, oncology, and paediatrics.

A remarkable growth in clinic attendance has been realized within the last three years from a patient population of 3,696 in 2019/20 to 20,227 in the year 2021/22, the number of specialized clinics also increased from six to 17. Recruitment of specialists in various disciplines has contributed to the growth.

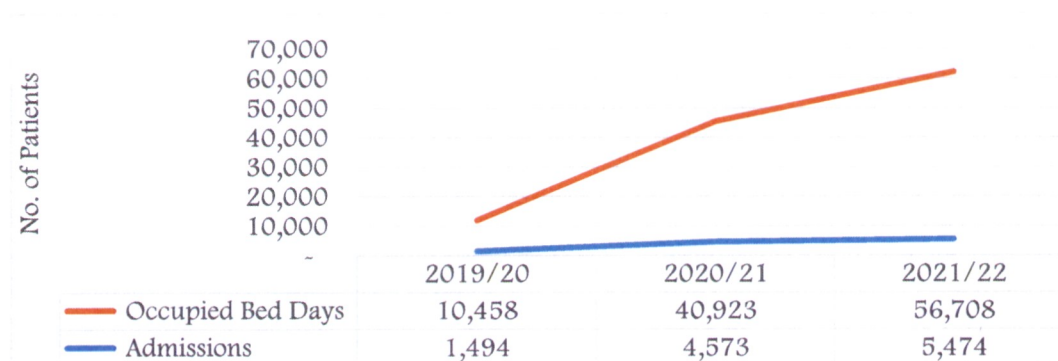
Figure 14: Specialized outpatient Attendance in Mwai Kibaki Hospital



Inpatient services in Mwai Kibaki Hospital

The number of admissions & inpatients (Occupied bed days) has also grown from 1,494 and 10,458 in FY 2019/20 to 5,474 and 56,708 in 2021/22. Obstetric, medical & surgical wards had the highest number of inpatients, respectively. The emergence of covid -19 infection & complications also led to the increased number of inpatients.

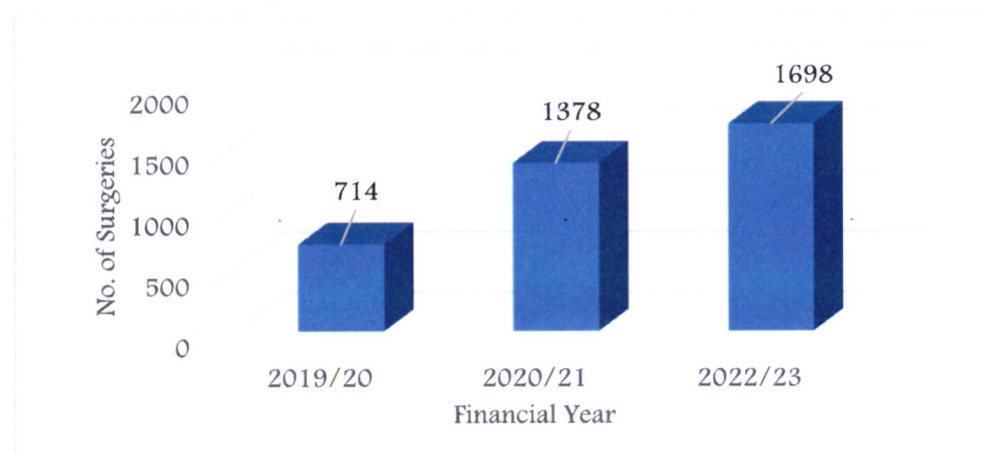
Figure 15: Inpatients services in Mwai Kibaki Hospital



Theatre services in Mwai Kibaki Hospital

The hospital has four (4) operating theatres; one (1) trauma & emergency theatre, one (1) maternity theatre, and two (2) general theatres. There has been a growth in the number of surgeries done which is the majorly attributable engagement of surgical specialists including orthopaedic & plastic & reconstruction specialists, the acquisition of working tools for ENT & ophthalmology, and the leasing of the laparoscopic tower for urology & ENT procedures.

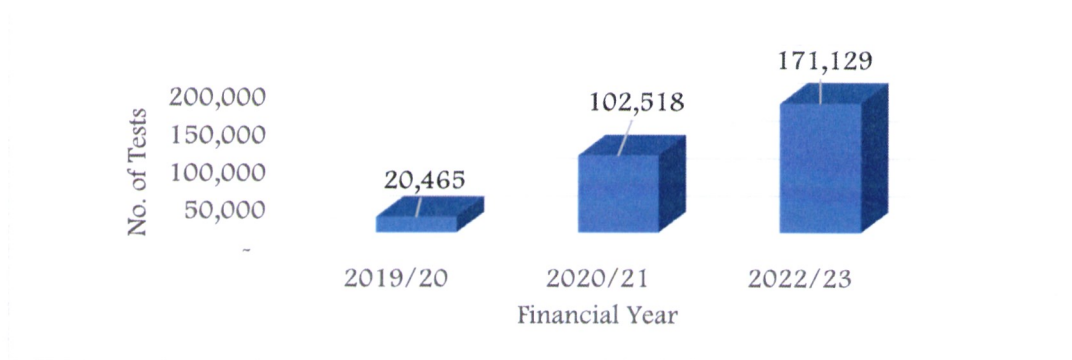
Figure 16: Theatre Surgeries in Mwai Kibaki Hospital



Laboratory Services in Mwai Kibaki Hospital

The laboratory can carry out a wide variety of tests including biochemistry, haematology, parasitology, virology, and endocrinology. There has been a progressive growth in the number of tests performed. For instance, in FY 2021/22 171,129 tests were performed, representing a growth of 70% compared to the previous financial year. Recruitment of more laboratory staff & acquisition of more laboratory equipment is attributed to this.

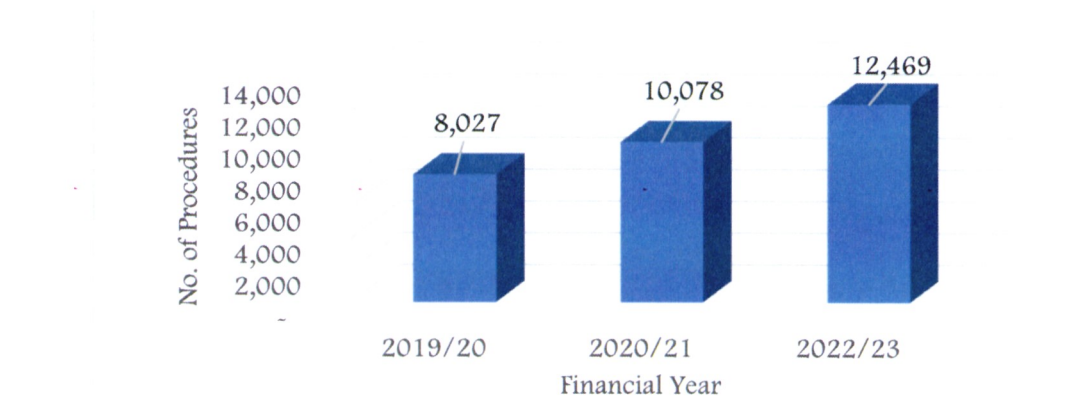
Figure 17: Laboratory Tests Done in Mwai Kibaki Hospital



Radiology Services in Mwai Kibaki Hospital

The radiology department is equipped with X-ray and Ultrasound machines, as well as a mammogram, IOPA, and OPG machines. A total of 12469 tests were performed in FY 2021/22 which reflects a 23% growth as compared to FY 2020/21 performance. The introduction of Specialized ultrasound, ECG & Echo services has contributed to improved performance.

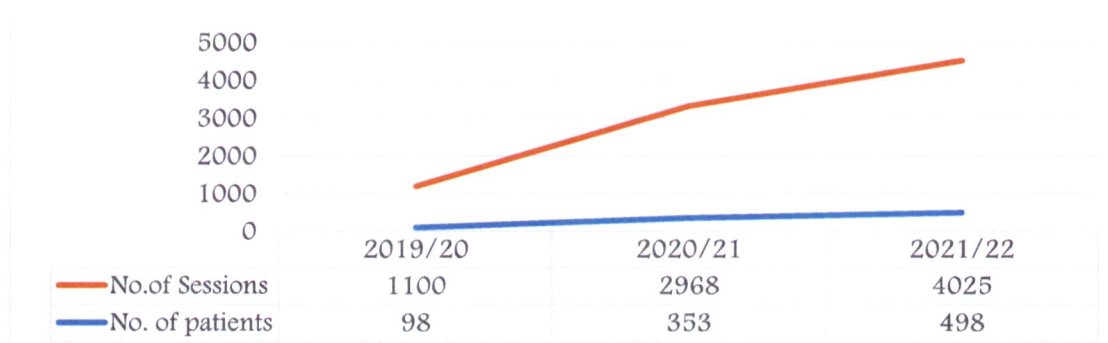
Figure 18: Radiology Procedures in Mwai Kibaki Hospital



Renal Dialysis in Mwai Kibaki Hospital

The Hospital has a five (5) bed renal unit. A total of 498 patients were managed at the renal unit resulting in 4,025 sessions of dialysis during the period under review. This shows a 35% growth as compared to the performance of FY 2020/21. This is attributable to the increased number of patients seeking the services, 24/7 operationalization of the renal unit as well as the introduction of dialysis services for patients with infectious diseases.

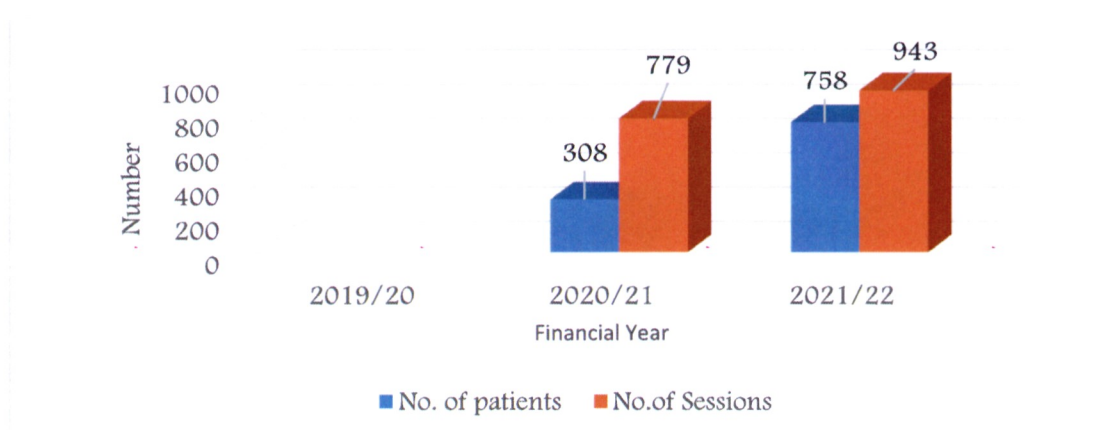
Figure 19: Renal Dialysis in Mwai Kibaki Hospital



Oncology Services in Mwai Kibaki Hospital

A total of 758 patients received chemotherapy services resulting in 943 sessions in the FY 2021/22, representing a 24% growth in performance in comparison with the 2020/21 performance. Increased demand for the service and availability of chemotherapy products has contributed to this growth.

Figure 20: Chemotherapy Sessions done in Mwai Kibaki Hospital



Introduction & Expansion of clinical Services

In pursuit of achieving the Hospital's mandate, several new services have been introduced and some existing ones expanded in Mwai Kibaki Hospital. The new services include Private Wing, ECG, Family Planning, Prothrombin Time Test, Covid – 19 Antigen Test, Thyroid Function Test, PSA & Physiotherapy Gymnasium Services, Plastic & Reconstructive Surgery, and Laparoscopic Surgery. The hospital renovated the Critical Care Unit and expanded its capacity from 6 to 21 beds. This was driven by the increased demand for CCU services against the available beds in the central region and its environs.



Expanded CCU in Mwai Kibaki Hospital

Commissioning of Mwai Kibaki Hospital

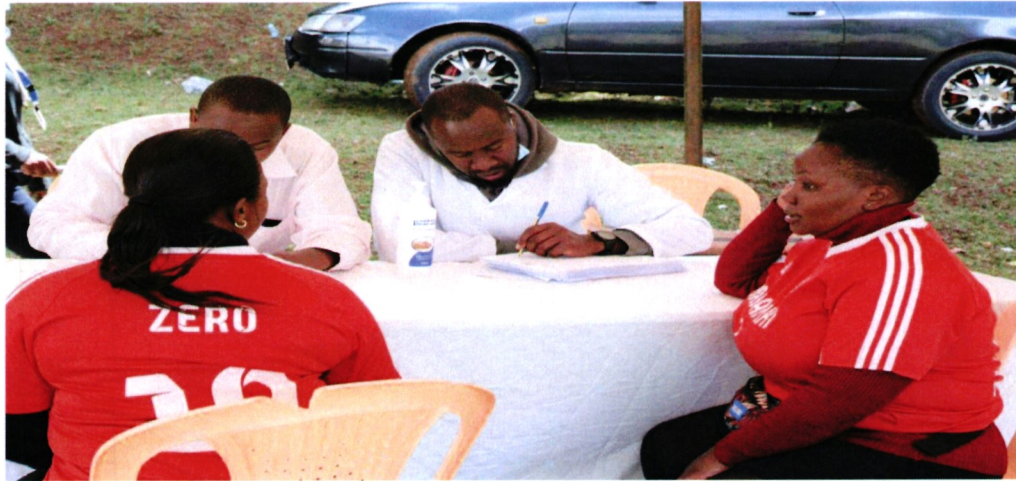
H.E President Uhuru Kenyatta commissioned the Mwai Kibaki Hospital in an event that saw the hospital join the league of 8 other Level 6 Teaching and Referrals hospitals, the highest level of healthcare giving facilities in the country. The hospital boasts specialized personnel, modern health



infrastructure, CCU, NBU, and a state-of-the-art Oxygen production unit with a capacity of producing over 2 million liters of oxygen per day will serve Kenyans in the populous Central Kenya region.

Medical outreaches by Mwai Kibaki Hospital

Mwai Kibaki Hospital has been involved in various medical outreaches & camps with the spirit of ensuring access to healthcare services, creating public awareness, and marketing the service on offer. 9 medical outreaches, 1 ENT surgical camp, & 2 world day celebrations (Medical social week & World Kidney day). This has translated to a total of 3553 clients.



Mama Margaret Uhuru Hospital Clinical Performance

During the year, KNH was directed to take over management of the former Mathare North Level IV Hospital, as an annex of the Hospital. Following the directive, KNH was to ensure full operationalization of the facility to offer paediatric specialized services to Eastlands and its environs.

Presently, Mama Margaret Uhuru Hospital (MMUH) is offering a wide range of services and specialized care including paediatric outpatient clinic (SOPC), general outpatient clinic (GOPC), dermatology, ophthalmology, comprehensive care for HIV patients, and Ear, Nose & Throat (ENT).

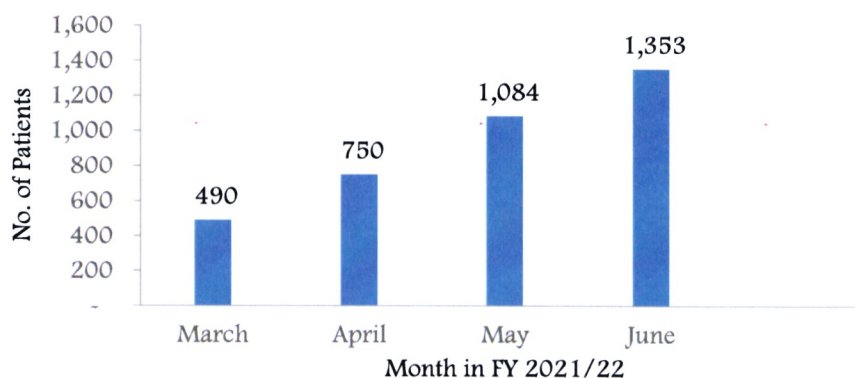
The number of patients seeking services at the facility has increased over time. A Specialized free medical outreach was conducted in the county health facilities to treat common ailments of both adults and children in the community as well as to create awareness about services offered at the hospital.



Outpatient attendance in Mama Margaret Uhuru Hospital

The Hospital saw the number of patients increase from March to June. The total number of outpatients for the period was 3,677 encompassing 1,987 males and 1,591 females

Figure 21: Outpatient attendance in MMUH



Diagnostic Services in Mama Margaret Uhuru Hospital

During the period, the hospital performed a total of 2,284 laboratory procedures and 176 radiological procedures. The laboratory procedures performed were: microbiology (209), BTU (22), biochemistry (992), haematology (481), immunology (30), and parasitology (550).

Figure 22: Laboratory Procedures Performed in MMUH

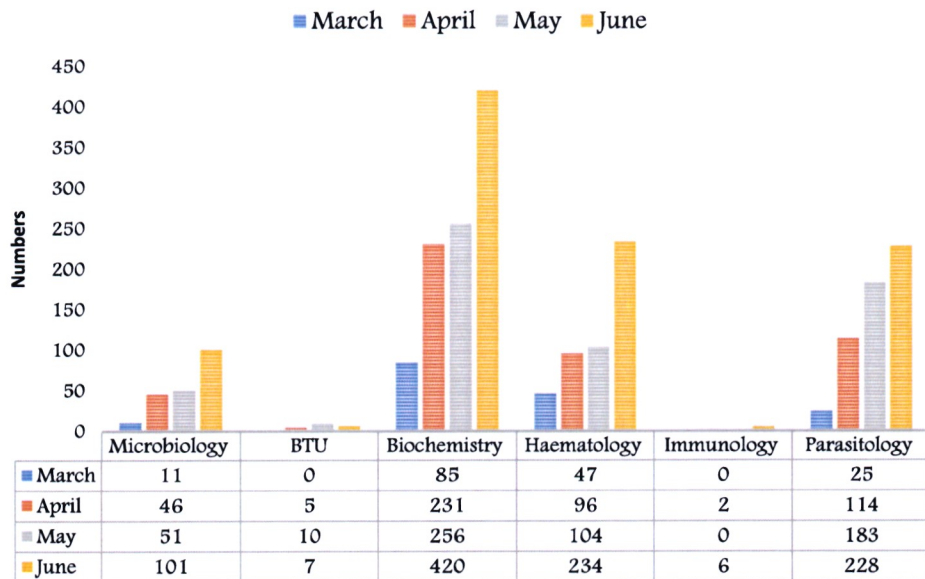
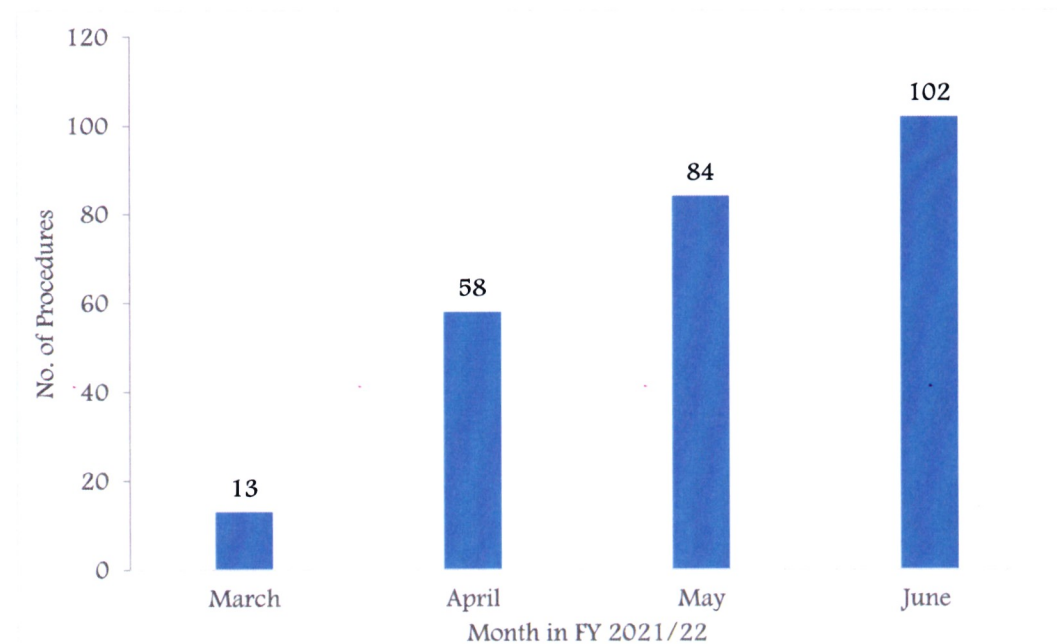


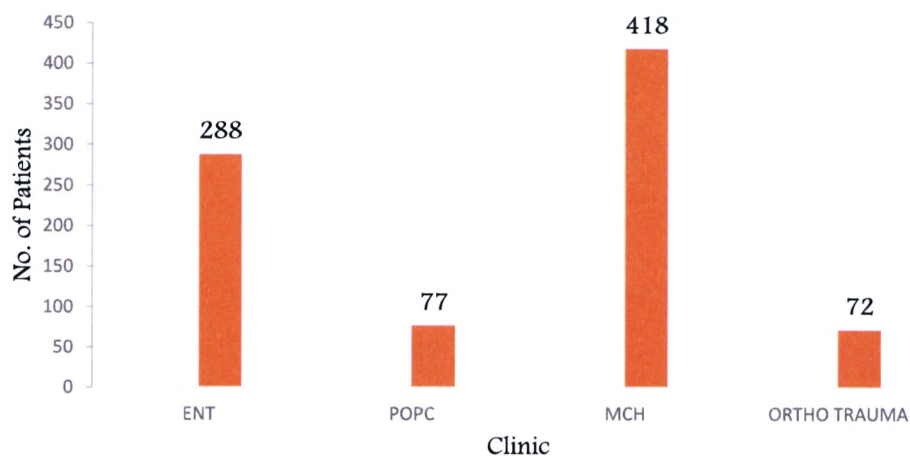
Figure 23: Radiology Procedures in MMUH



Specialized Clinic Attendance in MMUH

Hospital attended to a total of 288 patients in ENT, 77 in POPC, 418 in maternal-child healthcare, and 70 patients at the orthopaedic trauma clinic. The total number of patients attended to at the clinics was 913

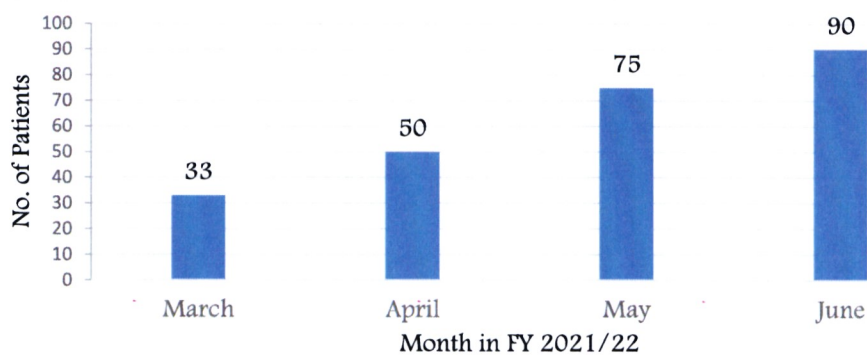
Figure 24: Specialized Clinic Attendance in MMUH



Rehabilitative Services in MMUH

MMUH currently offers physiotherapy, occupational therapy, and orthopaedic technology. patients attended during the period were 108 in orthopaedic technology, 201 in physiotherapy, and 199 in occupational therapy.

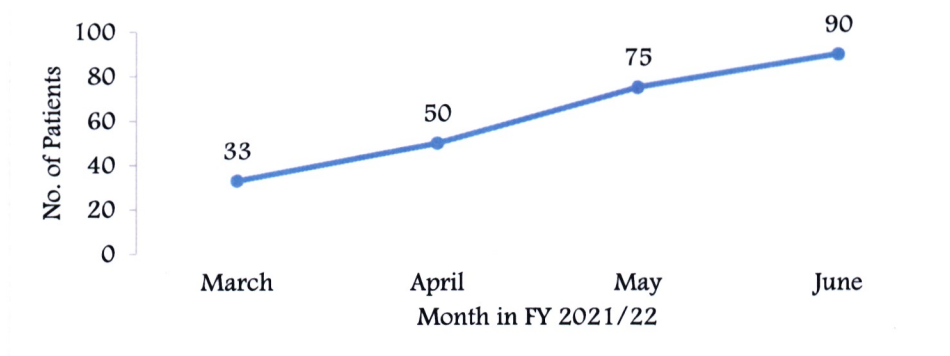
Figure 25: Rehabilitative Services in MMUH



Admissions in MMUH

Cumulatively, the total number of admissions at the end of the period was 248 comprising 144 male patients and 104 female patients

Figure 26: Admissions in MMUH



Medical Outreach by MMUH

The hospital conducted a specialized free medical outreach at the Kariobangi chief's camp to treat common ailments of both adults and children in the community as well as to create awareness about services offered at the hospital. 540 patients were attended to at the camp.



Key Hospital Projects

The Hospital has implemented several projects aimed at enhancing the provision of specialized healthcare and efficiency in service delivery. These include development projects in the Main Hospital and those implemented at Mwai Kibaki Hospital (KNH Othaya Annex).

Complete Projects

Centre for Kidney Disease and Organ Transplantation

The expansion of the renal unit was initiated to provide adequate infrastructure to handle the surging number of patients requiring transplants and provide training and research opportunities. The project was officially opened by HE the President of the Republic of Kenya on May 11, 2022.



Construction and Equipping of the Zarina Merali Surgical Day Care Centre

The Facility will provide outpatient surgery that will result in decongestion of the surgical wards, reduce mortality and morbidity, and reduce service costs to the patient and patient turnaround time. The project was financed by the Merali Foundation (KES 100 million), the Ministry of Health, and KNH Ksh 102m.



Ongoing Projects

Construction and Equipping of Cancer Centre

The project is intended to optimize Oncology services at KNH by improving quality care, enhancing efficiency, and promoting medical tourism through the provision of specialized Oncology services. The project is funded by the Government of Kenya and so far KES.435 million has been allocated. Phase one of the project is 97% complete and expected to be operationalized by December 2022.



Ongoing works at KNH Cancer Center

Burns Management Centre and Paediatric Emergency Centre

The center will provide expanded pediatric emergency and burns services that effectively handle disasters involving children. The estimated construction cost is Ksh 2.9 billion which is financed jointly by GoK and development partners that include The Arab Bank for Economic Development in Africa (BADEA), Saudi Fund for Development (SFD), and OPEC Fund for International Development (OFID). The project has attained a 53% builders' works completion rate.



East African Kidney Institute

The 29th Ordinary Meeting of the Council of Ministers approved the implementation of the African Development Bank (AfDB) supported “Multi-National East African Community (EAC) Regional Centers of Excellence (RCoE) on Skills and Tertiary Education in Biomedical Sciences, Health Services and Research Programme” and consequently requested and mandated the Republic of Kenya to host, the “East African Community Regional Center of Excellence (RCoE) on Urology and Nephrology”, namely; the “East Africa Kidney Institute (EAKI).

KNH, UoN, and KMTCC (the ‘host institutions’) provided the parcel of land co-owned, for the construction of EAKI. The project is implemented under the Ministry of Health. By end of June 2022, the project was 65% complete.



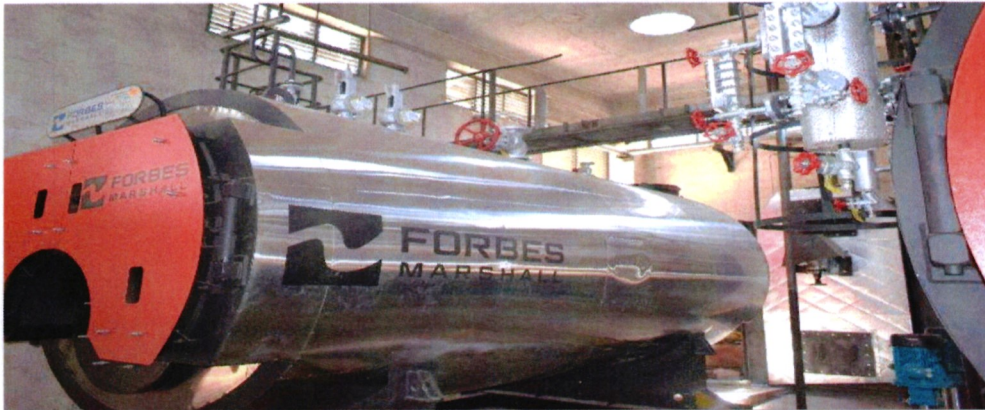
Adopt a bed program

Kenyatta National Hospital initiated the “Adopt a bed at KNH” campaign aimed at providing double crank beds to all the patients admitted at KNH. The program provides a platform where well-wishers, members of staff, organizations, and individuals can donate hospital beds and have them branded with their names. In the year under review, the Hospital received 189 beds through this initiative.



Replacement of obsolete equipment, Boiler & Reticulation System and equipping of Day Care Centre

The Hospital received funding of KES 627,075,000 from the Sports, Arts, and Social Development Fund for the replacement of obsolete equipment, Boiler & Reticulation System and equipping of Zarina Merali Day-care Surgical Centre. The project is expected to enhance efficiency in service delivery and enable operationalization of key facilities in the Hospital.



Hospital Boilers and steam reticulation funded through sports fund



Theatre equipment funded through sports fund

Prioritized Upcoming Projects

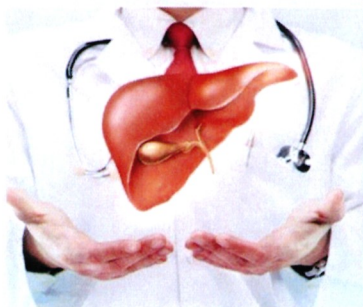
Proposed KNH Hope Hostel

The project aims to prevent interruptions of cancer treatment due to transport and accommodation challenges experienced by patients. It's estimated to cost KES.494M and will be financed by the American Cancer Society, friends of Hope Hostel, and public donations. The project designs and Bills of Quantity have been developed and approved by NCC while the project partners are reviewing the agreement for signing and approval by the National Treasury.

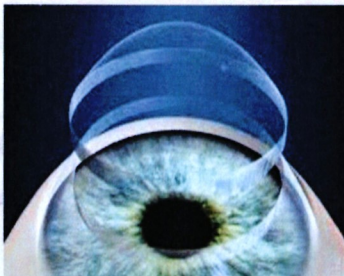


Proposed additions to Organ Transplant Services

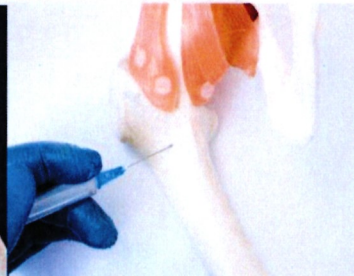
The Hospital has initiated plans to establish Liver, cornea, and bone marrow transplant facilities.



Liver Transplant



Corneal Transplant



**Bone Marrow
Transplant**

Mwai Kibaki Hospital Projects

KNH Board of management prioritized the construction of key projects to support the operationalization of Mwai Kibaki Hospital. These include Kitchen, Mortuary, Oxygen Plant, and Laundry.



Construction & installation of Oxygen plant

Mwai Kibaki Hospital constructed and installed an Oxygen plant with a capacity to produce 1500 litres of oxygen per minute, 2160,000 in 24 hours, and has 18 ports filling station with an ability to fill in 72 cylinders in 24 hours. The facility is also supporting the provision of oxygen to other health facilities in the region. The project is complete and in use.



Farewell Home

The farewell home was constructed to provide mortuary services in the area including postmortem services. The facility has a capacity of 120 bodies but initial operationalization will be of 33 bodies. As of June 2022, the project was 89% complete



Laundry Unit

The laundry project is intended to handle linen cleaning and tailoring needs for hospital services. The facility is equipped with modern equipment that enhances efficiency in the provision of services. The Project is complete and in use.



Kitchen

The Hospital constructed a modern Hospital kitchen with the capacity to provide meals to about 450 people on daily basis. The facility also incorporates a dry foods storage, cold rooms, and a staff restaurant. The project is 100% complete and in use.



Partnerships and Resource Mobilization

The Hospital has continued to engage various partners and donors to support the provision of health services. Support provided by partners includes equipment, patient beds, medical supplies, payment of patient bills and support items, training sponsorships, and renovations among others. During the Financial Year 2021/22 the Hospital mobilized resources worth Ksh. 1.4 Billion both in cash or kind terms. The mobilized resources have greatly helped the hospital in optimizing service delivery and enhancing customer satisfaction. The list of partners who donated to KNH during the FY 2021/22 is as tabulated below.

Table 7: Donors in FY 2021/22

Abbvie	Lilian & Humphry
Africa Heart	Lord Mahavir Swami Followers
Africa Online	Lued A. Chemicals
Afrilift Kenya	Luo Peans
Agakhan University Hospital	Madison Insurance
Agriculture Finance Cooperation	Margaret
Anne Muthoni Nyongesa	Mathew Muthini
Ashvin Rampara & Company	Matibabu Sacco Society
Astrazeneca	Maureen Karimi Muthoni
Auditor General	Medifast Africa Limited
Bayer East Africa	Meditec EA Fairlife Ltd
Boniface Muthoni	Mfi
Colombia University (International Initiative For Paediatrics & Nutrition)	Michael Wamaitha
Constituency Development Fund – Kibra Constituency	Ministry of Health
Control Risk EA	Ms. Alicia White
Cosmos Limited	Mwalimu National Sacco Society Limited
Daniel Mrina	Mwanamgeni Said
Devotees of St Joseph	Nancy Mwihaki
Diep Class of 2004	National Cancer Institute of Kenya
Donate A Wig	National Communication Secretariat
Dorcas Ministry ACK. St. Philip	National Health Insurance Fund
Dr. Amina Guleid	National Social Security Fund
Dr. Dawood Mariam	Nest 360
Dr. Kanyatta	Nova Girls
Dr. Kanyatta (Rugby Group)	Novanodisk
Dr. Kiptoo	Novartis
Dr. Omar	Oman Donation (Delivered By KEMSA)
Dr. Rowena & Friends	Paediatric Endocrine Society of Kenya
Dr. Wangari MOH	Lancet Kenya Pathologists
Duke Medical Supplies	PCEA St Andrews
Eddahs Hope	PCEA St Andrews Church Choir
Egis Kenya Limited	Phillips Therapeutics Limited
Elizabeth Kihara	Professor Koigi
Energy & Petroleum Regulatory Authority	Prudential Sourcing Ltd
Eric Kimani	Redcross
Europa Health Care Ltd	Redpoint Investment Women Group
Evans Kuria	Respiratory Society Of Kenya

Fadlcarda Leukemia Foundation	Robert & Friends
Faraja	Rophine Field Junior School
Finance Department	Rophine Field School
Giz	Sammy Kihoro
Green Africa Global Foundation	Sanaipei Ntimama
Haemophilia Association Of Kenya	Senior Management Class KSG
Harley's Limited	She For He
Hope For Cancer Kids	Shree Cutch Satsang Swaminarayan Academy
ICPSK Sacco Society Limited	Sight & Sound Computers
Indian Donation (Delivered By KEMSA)	Smiles For Children
Israel Embassy	Solutions Medical Systems Limited
Jamii Sacco	Sports Arts & Social Development Fund
Jidan Uji Power	Sri Aurobindo Society Nairobi
KAPS	St. Agatha Small Christian Community
Kariuki Kiboro & Njoki	Stanley Kamau
Kenya Medical Research Institute	Stella Maitha
Kenya Medical Supplies Authority	Stephen Isaac
Kenya Rural Roads Authority (KERRA)	Sure, Fit Curtains & Furnishing
Kenya School of Government: Class 382-2022	Surgilinks Limited
Kinyanjui Kombani	Surgipharm Limited
KNH ICT Department	Tambya CSR
KNH Administration Department	The Nairobi Hospital
KNH Facilities & Services Department	The Nissan Patrol Club
KNH Human Resource Department	The Pals
KNH Pharmacy Division	Tigoni Level 4 Hospital
KNH Planning & Strategy Department	Ukaguzi Sacco Ltd
KNH Public Health Department	Umma Reach Out Program
KNH Quality Assurance Department	UNDP Kenya
KNH Risk And Audit Department	UNICEF (Delivered By Kemsas)
KNH Supply Chain Management Department	United Nations Development Program (UNDP)
Latter Day Saints Charities	University Of Oslo
Letshego	Ushuru Sacco
Life For A Child	Vayu Global Health Foundation
Young Kenyans In Tech	Waica Re Insurance

Risk management Report

The Hospital's Risk Management Policy defines the Risk Management Objectives, Methodology, Risk Appetite, Risk Identification, Assessment, and response, as well as the responsibilities of the various risk management role players in the Hospital.

The Board is ultimately accountable for the Hospital's Risk Management processes and internal control system, and for determining the Hospital's risk appetite. It receives regular updates on the current and emerging risks facing the business and considers the impact these risks may have on key Stakeholders and the achievement of our Strategic Goals.

The Audit and Risk Committee supports the Board in the management of risk and is responsible for reviewing the effectiveness of the Risk Management and internal control processes during the year

Risk Management Process

The Risk Management Process is fully integrated into the Strategic Planning Process and supports the achievement of our Strategic Objectives.

Through Risk Management, an integrated and effective framework is established which seeks to identify, assess and manage important and emerging risks which could impact our ability to achieve Strategic, Financial, Operational Goals, and Regulatory Compliance.

Risk Identification and Classification

The objective of risk management is to establish an integrated and effective Risk Management Framework within which important risks, including climate-related ones, are identified, quantified, prioritized, and managed for 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.
 - i. **Process Risk:** Risks arising from failed internal processes.

- ii. **People Risk** Risks arising from employees and their relationship with the Hospital.

- iii. **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 as per relevant Government Statutes, Industry Laws and Regulations, Internal Policies, or prescribed best practices.

4. **Financial Risks:** This includes:

- i. **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;

- ii. **Liquidity Risk:** Risk of being unable to meet cash flow obligations as and when they fall due;

- iii. **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

Summary of principal risks & opportunities

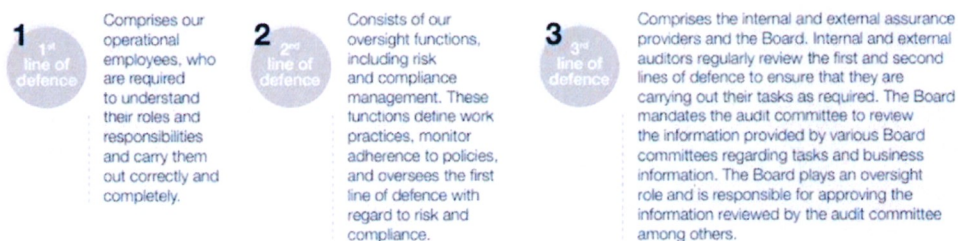
Principal risks are risks that can materially affect our strategy. These are determined through a strategic risk review process where top risks are identified and assessed by executive management committees and the hospital risk Committee. Our risk landscape is reviewed regularly by the Risk Committee and the Board. Political,

Economic, Social, Technological, Environmental, and Legal developments that may impact the Hospital Operations and

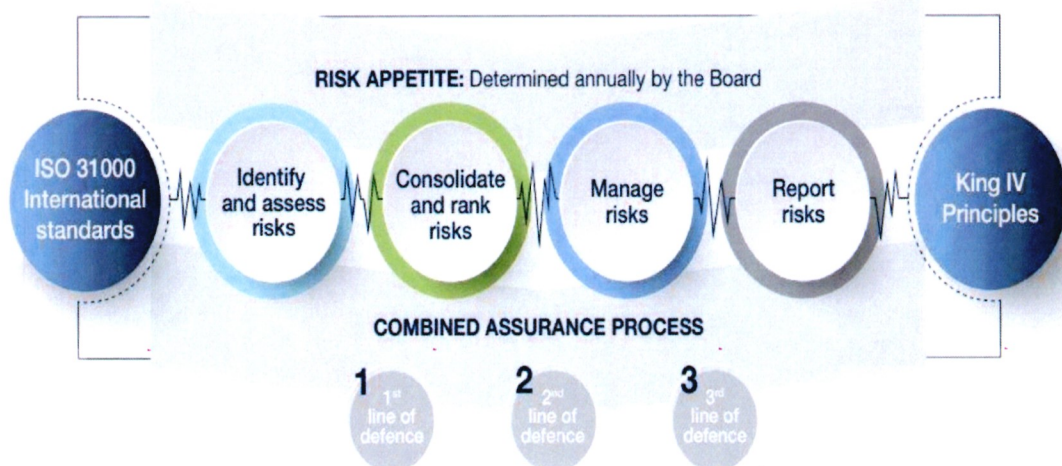
Strategy in the Short, Medium, or Long Term are reviewed to identify emerging risks (i.e. Climate Policy or Pandemic Risks).

We face many risks and opportunities in our day-to-day operations. We carefully manage these risks and capitalize on related opportunities to ensure our business remains sustainable and profitable. During these unprecedented times with COVID-19, our employees and patients' safety is of the utmost importance.

Our combined assurance process has three lines of defense to ensure accountability and distinguish between risk oversight, owning and managing risks, and providing independent assurance.



We embed risk management processes into our everyday operations to help us identify any events with the potential to affect our ability to create value and manage risks in line with our strategy effectively. Our line managers and employees ensure that the risk management framework and processes are implemented across the hospital. The risk division engages with key executives and senior management across the hospital to identify risks relevant to both our main hospital, Mwai Kibaki, and Mama Margret Uhuru hospital operations, which are then recorded in the hospital risk register.



Heat map showing hospital's key risks

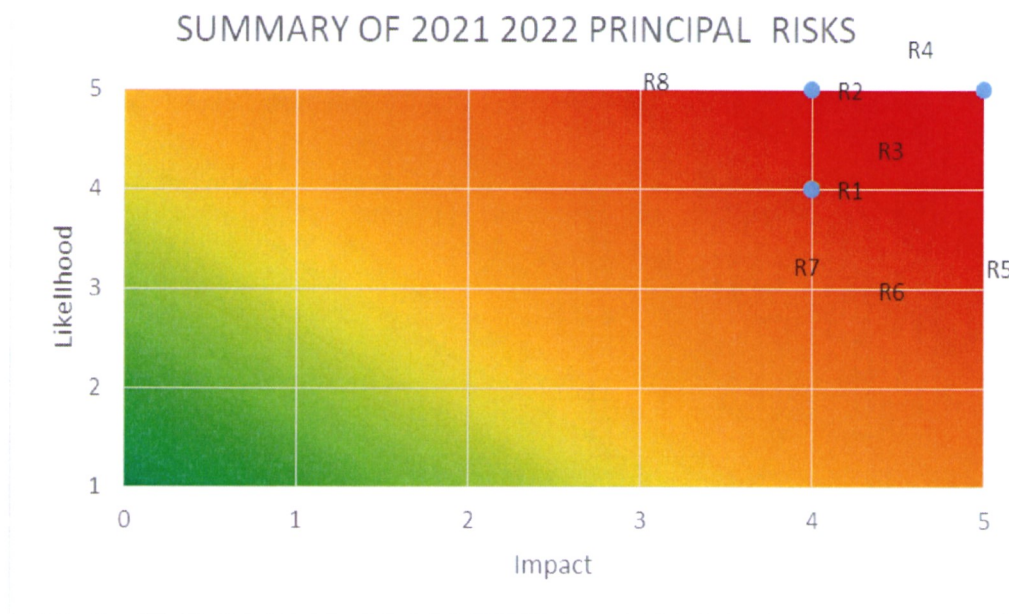


Table 8: Summary of Principal Risks

	Risk	Rating	Classification				
			Clinical	Operational	Technological	Financial	Compliance
1	High turnaround time	Critical	√				
2	High Mortality rate	Critical	√				
3	Long Hospital stay	Critical	√				
4	Inadequate Human Capacity	Critical		√			
5	Inadequate equipment availability	Critical		√			
6	Digitalization and innovation	Critical			√		
7	Pending bills	Critical				√	
8	Hospital Tax Compliance	Critical					√

Hospital Principal Risks and Opportunities Trend Description

	Risk exposure has increased due to changes in the Business Environment, increased dependency, manual operations, pandemic exposure, and political interference
	Risk exposure remains largely unchanged 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, effective treasury, and Risk Management Processes have resulted in lowering of risk exposure

Clinical/Patient safety risks

1. High turnaround time

	Risk rating-high		Classification-clinical	Key mitigation	Opportunities
	Trend				
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 patient long stay.	20/21		The risk remained stable due to the implementation of the referral strategy	Automation of all hospital processes Management and leadership development programs in place Redeployment strategy in place for the utilization of nursing employees from other units	Enhancing the skills base will improve business performance. Succession planning, ensure business continuity and that we can attract talented leaders. Enhancing employee wellness programs to address mental health issues for workers
	21/22				

2. High Mortality Rate

Risk rating-high	Classification-clinical	Key mitigation	Opportunities
Trend	20/21		Pursue more specialized services
	21/22		
These risks result from the breakdown of machines, delayed diagnostics results, or Hospital Acquired Infections.	These risks did not change for the period under review due to continuous monitoring of Clinical Performance indicators and enhanced focus on Quality Management Processes	• Clinical Audits • Monitoring of patient experience surveys • Mortality Audits • Implemented a quality management system (QMS) to ensure we provide quality healthcare and established quality control procedures. • Monitoring clinical performance indicators	Enhancing the patient experience and protecting our reputation through an ongoing focus on quality and safety. Developing clinical products that improve patient outcomes and deliver patient-centric care.

3. Long Hospital Stay

	Risk rating-high	Classification-operational	Key mitigation	Opportunities
These risks are occasioned by increased Theatre cancellations, Acquired Hospital Infections, accumulated medical bills, and the nature of the illness	Trend	This risk remained unchanged for the period Under review due to a review of Credit Policy and enhanced focus on Infection Prevention Control	• Clinical Audits • Mortality Audits • IPC sensitization	Collaborate with Insurance and Medical Schemes
	<table><tr><td>20/21</td><td></td></tr><tr><td>21/22</td><td></td></tr></table>			
20/21				
21/22				

Operational Risk				
4. Inadequate human capacity				
This risk is occasioned by inadequate patient staff ratios for the health workers, Shortage of specialists in all Hospital, long staff cycle, replacement succession inadequate planning for continuity purposes	Risk rating-high		Classification-operational	Key mitigation
	Trend			
	20/21		The risk exposure increased due to increased delay in the recruitment process.	- Recruitment and deployment of additional staff as per the approved establishment - Implementation of Retention Policy to motivate and retain specialized staff
	21/22			
				Train and retain specialized skills
5. Inadequate equipment availability				
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	Risk rating-high		Classification-operational	Key mitigation
	Trend			
	20/21		The risk remained on the same level due to continuous monitoring of planned preventive mechanisms in the hospital and enhanced donations	- Upgrade and maintain equipment to reduce downtime - Procurement of equipment to fill the gaps
	21/22			
				Lobby for donations

Innovation and technological				
6. Digitalization and innovation				
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.	Risk rating-high		Classification-technological The risk Improved due to the implementation Enterprise Resource Planning system and encouraging innovative digital transformation practices	Key mitigation • Upgrade and maintain equipment to reduce system downtime • Increase the availability of technological equipment to fill the gaps ▫ Following rigorous project management methodology, with strong business sponsor leadership and oversight • Regular assessments of our IT infrastructure are conducted, and action plans to effect enhancements and address shortcomings are implemented.
	Trend			
	20/21			
21/22				
Financial risk				
7. Pending bills				
These risks relate to possible loss arising from a patient's inability to pay the outstanding bills or the inability to recover outstanding amounts due from patients.	Risk rating-critical		Classification-financial These risks exposure increased during the period under review.	Key mitigation • Proactive and long-term agreements with medical schemes and insurance companies. • Annual strategy process in place with regular reviews of strategy and tracking against progress.
	Trend			
	20/21			
21/22				

Compliance & Regulatory risk

8. Hospital Tax Compliance

Risk definition	Risk rating-high	Classification-compliance	Key mitigation	Opportunities				
This may result in penalties and fines	<table><tr><td>20/21</td><td></td></tr><tr><td>21/22</td><td></td></tr></table>	20/21		21/22		These improved significantly during the period under review due to the continuous training on tax matters.	• Introduction of Tax Management desk • Proactively monitoring and, where possible, providing input for any new proposed legislation • Ensuring compliance through our quality standards. • Regular and ongoing training on taxation requirements	Enhancing our reputation through ongoing compliance with laws and regulations. Transparent engagement processes could potentially enhance our relationships with a variety of stakeholders, including regulatory bodies.
20/21								
21/22								

Environmental and Sustainability Report

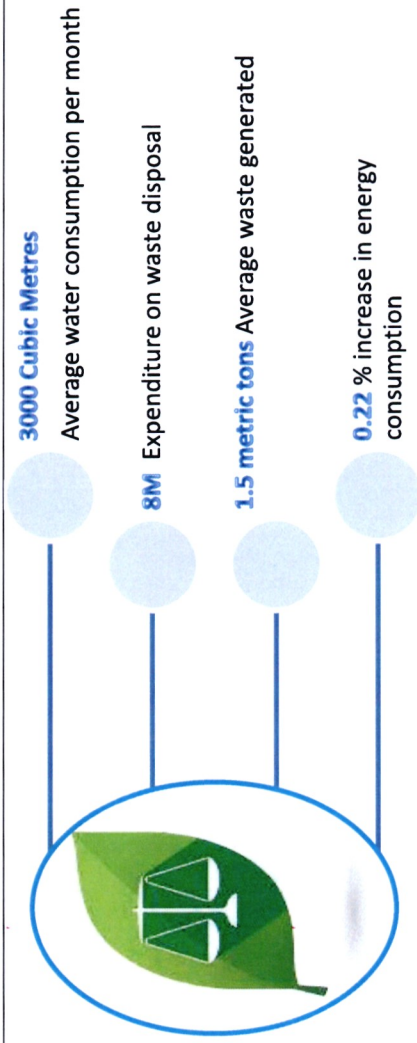
Our approach to Sustainability

The Hospital 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 to them.

Further, the Hospital has an established Environmental Sustainability Committee(ES) whose mandate includes all aspects related to environmental management focusing on all such matters including waste management (solid and liquid), sustainable use of utilities (water and energy), and mitigation measures for air and noise pollution, among other core functions. The ES Committee reviews the Hospital sustainability issues annually.

A summary of our key impact areas on sustainable development according to our strategy and stakeholder expectations are as described below;

Key Impact Areas on Environment

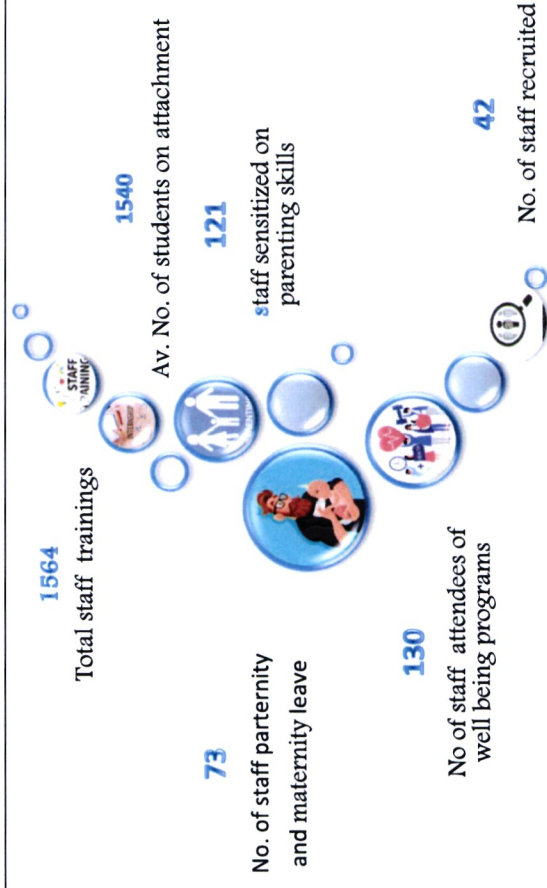


- The Hospital has
- Provided safe and affordable drinking water to own employees and patients
 - Monitors and reports on the amount of energy produced, purchased, and consumed
 - Invests in Technology Innovation and provides

Energy Consumption Main Hospital	KNH-	Increase/ (Decrease)	2021/22(Ksh)	2020/21 (Ksh)	2019/20 (Ksh)
Average electricity bill per month	per	0.22%	11,311,494.16	11,286,405.12	10,785,492.83
Monthly energy expenditure per patient bed	expenditure		4,713.12	4,702.68	4,652.93
Daily energy expenditure Per patient's bed	Per		157.10	156.75	155.097

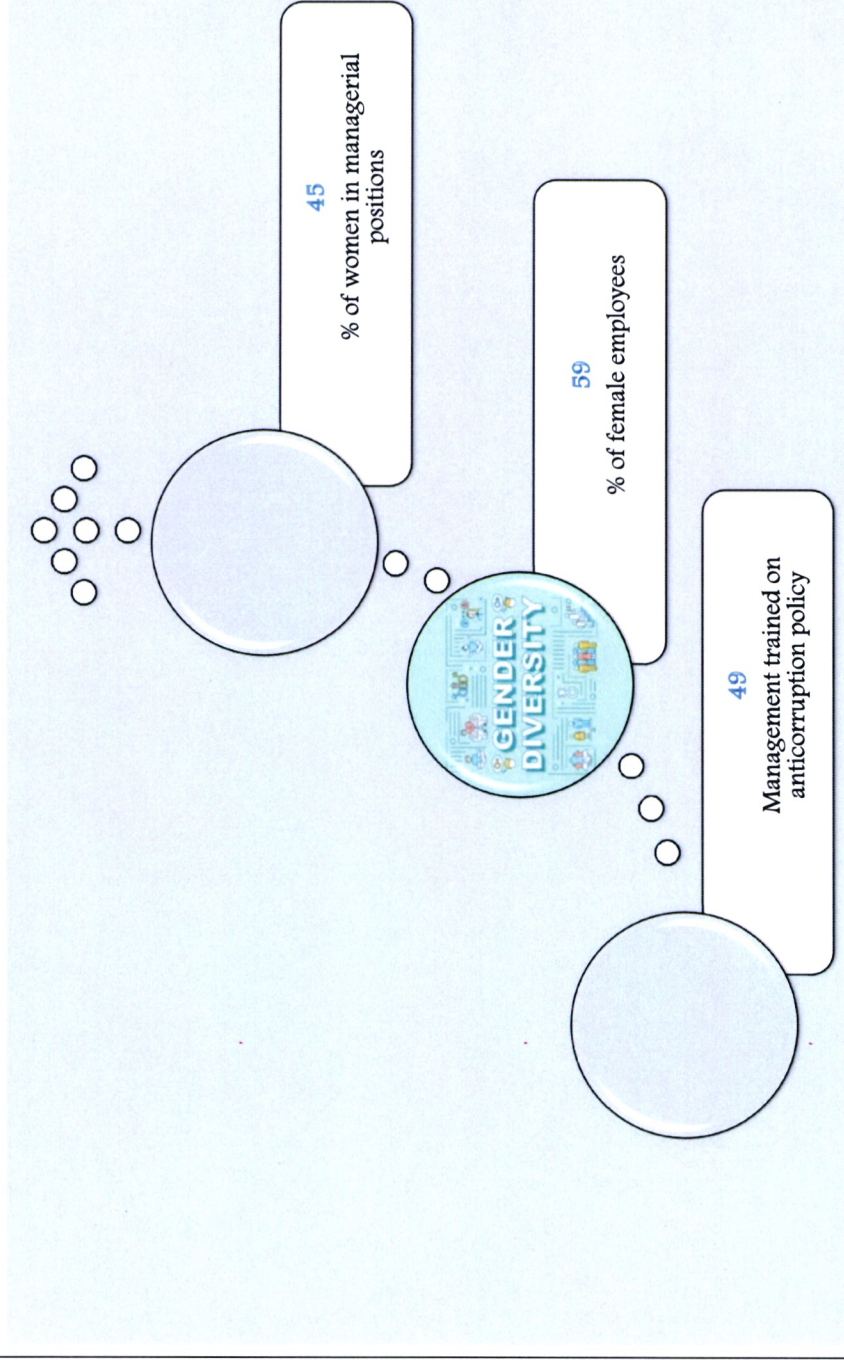
Research Training and opportunities to employees.	Water utility usage		2021/22 (Ksh)	2020/21 (Kshs.)	2019/20 (Kshs.)
• Integrated Waste Management Policies in its Strategy and Processes	Average water bill per month	18.9%	7,383,734.48	6,207,246.94	7,061,790.59
	Monthly water expenditure per patient bed		3076.16	2,586.35	2,829.80
	Daily water expenditure per patient bed		102	86.21	94.33

Key Social Impact Areas



The Hospital: Employee Wellness 1. Does not discriminate against employees and promote shared responsibility for childcare among couples 2. Has introduced family health and safety policies and programs for employees 3. Well-being programs for staff and their dependents 4. Creates awareness on alcohol: alcohol's impact on health, alcohol at work, pregnancy, and alcohol social harms	Employee Training 1. Adopts comprehensive and coordinated Corporate Policies and programs on staff training 2. Supports training programs provided by Governments through providing access to Internship Programs related to Hospital Strategy Supply Chain Established fair policies for the selection of suppliers, and improved economic inclusion throughout the Supply Chain.
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Key Governance Impact Areas



The Hospital has put in place measures to address i. Gender-Based Violence • Have a policy/code addressing workplace harassment (including Sexual Harassment) • Has anonymous whistleblowing helplines to report offenses • Has raised awareness of the relevant Laws, Codes, and Regulations among employees	ii. Corruption • Demonstrates a zero-tolerance approach to corruption and bribery at top Management and Leadership Levels • Conducts a periodic Anti-Corruption Risk Assessment and implements mitigation actions iii. Inclusion • Ensures sufficient participation of women in decision-making and governance bodies at all levels • Allows for freedom of association and collective bargaining
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Financial Highlights

Performance Results

The Hospital recorded a deficit of Kshs. 2,574,719,165 during the year under review compared to the surplus of Kshs 1,728,153,295 in the previous year.

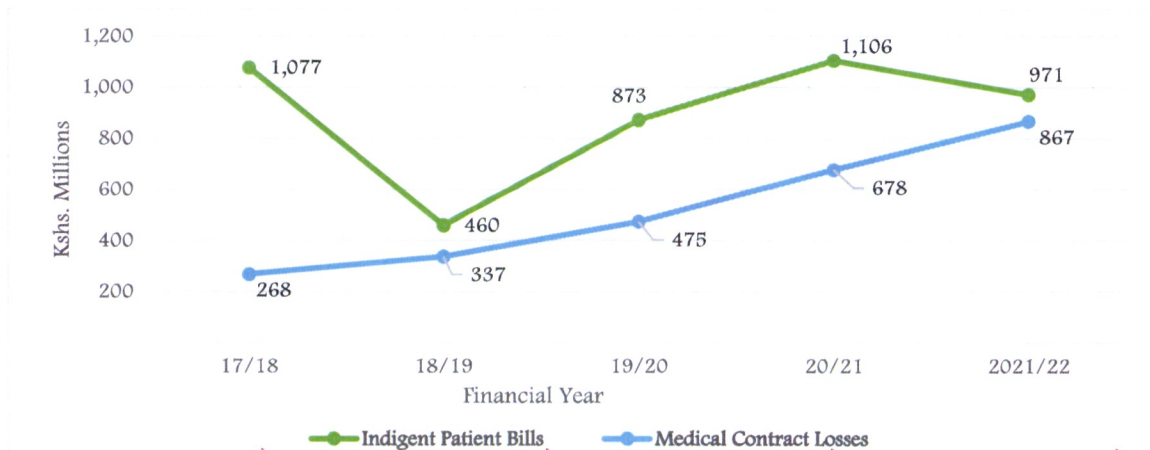
The deficit has been occasioned by the net actuarial loss in the net liability for the defined benefit scheme recognised in the year under review (Kshs. 1,458,004,112). The comparative for FY 2020/21 was an actuarial gain of Kshs. 2,297,162,750.

The deficit position is also attributed to provision for bad debts relating to receivables owed by indigent patients who are unable to settle medical bills upon discharge for which the Hospital is not compensated for the resultant cost. In addition, the reimbursement rates for the Linda Mama program and the NHIF comprehensive care contract have been below the cost of service provision and therefore resulting to losses as depicted in the chart below;

Figure 27: Performance Results



Figure 28: Indigent patients bills and medical contracts losses



In an effort to minimize losses arising from the NHIF contracts, the Hospital has continuously engaged the Fund on the review of the packages where cost is not adequately compensated.

Revenue and Expenditure

The hospital's sources of income include recurrent grants from GoK and internally generated revenue from fees charged for services rendered. During the year under review, the revenue generated was utilized to meet employee costs and operation & maintenance costs. The revenue and expenditure trend is shown below;

Figure 29: Revenue and Expenditure

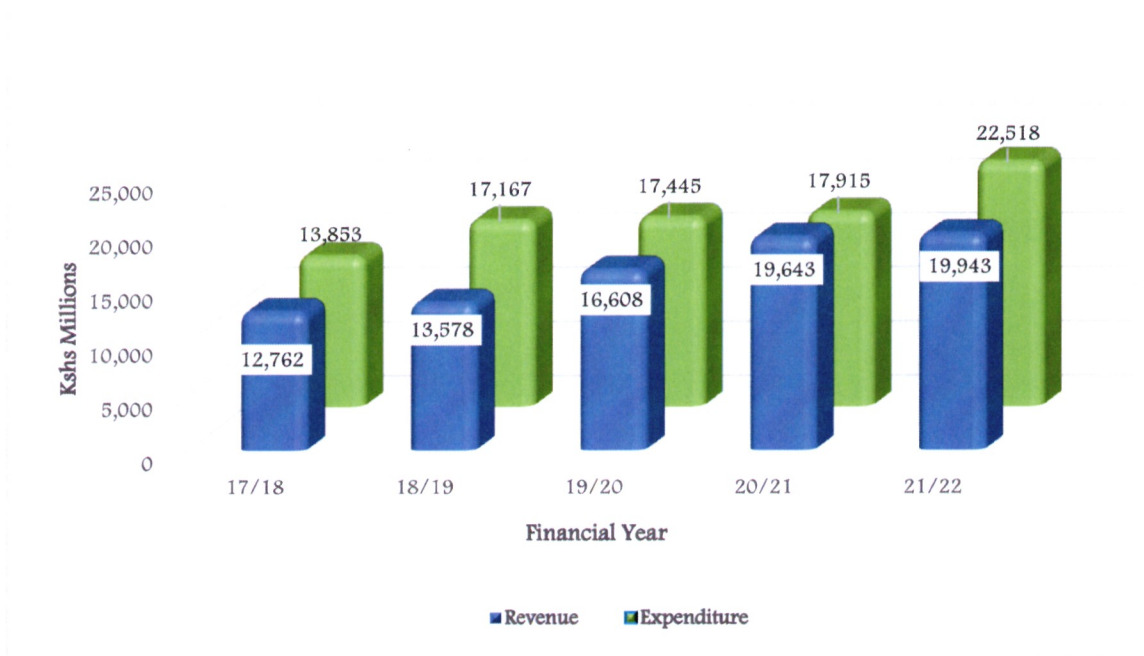


Figure 30: Income Sources FY 2021/22

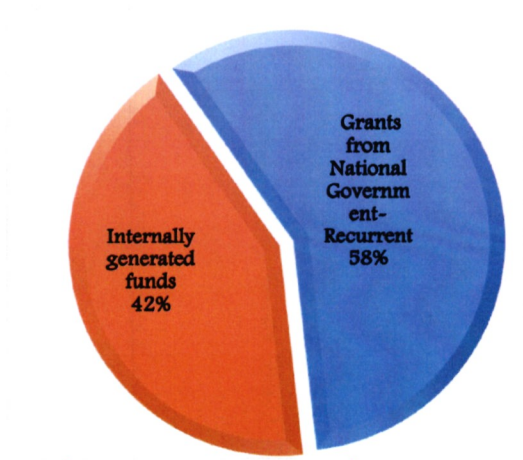
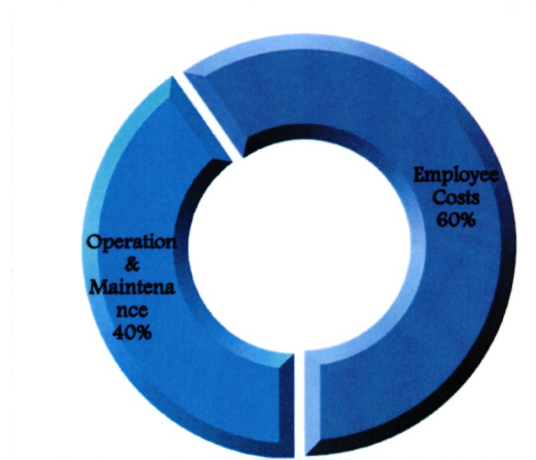


Figure 31: Utilization of Funds FY 2021/22



Capital and Recurrent Grants Allocation

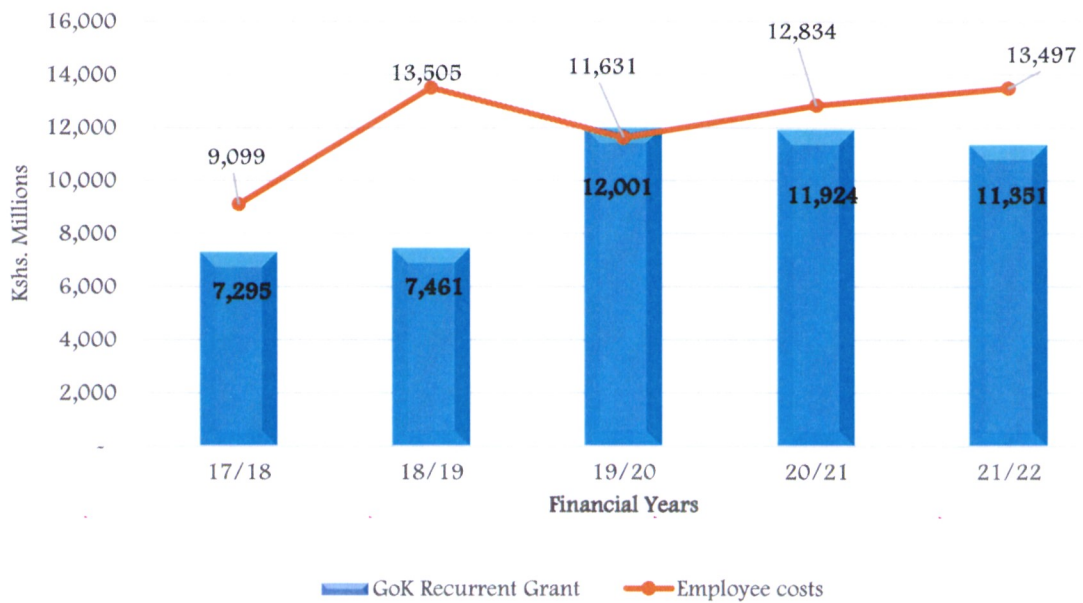
The Hospital receives allocation from the National Government to cater for capital and recurrent expenditure. The capital grants go towards meeting development projects while the recurrent grants funds employee costs. During the year under review, recurrent and capital grants disbursed to the Hospital in cash amounted to Kshs. 11,350,703,366 and Kshs. 414,000, 000 respectively.

The recurrent grant allocation is not sufficient to fully cover employee costs and therefore the Hospital augments the funding gap through internally generated funds. The annual allocation for Capital and recurrent grants is as shown in the charts below;

Figure 32: Capital Grants Allocation



Figure 33: Recurrent grants Allocation Vs Employee costs



Material Arrears in Statutory and Other Financial Obligations

Penalty and Interest on Tax Liability

Kenya Revenue Authority (KRA) 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 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 consisting of the 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, 2022. The Hospital is waiting for KRA's response to the appeal.

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 of 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 is waiting for KRA's response to the appeal.

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. 311million 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, 2022, is Kshs. 167 million.

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.

Actuarial valuation to fulfil the financial reporting and disclosure requirements of IPSAS 39 was carried out as of 30 June 2022 by Actuarial Services East Africa Limited. The valuation reflects defined benefit obligation liabilities of Kshs. 15,929,538,190 against the scheme's assets of Kshs. 6,403,244,461 resulting to a deficit of Kshs. 9,526,293,729. The deficit is to be paid by KNH as the scheme sponsor.

The Hospital has been requesting for funding to bridge the deficit through the budgetary process from FY 2015/16 to 2021/22. The Hospital has been funded to the extent of Kshs.100 million each year which has been allocated and subsequently disbursed to the DB scheme. However, the allocation of Kshs.100 million per year towards the deficit is not sufficient and the Hospital has continued to engage the Government for more funding.

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, 2022, 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, 2022, are set out on page 97.

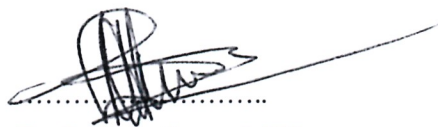
Board of Management

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, EBS
SECRETARY TO THE BOARD

Date: 27.09.2022

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, 2022.

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.

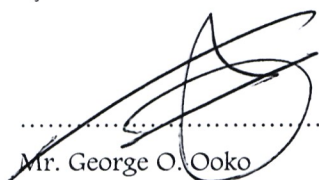
The Board accepts responsibility for the Hospital's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standard (IPSAS), and in the manner required 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, 2022, 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.

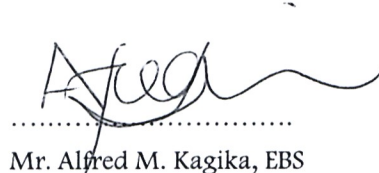
Nothing has come to the attention of the Board to indicate that the Hospital will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Hospital financial statements were approved by the Board on 21-09-2022 and signed on its behalf by:


.....
Mr. George O. Ooko

Chairman
Board of Management


.....
Mr. Alfred M. Kagika, EBS

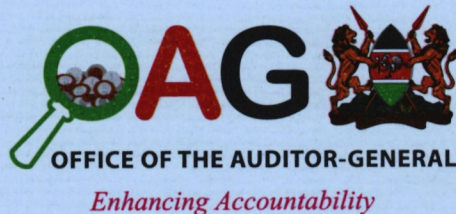
Member
Board of Management


.....
Dr. Evanson Kamuri, EBS

CEO/Secretary
Board of Management

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KENYATTA NATIONAL HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

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

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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 97 to 163, which comprise of the statement of financial position as at 30 June, 2022, and the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual

Report of the Auditor-General on Kenyatta National Hospital for the year ended 30 June, 2022

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, 2022, and 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. Variance in Donations in Kind

The statement of financial performance and as disclosed in Note 8 to the financial statements reflects public contributions and donations amount of Kshs.167,382,000. Included in this amount are donations in kind of Kshs.14,173,000 while the supporting schedule reflects Kshs.13,440,177 resulting to unexplained variance of Kshs.732,823.

In the circumstance the accuracy and completeness of public contributions and donations amount of Kshs.14,173,000 as at 30 June, 2022 could not be confirmed.

2. Misclassification of Employee Costs

The statement of financial performance and as disclosed in Note 14 to financial statements reflects employee costs of Kshs.13,485,447,000. Included in the expenditure is an amount of Kshs.172,559,824 incurred on staff welfare, staff training and development, travelling and accommodation which had been budgeted under administration costs but reported under employee costs.

In the circumstance the accuracy, and the classification of employee costs of Kshs.13,485,447,000 for the year ended 30 June, 2022 could not be confirmed.

3. Unsupported Stock Movements

The statement of financial performance and as disclosed in Note 13 to the financial statements reflects clinical costs of Kshs.3,456,275,000. The expenditure includes a balance of Kshs. 68,003,000 in respect to stock change/movement being consumed inventory for the year under review. However, the signed stock take register was not provided for audit to confirm the opening stock, additions, issues and closing stock. In addition, physical verification at Kenyatta National Hospital – Annex revealed six (6) stock items were reflected in the stock take sheets to have 280,660 units while the respective bin cards reflected 250,295 units resulting to unexplained variance of 30,365 units valued at Kshs.1,591,135.

In the circumstances, the accuracy and validity of clinical costs of Kshs.3,456,275,000 for the year ended 30 June, 2022 could not be confirmed.

4. Long Outstanding Receivables Balances

The statement of financial position and as disclosed in Note 26 to the financial statements reflects receivables from exchange transactions balance of Kshs.1,652,353,000. Included in this balance is medical services receivables of Kshs.11,053,025,000, an increase by Kshs.893,476,000 or (8%) from the prior year balance. In addition, total trade receivables of Kshs.9,816,444,487 were impaired as at 30 June, 2022 an increase of Kshs.970,964,776 or (10%). The balances also include insurance compensation receivables of Kshs.23,684,000 which have been outstanding since the year 2007, an indication of slow debt recovery measures.

In the circumstances, the recoverability of receivables balance from exchange transactions balance of Kshs.23,684,000 as at 30 June 30 June 2022 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 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

Increase in Deficit

The statement of financial performance reflects a deficit of Kshs.2,648,462,000 from a surplus of Kshs.1,728,153,000 reported in the previous year leading to an unfavourable change of Kshs.4,376,615,000.

In the circumstances, the Hospital sustainability of referral services is heavily dependent on continued support by the Government, donors and creditors.

My opinion is not modified with respect to the above matter.

Key Audit Matters

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

Other Matter

1. Budgetary Control and Performance

The summary statement of comparison of budget and actual amount reflects final revenue budget of Kshs.20,318,931,000 and actual on comparable basis of Kshs.19,942,835,000 resulting to an under-funding of Kshs.376,096,000. Similarly, the Hospital spent Kshs.19,193,152,000 against an approved budget of Kshs.18,804,104,000 resulting to an over-expenditure of Kshs.389,047,000 which was not explained.

In the circumstances, the underfunding may affect planned activities of receiving patients on referral, provision of medical education to university students, training of nurses and other health and allied institutions.

2. 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. However, the Management has not resolved the issues or given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Unjustified use of Framework Contracts

The statement of financial performance and as disclosed in Note 18 of the financial statements reflects administration expenses of Kshs.708,073,000. The amount includes procurement of stationery and staff uniform cost of Kshs.6,032,262 through framework contracting but the expenditure does not meet the prescribed criteria of framework contracts. This was contrary to Section 114(1) the Public Procurement and Asset Disposal Act, 2015 which states that, a procuring entity may enter into a framework agreement through open tender if the required quantity of goods, works or non-consultancy services cannot be determined at the time of entering into the agreement.

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

2. Late Remittances of Statutory Deductions

The statement of financial position and as disclosed in Note 30 to the financial statements reflects trade and other payables balance of Kshs.1,568,737,000. The balance includes Kshs.59,112,000 relating to unremitted statutory and other deductions on the due dates. This was contrary to Section 94(1)(a) of Public Finance Management Act, 2012 which states that a state organ or public entity is in serious material breach of the measure established under the Act if it has failed to make payments as and when due and has defaulted financial obligations for financial reasons.

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

3. Irregular Procurement of Cleaning Materials

The statement of financial performance and as disclosed in Note 13 to financial statements reflects clinical costs expenditure of Kshs.3,456,275,000. The expenditure includes cleaning materials expenditure of Kshs.71,812,000 which further includes cleaning materials amounting to Kshs.6,917,584 which were procured through direct procurement during the year under review. However, there is no evidence of fulfilling the criteria set out in Section 103(2) of the Public Procurement and Asset Disposal Act, 2015.

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

4. Irregular Disposal of Property

During the year under review, thirty (30) fully depreciated assets with a cost value of Kshs.124,484,104 were disposed-off at Kshs.1,790,000 through request for quotation to only two (2) bidders. However, the disposal method is not among those prescribed under Section 165 of the Public Procurement and Asset Disposal Act, 2015. There was also no evidence on the constitution of the disposal committee while there was no technical report to inform the reserve prices against market prices of the disposed items. Further, dates of disposal of two (2) motor vehicles were not specified.

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

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs) 3000 and 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statement 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 CONTROL, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Expired/Obsolete Inventory

The statement of financial performance and as disclosed in Note 13 to the financial statements reflects clinical costs of Kshs.3,456,275,000. The expenditure includes other clinical costs of Kshs.103,475,000 out of which Kshs.8,199,955 was in relation to the obsolete stock which increased by Kshs.3,456,955 in comparison to prior year reported

amount of from Kshs.4,743,000. This increase of 72% is indicative of a weak inventory management system.

In the circumstances, the effectiveness of internal controls over inventory management are weak.

2. Inspection and Acceptance Committee

The statement of financial performance and as disclosed in Note 18 to the financial statements reflects administration expenses of Kshs.708,073,000. A sample of administrative expenses items amounting to Kshs.5,557,787 revealed that the inspection of goods was performed individually and on different dates instead of the entire committee membership and on the same date. This was contrary to Section 48(3) of Public Procurement and Asset Disposal Act, 2015 which states that inspection and acceptance committee shall immediately after the delivery of the goods, works or services— inspect and review the goods, works or services in order to ensure compliance with the terms and specifications of the contract.

In the circumstances, the Hospital Management is in breach of the law.

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

Responsibilities of Management and Board of Directors

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

In preparing the financial statements, Management is responsible for assessing the Hospital's ability to sustain its services, disclosing, as applicable, matters related to sustainability of services and using applicable basis of accounting unless Management is aware of the intention to dissolve the Hospital or to cease operations.

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

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

The Board of Directors is responsible for overseeing the 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

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1) (a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

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

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

03 May, 2023

Annual Report and Financial Statements for the Year Ended June 30, 2022

Statement of Financial Performance

For the Year Ended June 30, 2022

		2022	2021
	Note	Kshs. '000'	Kshs. '000'
Revenue			
Revenue from non-Exchange transactions			
Grants from National Government	6	11,350,703	11,932,845
Donor funded projects grants	7	359,548	259,896
Public contributions and donations	8	167,382	55,364
Total Revenue from non-exchange transactions		11,877,633	12,248,105
Revenue from exchange transactions			
Rendering of services	9	7,764,155	7,126,990
Sale of Goods	10	2,237	1,529
Rental revenue from facilities	11	133,222	131,451
Interest income	12	165,588	135,002
Total revenue from exchange transactions		8,065,202	7,394,972
Total revenue		19,942,835	19,643,077
Expenses			
Clinical costs	13	3,456,275	3,669,904
Employee costs	14	13,485,447	12,833,736
Board of management expenses	15	26,624	20,676
Depreciation	16	715,832	704,247
Repairs and maintenance expenses	17	441,353	296,187
Administrative expenses	18	708,073	642,229
Donor funded projects expenses	19	359,548	259,896
Total expenses		19,193,152	18,426,875
Other (gains)/losses			
(Gain)/loss on sale of fixed assets	20	(1,791)	1,125
Impairment loss on receivables	21	970,965	1,106,230
Medical service contracts loss	22	886,718	677,829
Net actuarial losses/(gains) in net liability-DB Scheme	23	1,542,253	(2,297,163)
Foreign exchange transactions loss	24		28
Total Other (gains)/losses		3,398,145	(511,951)
(Deficit)/Surplus for the year		(2,648,462)	1,728,153

The notes set out on Pages 104 to 140 form an integral part of these Financial Statements. The

Financial Statements set out on pages 97 to 140 were signed on behalf of the Board by:

Dr. Evanson Kamuri, EBS
Chief Executive Officer

Mr. Michael Kihuga
Director, Finance

Mr. George O. Ooko
Chairman of the Board

Date: 27.09.2022

ICPAK No. 3884
Date: 26.09.2022

Date: 27.09.2022

Annual Report and Financial Statements for the Year Ended June 30, 2022

As at June 30, 2022

		2022	2021
	Note	Kshs. '000'	Kshs. '000'
Assets			
Current assets			
Cash and cash equivalents	25	3,176,427	1,270,248
Receivable from exchange transactions	26	1,652,353	1,699,759
Receivable from non- exchange transactions	27	18,365	2,077,651
Inventories	28	651,702	591,899
Total current assets		5,498,847	5,639,557
Non-current assets			
Property, plant and equipment	29	13,011,705	13,251,484
Total non-current assets		13,011,705	13,251,484
Total assets		18,510,552	18,891,041
Liabilities			
Current liabilities			
Trade and other payables	30	1,568,737	1,310,584
Deposits from customers	31	67,459	49,126
Provision for leave pay	32	186,998	195,655
Deferred income	33	341,206	853,898
Total current liabilities		2,164,400	2,409,263
Non-current liabilities			
NSSF Arrears	34	166,830	190,830
Retirement Benefits Obligation	35	9,600,138	7,346,794
Borrowings	36		1,199,863
Finance Lease Liability	37	6,410	8,447
		9,773,378	8,745,934
Total liabilities		11,937,778	11,155,197
Net assets			
Capital reserve	38	12,142,913	10,510,592
Accumulated fund	39	(14,193,879)	(11,545,417)
Revaluation reserve	40	8,623,740	8,770,669
Total Net assets		6,572,774	7,735,844
Total net assets and liabilities		18,510,552	18,891,041

The Financial Statements set out on pages 97 to 140 were signed on behalf of the Board by:

Dr. Evanson Kamuri
Chief Executive Officer

Mr. Michael Kihuga
Director, Finance

Mr. George O. Ooko
Chairman of the Board

Date... 27.09.2022

ICPAK No. 3884
Date... 26.09.2022

Date... 27.09.2022

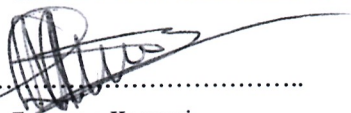
Annual Report and Financial Statements for the Year Ended June 30, 2022

Statement of Changes in Net Assets

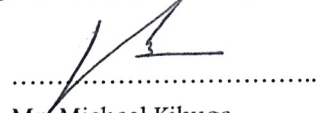
For the Year Ended June 30, 2022

		Capital Reserve	Accumulated Fund	Revaluation Reserve	Total
	Note	Kshs. '000'	Kshs. '000'	Kshs. '000'	Kshs. '000'
Balance as of July 1, 2020		9,367,825	(13,273,882)	8,770,669	4,864,612
Prior year error adjustment		(2,522)	312		(2,210)
Capital grants		1,095,289			1,095,289
Mwai Kibaki Hospital Land		50,000			50,000
Surplus for the year			1,728,153		1,728,153
Balance as at June 30, 2021		10,510,592	(11,545,417)	8,770,669	7,735,844
Balance as of July 1, 2021		10,510,592	(11,545,417)	8,770,669	7,735,844
Adjustment on Land	29 b (ii)	(3,089)		(146,929)	(150,018)
Capital grants	38	1,635,410			1,635,410
Deficit for the year	39		(2,648,462)		(2,648,462)
Balance as at June 30, 2022		12,142,913	(14,193,879)	8,623,740	6,572,774

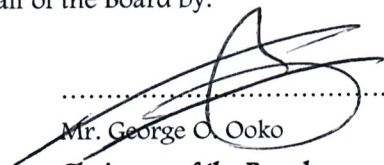
The Financial Statements set out on pages 97 to 140 were signed on behalf of the Board by:


 Dr. Evanson Kamuri
 Chief Executive Officer

Date... 27.09.2022


 Mr. Michael Kihuga
 Director, Finance

ICPAK No. 3884
 Date... 26.09.2022


 Mr. George O. Ooko
 Chairman of the Board

Date... 27.09.2022

Annual Report and Financial Statements for the Year Ended June 30, 2022

For the Year Ended June 30, 2022

	Note	2022 Kshs. '000'	2021 Kshs. '000'
Cash flows from operating activities			
Receipts			
Grants from National Government		10,830,000	8,836,667
Rendering of services		1,437,509	1,251,211
Accounts receivables		4,548,208	3,597,674
GoK grants Receivables		2,064,333	1,046,795
Deposits from customers		553,891	446,579
Donor funded projects grants		366,344	267,710
Doctors' fee		212,457	224,627
Total Receipts		20,012,742	15,671,263
Payments			
Employees costs		12,626,021	11,897,581
Goods and services		4,417,300	3,759,721
Tax remittance		160,082	119,089
Board of Management expenses		8,864	9,114
Donor funded projects expenses		348,472	258,027
Refund to donor			299
Customer deposits refunds		22,265	30,809
Doctors' fee		580,694	653,694
Total payments		18,163,698	16,728,334
Net cash flows from operating activities	41	1,849,044	(1,057,071)
Cash flows from investing activities			
Purchase of property, plant, and equipment		(524,224)	(587,983)
Interest income	12	165,568	134,803
Proceeds from the sale of fixed assets	20	1,791	350
Net cash flows used in investing activities		(356,865)	(452,830)
Cash flows from financing activities			
Capital grant	6	414,000	842,832
Net cash flow from financing activities		414,000	842,832
Net decrease in cash and cash equivalents		1,906,179	(667,069)
Cash and cash equivalents at July 1		1,270,248	1,937,317
Cash and cash equivalents at June 30		3,176,427	1,270,248

The Financial Statements set out on pages 97 to 140 were signed on behalf of the Board by:

Dr. Evanson Kamuri
Chief Executive Officer

Mr. Michael Kihuga
Director, Finance

Mr. George O. Ooko
Chairman of the Board

Date...27.09.2022

ICPAK No. 3884
Date...26.09.2022

Date...27.09.2022

Statement of Comparison of Budget and Actual Amounts

For the Year Ended June 30, 2022

Recurrent Expenditure	Original Budget Kshs. '000'	Adjustment Kshs. '000'	Final Budget Kshs. '000'	Actual Cumulative Kshs. '000'	Performance Variance Kshs. '000'	% of Utilization	Note
Revenue							
Grants from National Government	10,580,000	565,403	11,145,403	11,350,703	(205,300)	102%	a
Donor Funded Projects Grants	110,989	242,695	353,684	359,548	(5,864)	102%	b
Public contributions & donations				167,382	(167,382)		
Rendering of services	8,190,340	330,508	8,520,848	7,764,155	756,693	91%	
Sale of Goods	1,952	396	2,348	2,237	112	95%	
Rental revenue from facilities	130,648	19,145	149,793	133,222	16,571	89%	
Interest income	30,870	115,985	146,855	165,588	(18,733)	113%	c
Total Income	19,044,799	1,274,132	20,318,931	19,942,835	376,096	98%	
Expenditure							
Clinical Costs	3,438,191	146,892	3,585,084	3,456,275	128,809	96%	
Employee Costs	12,245,186	580,223	12,825,409	13,485,447	(660,038)	105%	d
Board Expenses	30,000	(2,342)	27,658	26,624	1,034	96%	
Depreciation	664,768	8,123	672,891	715,832	(42,941)	106%	e
Repairs and maintenance	394,641	86,545	481,186	441,353	39,833	92%	
Administrative expenses	966,629	(108,436)	858,193	708,073	150,120	83%	
Donor funded Projects expenses	110,989	242,695	353,684	359,548	(5,864)	102%	
Total Recurrent Expenditure	17,850,404	953,700	18,804,104	19,193,152	(389,047)	102%	
Other (gains)/losses							
Loss on Sale of fixed asset				(1,791)	1,791		
Impairment Loss	659,119	(48,376)	610,743	970,965	(360,222)	159%	f
Medical service contracts Loss	394,470	509,614	904,084	886,718	17,366	98%	
Net Actuarial (Gain)/Loss				1,542,253	(1,542,253)		
Total Other (gains)/losses	1,053,589	461,238	1,514,827	3,398,145	(1,883,318)	224%	
Deficit for the period	140,806	(140,806)		(2,648,462)	2,648,462		

Capital Expenditure

Projects	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization	Note
	Kshs "000"	Kshs "000"	Kshs "000"	Kshs "000"	Kshs "000"		
	a	b	C=(a+b)	d	e=(c-d)	F=d/c	
Cancer Treatment Centre	140,000		140,000	58,545	81,455	42%	g
Burns Management & Paediatric Emergency Centre	250,000		250,000	25,018	224,982	10%	h
Tower Block Lifts		24,000	24,000		24,000	0%	i
Total expenditure	390,000	24,000	414,000	83,563	330,437	20%	

Explanation of Material under/overutilization of Budget**a) Grants from National Government**

Grants from National Government revenue exceeded the budgeted amount by 2% during FY 2021/22. This due to utilization the grants that had been deferred in FY 2020/21.

b) Donor Funded Projects Grants

During the year under review, new projects were started where had not been included in the projected revenue and thus the surpassing of the revenue by 2%.

c) Interest Income

Interest income for the year surpassed the budget by 13%. This is attributed to the cash designated for ongoing capital projects held during the period.

d) Depreciation

The depreciation exceeded the budget by 6% due to acquisition of new fixed assets during the year.

e) Employee Costs

The employee cost for the period surpassed the budget by 5%. This is attributed to pension cost (for both the Defined Benefit and Defined Contribution Pension Schemes) which was projected to be 606 million but the actual for the year was 1.3 billion. The increase is majorly due to the interest on Net Defined liability for the DB Scheme.

f) Impairment Loss

This relates to the 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

Annual Report and Financial Statements for the Year Ended June 30, 2022

been fully provided for as doubtful debts. The amount was above budget due to the increased number of the indigent cases attributed to increased number of patient visits and admissions to the hospital during the period under review.

g) Cancer Treatment Centre

The additional works and construction of two bunkers in the cancer treatment centre was approved towards the end of FY 2021/22. The works is expected to begin in the financial year 2022/2023.

h) Burns Management & Paediatric Emergency Centre

The Contractor suspended works in July 2021 and the Hospital is currently negotiating for the contractor to resume work in August 2022 after outstanding payments have been processed. Once the contractor resumes work the funds will be utilized.

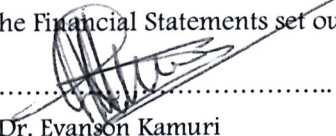
i) Tower Block Lifts

The works are expected to begin in the financial year 2022/2023 as the procurement process has commenced.

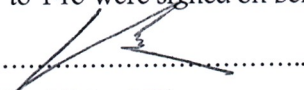
j) Explanation for changes between original and final budget

The original budget was revised to take into consideration the recurrent grants which had been deferred in FY 2020/21 for utilization in FY 2021/22. This led to re-allocation within the votes in line with the hospital emerging needs during the year.

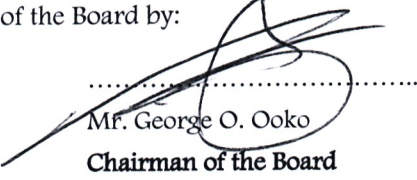
The Financial Statements set out on pages 97 to 140 were signed on behalf of the Board by:


.....
Dr. Evanson Kamuri
Chief Executive Officer

Date...27.09.2022.....


.....
Mr. Michael Kihuga
Director, Finance

ICPAK No. 3884
Date...26.09.2022.....


.....
Mr. George O. Ooko
Chairman of the Board

Date...27.09.2022.....

1. General Information

Kenyatta National Hospital is established through legal notice No 109 of April 6, 1987, and derives its authority from 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 (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgment in the process of applying the Hospital's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in the notes to 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 (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

i. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.

IPSAS 41: Financial Instruments	Applicable: 1st January, 2023: This standard is relevant to the Hospital and will be applied effective financial ending June 30, 2023. Classification, recognition, and measurement of cash, accounts receivables, accounts payable, and borrowings will change in line with the requirements in the new standard. In addition, the impairment loss on accounts receivables will significantly change given the requirements of this standard.
IPSAS 42: Social Benefits	Applicable: 1st January, 2023: The Hospital does not operate any social benefits schemes and therefore this standard is not relevant to the Hospital.
IPSAS 43:	Applicable: 1st January 2025: 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

Annual Report and Financial Statements for the Year Ended June 30, 2022

	financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognize, measure and present information on right of use assets and lease liabilities. This standard is relevant to the Hospital and will be applied effective financial year ending June 30, 2025.
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ii. Early Adoption of Standards

The Hospital did not early – adopt any new or amended standards in the year 2021/2022.

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 unless otherwise stated.

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 as deferred income in the statement of financial position and transferred to capital reserve on completion/acquisition.

Donor Funded Projects Grants

Grants received for donor-funded 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, research grants, and other similar services rendered are recognized when received and included only to the extent of expenditure incurred during the year.

Donations in-kind: The revenue from donations in kind is measured at fair value and recognized on obtaining control of the asset (goods, services, and property) 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 or by an appraisal by a member of the valuation profession.

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 2021/2022 was approved by the Board of Management on 27th January 2021. 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 annual budget is prepared on an accrual basis. All planned costs and income are presented in a single statement to determine the needs of the Hospital. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing, or Hospital differences that would require reconciliation between the actual comparable amounts, and the budget amounts are presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

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

Annual Report and Financial Statements for the Year Ended June 30, 2022

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:

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%	Intangible Assets	30%

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. 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.

f) Financial Instruments Financial assets

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.

Accounts Receivables

Accounts 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 the fair value less impairment. 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. Evidence of impairment may include the following indicators:

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

Financial Liabilities

Initial Recognition and Measurement

Financial liabilities 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.

Loans and Borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

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.

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.

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.

i) 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.

j) 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.

k) Employee Retirement Benefit Plans

The Hospital provides retirement benefits for its employees. It operates the following employee benefits retirement plans:

i. Retirement Benefits

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 (NSSF)

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

l) 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.

m) Borrowing Costs

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

n) 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.

o) 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.

p) Comparative Figures

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

q) 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, 2022.

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.

i. 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.

ii. 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.

iii. 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.

iv. 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:

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.

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.

Annual Report and Financial Statements for the Year Ended June 30, 2022

6	Grant from National Government Transfers from the Ministry of Health	2022	2021
		Kshs. '000'	Kshs. '000'
	Recurrent Grants		
	Recurrent grants received	10,830,000	8,836,667
	Recurrent grants receivable (note 27)		2,064,333
	Recurrent grants utilized from deferred (see note 33)	520,703	992,986
	Sub-Total	11,350,703	11,893,986
	Drawings from KEMSA		402,030
	Sub-Total	11,350,703	12,296,016
	Recurrent grant deferred (note 33)		(363,171)
	Recognized in the statement of financial performance	11,350,703	11,932,845
	Capital grants		
	Capital grants recognized in Capital Reserve (see note 38)	1,635,410	1,095,289

Recurrent Grants received

The Hospital recurrent grant allocated and received towards employee costs for the period ended June 30, 2022 was Kshs. 10,830,000,000 comprising of Kshs. 9,820,000,000 for KNH Main Hospital, Kshs. 760,000,000 for Mwai Kibaki Hospital and Kshs 250,000,000 for Mama Margaret Uhuru Hospital.

Recurrent grants utilized from deferred

During FY 2021/22, the Hospital utilized recurrent grants totaling to Kshs. 520,703,366 out of Kshs. 565,425,549 grants that were deferred in FY 2020/21. The utilization relates to Kshs. 150,000,000 for payment of leave allowance, Kshs. 282,930,269 for COVID-19 management expenses, Kshs. 7,637,484 for Mwai Kibaki Hospital presidential launch preparation expenses and Kshs. 80,135,614 for employee salary adjustment.

7	Donor funded projects grants		
	ABC Study	4,069	
	AGYW Study	11,210	15,100
	AHISA Study	26	
	AI Neo Study	1,263	
	aPS-Modified Assisted Partner Study		255
	Breast Cancer Chemo Study	44	
	Bubble CPAP Study	6,063	251
	CHV-Neo Study	2,788	
	Connect Project	69,693	
	Drip Assist Study	458	8,025
	ELEWA Project	1,598	1,510
	FP Plus Study	24,194	9,949
	GIRL Study	2,957	3,421
	HCV TX Study	3,870	1,690
	HIV Cascade Training Program	6,117	4,050
	HIV Testing & Care in AECI Study	1,703	2,990
	HIV-TB Emory	1,199	1,012
	HIV-TB Study	7,049	6,968

	2022 Kshs. '000'	2021 Kshs. '000'
ITIPS (Microbacterium TB infection)		847
KCV HIV Study	1,124	2,694
KNH HEU - Hope Project	20,751	5,641
LAI Study	4,293	
MHealth Study		3,085
MIIA Study	585	
Micro Biota & Preterm Birth study	585	4,322
MITIPS STUDY UNIT		3,135
MMAF STUDY	7,004	2,740
Mobile WACH NEO RCT	24,436	23,110
mPACT Study	3,980	5,367
Mwach Empower Study	1,029	
MwACH-PrEP Study	18,311	3,797
PACT-COE project	20,914	56,191
Partners in Prevention Study	1,326	2,832
Patient Navigation Programme	17,136	17,846
Pima Study	2,576	
Prima Ancillary	1,616	
PRIMA Study	2,010	12,796
PrIMA-X	22,047	14,935
SHARP STUDY	9,854	16,470
Summit Study	19,302	
TES-NES Efficacy study	19,366	18,645
Timiza Study	12,397	9,646
Vijana Smart Study		11
WHO Case Study	4,605	
YES Study		565
Total Donor funded projects grants	359,548	259,896

Conditional grants reconciliation

Balance unspent at beginning of the year	91,797	84,282
Refund to donor		(299)
Current year receipts	366,344	267,710
Conditions met- transferred to revenue	(359,548)	(259,896)
Conditions not met (deferred) – See note 33	98,593	91,797

8 Public contributions and donations

Donations in kind	14,173	14,406
General Donations	153,209	40,739
Specific Donations		219
Total Public contributions and donations	167,382	55,364

Donations in kind

The amount of Kshs. 14,172,756 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 net book value of the fixed assets is deferred to be recognized over the life of the fixed assets (see note 33).

General Donations

General Donations of Kshs.153,209,469 relates to contributions received in the Hospital in form of medical consumables from the members of public during the year under review.

	2022 Kshs. '000'	2021 Kshs. '000'
9 Rendering of services		
a) Medical services revenue		
Accident and Emergency services fee	93,683	44,718
Anesthesia services fee	30,303	27,500
Burns unit services fee	22,605	18,543
Cancer Centre Services fee	148,753	153,868
Cardiology services fee	180,276	133,453
Comprehensive Care Center fee	4,527	3,326
Corporate outpatient consultation fee	51,805	61,052
Critical care unit services fee	80,437	81,525
Dental services fees	77,846	43,207
Ear nose & throat services fee	102,802	48,261
Farewell home services fee	89,240	112,894
General surgery services fee	209,331	188,260
Health Information Services charges	60,117	62,614
Laboratory services fee	879,395	811,745
Medical gases income	188,548	132,059
Medicine services fee	262,983	479,416
Nursing procedures and consumables fee	528,279	440,444
Nutrition services fee	129,379	108,708
Occupational therapy services fee	60,316	41,937
Ophthalmology services fee	58,395	30,746
Orthopedics services fee	246,804	270,652
Orthopedic technology services fee	16,166	11,517
Outpatient Consultation - MMH	1,584	1,800
Paediatrics services fee	382,200	395,243
Pharmaceutical services fee	1,362,807	1,107,193
Physiotherapy services Fee	90,963	69,218
Plastic surgery services fee	69,903	31,491
In-Patient Fee	478,989	392,721
Radiology services Fee	444,644	472,524
Renal unit services fee	104,571	72,322
Reproductive health services fee	317,370	310,037
Sale of theatre services consumables	346,181	442,663
Theatre services fee	280,308	231,285
TSSU/ CSSD services fee	74,629	65,921
Other medical services fee	72,668	41,482
Total medical services revenue	7,548,807	6,940,345

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	2022	2021
	Kshs. '000'	Kshs. '000'
b) Administrative services revenue		
Administration charges	139,705	133,041
Nursing School fee	46,025	29,828
Seminars and training	16,498	9,426
Parking Fee	13,120	14,350
Total administrative services revenue	215,348	186,645
Total rendering of services revenue	7,764,155	7,126,990
Other medical services fee includes: Endoscopy fees, Palliative Care fees, Mental Health Services fees, Catering Services fees, Respiratory Infectious diseases services fees and Public Health services fees.		
10 Sale of goods		
Sale of stores	1,737	1,048
Tender documents	489	35
Pigs will	11	446
Total sale of goods revenue	2,237	1,529
11 Rental revenue from facilities		
Residential properties	99,912	98,700
Commercial properties	33,310	32,751
Total rental revenue	133,222	131,451
12 Interest income		
Bank interest	165,418	134,803
Interest on short term deposits	170	199
Total interest income	165,588	135,002
13 Clinical costs		
Cardiology materials	32,736	44,671
Cardiothoracic Consumables	16,149	11,116
Cleansing Materials	71,812	92,320
COVID -19 Patient Bills	62,490	341,012
Dental Materials	12,771	5,115
Dressing & Appliances	98,312	116,983
Enteral & Nutrition Feed	54,298	70,453
Health Information Stationery	11,455	10,516
ICU Materials	79,273	37,353
Laboratory Chemicals & Reagents	370,389	330,088
Medical Gases	354,924	313,315
Orthopaedic materials	23,572	65,616
Patients Food	256,349	235,048
Patients Uniform & Clothing	68,898	50,211

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	2022 Kshs. '000'	2021 Kshs. '000'
Pharmaceutical supplies	956,094	825,692
Radiology material & Chemicals	74,968	64,368
Renal materials	62,958	54,998
Reproductive Health Consumables	3,347	1,198
Stock Change	(68,003)	108,794
Surgical consumables	343,270	478,439
Sutures	426,024	239,468
UHC Patient Bills	32,252	51,876
Waste disposal expenses	8,462	2,420
Other clinical costs	103,475	118,834
Total Clinical Costs	3,456,275	3,669,904

Other clinical costs include: AIDS Control unit expenses; Clinical Outreaches expenses; purchase of crockery & cutlery; Disaster Management expenses; ENT consumables; Farewell home consumables, Infection control consumables; insecticide & rodenticides; laundry detergents expenses; medicine Materials; obsolete stock; occupational therapy materials; ophthalmology materials; technology materials; Patient affairs expenses; physiotherapy materials; radiotherapy materials; SPU materials tailoring materials.

14 Employee costs

Contribution to NSSF	15,575	15,395
Insurance premiums	90,936	77,241
Pension Cost - DB Scheme	892,671	1,064,038
Pension Cost - DC Scheme	437,020	391,707
Provision for leave pay (see note 32)	(8,657)	33,406
Salaries and wages	11,361,653	10,673,819
Service Gratuity	22,751	28,316
Staff medical expenses	500,938	414,023
Staff training and development	127,992	84,338
Staff welfare expenses	5,448	4,773
Travelling and accommodation	39,120	46,680
Total Employee costs	13,485,447	12,833,736

15 Board of Management expenses

Sitting allowance	3,740	4,860
Accommodation allowance	3,470	1,622
Chairman honoraria	900	960
Chief Executive Officer Salary	11,108	11,191
Mileage	260	396
Airtime	77	84
Insurance	960	325
Training	6,109	1,238
Total Board of Management expenses	26,624	20,676

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	2022 Kshs. '000'	2021 Kshs. '000'
16 Depreciation		
Freehold Buildings	227,872	224,903
Plant, Machinery & Medical Equipment	460,291	431,524
Motor Vehicles	7,318	5,407
Furniture & Fittings	3,220	3,462
Computers, Copiers & Faxes	17,131	38,951
Total depreciation	715,832	704,247
17 Repair and maintenance expenses		
Buildings	202,453	124,435
Medical equipment	117,373	89,068
Motor vehicle running expenses	26,764	23,751
Office equipment	6,829	10,096
Plant and machinery	87,934	48,837
Total repair and maintenance expenses	441,353	296,187
18 Administrative expenses		
Audit Fees	4,600	4,600
Bank Charges	8,264	6,499
Boiler fuel Expenses	73,229	102,593
Cleaning Services	41,007	35,795
Clearing and Forwarding Expenses	997	273
Computer Consumables	25,967	26,237
Electricity Expenses	166,420	151,103
Ethics & Research expenses	2,590	964
ICT Licences & Permits expense	38,148	
General Insurance Premiums	11,003	6,704
Interest on Finance Lease	980	1,227
Legal Expenses	8,080	18,354
Marketing and Communication	29,302	18,463
Outsourced Security	84,327	61,978
Quality Assurance expenses	231	6,086
Research & Development expenses	8,538	6,526
Resource Mobilization resources	1,923	
Sports Activities	316	1,753
Staff Uniform	11,767	8,674
Stationery	16,887	11,678
Tax Expenses	18,240	18,952
Telephone Expenses	12,153	10,602
Water & Conservancy expenses	105,104	81,318
Other Administrative and general Expenses	38,000	61,850
Total administrative expenses	708,073	642,229

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Other administrative expenses include: Purchase of Accountable documents; budget preparation expenses; chaplaincy materials; Corporate Affairs expenses; corruption prevention committee expenses; Debt Collection expenses; fire & safety expenses; gardening implements; internet services expenses; School of Nursing expenses; Mbagathi IDU Outsourced services; preparation of financial statements expenses and supply chain management expenses.

	2022 Kshs. '000'	2021 Kshs. '000'
19 Donor funded Projects expenses		
ABC Study	4,069	
AGYW Study	11,210	15,100
AHISA Study	26	
AI Neo Study	1,263	
aPS-Modified Assisted Partner Study		255
Breast Cancer Chemo Study	44	
Bubble CPAP Study	6,063	251
CHV-Neo Study	2,788	
Connect Project	69,693	
Drip Assist Study	458	8,025
ELEWA Project	1,598	1,510
FP Plus Study	24,194	9,949
GIRL Study	2,957	3,421
HCV TX Study	3,870	1,690
HIV Cascade Training Program	6,117	4,050
HIV Testing & Care in AECI Study	1,703	2,990
HIV-TB Emory	1,199	1,012
HIV-TB Study	7,049	6,968
ITIPS (Microbacterium TB infection)		847
KCV HIV Study	1,124	2,694
KNH HEU - Hope Project	20,751	5,641
LAI Study	4,293	
MHealth Study		3,085
MIAA Study	585	
Micro Biota & Preterm Birth study	585	4,322
MITIPS STUDY UNIT		3,135
MMAP STUDY	7,004	2,740
Mobile WACH NEO RCT	24,436	23,110
mPACT Study	3,980	5,367
Mwach Empower Study	1,029	
MwACH-PrEP Study	18,311	3,797
PACT-COE project	20,914	56,191
Partners in Prevention Study	1,326	2,832
Patient Navigation Programme	17,136	17,846
Pima Study	2,576	
Prima Ancillary	1,616	
PRIMA Study	2,010	12,796
PrIMA-X	22,047	14,935
SHARP STUDY	9,854	16,470
Summit Study	19,302	

	2022 Kshs. '000'	2021 Kshs. '000'
TES-NES Efficacy study	19,366	18,645
Timiza Study	12,397	9,646
Vijana Smart Study		11
WHO Case Study	4,605	
YES Study		565
Total Donor funded projects grants	359,548	259,896

20 Loss on sale of fixed assets		
Cost of fixed assets disposed	128,345	103,368
Accumulated depreciation	(128,345)	(101,893)
Net book value of assets disposed		1,475
Less: Sale proceeds on fixed assets disposal	(1,791)	(350)
(Gain)/Loss on sale of fixed assets	(1,791)	1,125

21 Impairment loss on Receivables		
Receivables from Exchange transactions	970,965	982,630
Receivables from Non-Exchange transactions		123,600
Total Impairment loss	970,965	1,106,230

The impairment loss for receivables from exchange transactions relates to provision for bad and doubtful debts on accounts receivables. Some of the patients who are referred for specialized health care are underprivileged and upon clinical discharge are unable to settle their medical bills. These patients are released from the Hospital on unsecured credit based on a commitment to settle their bills in the future. However, efforts to collect the due receivables from this category of patients are largely fruitless. Further, deceased patients whose bodies are not claimed by relatives are disposed off in accordance with the Public Health Act. Consequently, a provision for bad and doubtful debts has been made for the impaired receivables relating to indigent patients bills and unclaimed bodies bills (see note 26).

The impairment loss for non-exchange transactions relates to provision for recurrent grants allocated to the Hospital and accrued as receivables in FY 2015/2016 (Kshs. 9,999,994) and FY 2017/2018 (Kshs. 113,600,000) but not disbursed to the hospital as at June 30, 2022 (see note 27).

	2022 Kshs. '000'	2021 Kshs. '000'
22 Medical services contracts loss		
Contracts with NHIF	655,313	412,911
Linda Mama program	231,405	264,918
Total medical service contracts loss	886,718	677,829

Contracts with NHIF

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:

- Inpatient daily rebate of Kshs. 4,000 (comprehensive cover).
- Reimbursement for surgical procedures is based on pre-determined comprehensive packages for which pre-authorization by the Fund is given before a procedure is done.
- Radiology services i.e. C.T Scan and M.R.I. at Kshs. 8,000 and Kshs. 15,000 respectively.
- Renal dialysis at Kshs. 9,500
- Chemotherapy and radiotherapy services reimbursed at the pre-determined package upon prior approval by the Fund.

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.

Linda Mama Program loss

This loss has been occasioned by free maternity services offered by the Hospital under the Presidential directive in 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 plan, the Government reimburses the Hospital Kshs. 17,500 per delivery. KNH being a referral Hospital, however, receives complicated maternal referrals for specialized care services such as renal dialysis, critical care services, and neonatal care the medical cost of which is way above Kshs. 100,000.

With effect from July 2017, the Government transferred the Free Maternity program to NHIF under Linda Mama Program. While Linda Mama program still reimburses the Hospital Kshs. 17,500 per delivery, the package has now been enhanced so that in case of complication the Hospital is allowed to claim a normal rebate rate of Kshs. 4,000 per day in addition to the Kshs. 17,500.

	2022 Kshs. '000'	2021 Kshs. '000'
23 Net actuarial losses/(gains) in net liability-DB Scheme		
Net actuarial losses/(gains) and experience adjustments arising from participants experience	860,537	(2,124,412)
Actual return on assets less implied return included in net interest costs	681,716	(172,751)
Net actuarial losses/(gains) in net liability (see note 35)	1,542,253	(2,297,163)
24 Foreign Exchange Transactions loss		
Loss on exchange rate on a dollar bank account		28

The loss on foreign exchange transactions relates to the difference in US dollar exchange rate as a result of the ruling rate on June 30, 2021 for the dollar bank account. This bank account was not operational during the FY 2021/22.

	2022 Kshs. '000'	2021 Kshs. '000'
25 Cash and cash equivalents		
Current accounts	3,168,269	1,262,204
On-call deposits	366	366
Staff mortgage deposit	7,559	7,431
M-pesa Account	233	247
Total cash and cash equivalents	3,176,427	1,270,248
a) Current accounts		
National Bank of Kenya	3,140,761	1,222,751
Equity Bank	2,257	4,411
Kenya Commercial Bank	25,251	35,042
Total current accounts	3,168,269	1,262,204
b) On-call deposits		
National Bank of Kenya	366	366
Euro Bank Ltd (in liquidation)	429,661	429,661
Less: Provision for impairment	(429,661)	(429,661)
Total on-call deposits	366	366
c) Staff Mortgage deposit		
Housing Finance Co. of Kenya	7,559	7,431
d) M-pesa Account		
KNH MPESA Refund	233	247
Total cash & cash equivalents	3,176,427	1,270,248

Cash at bank earns interest at a floating rate based on daily bank deposit rates. On-call deposits are made for varying periods, depending on the immediate cash requirements of the Hospital, and earn interest at the prevailing call deposit rate. The provision for impairment of Kshs. 429,660,514 relates to short-term deposits held in Euro bank now in liquidation

Detailed analysis of cash and cash equivalents

			2022	2021
			Kshs. '000'	Kshs. '000'
Financial Institution	Account Name	Account Number		
Current Accounts				
Equity Bank	Equity PDQ	810260741031	2,257	4,411
Kenya Commercial bank	KNH Othaya	1135769672	22,817	32,972
Kenya Commercial bank	Hope Hostel	1144842999	2,434	2,071
National Bank of Kenya	Development 1	1003058005300	28,031	316,825
National Bank of Kenya	Heart Fund	1003058005700	96,212	92,143
National Bank of Kenya	Pact-Coe	1003086493600	16,757	7,644
National Bank of Kenya	Payroll & Administration	1003058005000	181,143	176,066
National Bank of Kenya	Recurrent	1003058004900	152,242	61,047
National Bank of Kenya	Revenue	1003058005200	1,825,265	110,493
National Bank of Kenya	VCT	1003058137700	151	306
National Bank of Kenya	Private Wing	1003058005800	840,960	458,226
Total Held in Current Accounts			3,168,269	1,262,204
On-call deposits				
National Bank of Kenya	KNH & M/S Guserwa & Co. Advocates	1403058066000	366	366
Kenya Commercial bank				
Euro Bank			429,661	429,661
Provision for impairment			(429,661)	(429,661)
Total on-call deposits			366	366
Staff mortgage deposit				
Housing Finance Co. of Kenya	Mortgage Scheme Deposit Account	2000027328-0	7,559	7,431
Cash at hand				
Safaricom PLC	KNH MPESA Refund	333700997	233	247
Total cash & cash equivalents			3,176,427	1,270,248

The cash and cash equivalents of Kshs. 3,176,427,160 held by the Hospital as at June 30, 2022 is composed of funds designated for on-going capital projects (Kshs.1,258,724,197) , Conditional grants received for donor funded projects (KShs.112,968,982), Covid-19 preparedness (Kshs.43,459,666), Mwai Kibaki Hospital presidential Launch (Kshs.1,262,516) and Kshs.1,760,011,800 to cater for the Hospital's financial obligations.

	2022 Kshs. '000'	2021 Kshs. '000'
26 Receivable from exchange transactions		
Medical services receivables	11,053,025	10,159,549
Rental receivables	36,525	38,615
School of Nursing receivables	1,449	824
Insurance compensation receivables	23,684	23,684
Subtotal	11,114,683	10,222,672
Prepayments	339,339	311,310
Accrued Investment income	20	
Legal fees Deposit	14,756	11,257
Subtotal	11,468,798	10,545,239
Less: Impairment allowance	(9,816,445)	(8,845,480)
Total Receivable from exchange transactions	1,652,353	1,699,759

As at June 30, 2022 trade receivables of Kshs. 9,816,444,487 (2021: Kshs. 8,845,479,711) were impaired and fully provided for.

Reconciliation for impairment allowance for receivables from exchange transactions

At the beginning of the year	8,845,480	7,862,850
Additional provisions during the year	970,965	982,630
End of year	9,816,445	8,845,480

27 Receivable from non-exchange transactions

Grants from National Government	268,168	2,332,501
Staff receivables	19,233	14,186
Subtotal	287,401	2,346,687
Less: Impairment allowance on GoK recurrent grant	(268,168)	(268,168)
Less: Impairment allowance on Staff receivables	(868)	(868)
Total Receivable from non-exchange transactions	18,365	2,077,651

The grants from National Government receivable relates 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) and FY 2017/18 (Kshs. 9,999,994). The impairment on recurrent grant (Kshs. 268,167,994) relates to grants aging beyond FY 2021/22.

Reconciliation for impairment allowance for receivables from non-exchange transactions

At the beginning of the year	269,036	145,436
Additional provisions during the year		123,600
End of year	269,036	269,036

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	2022 Kshs. '000'	2021 Kshs. '000'
28 Inventories		
Pharmaceutical supplies	512,221	357,766
Maintenance supplies	51,758	38,409
Food supplies	8,181	17,904
Linen and clothing	57,527	38,530
General stores	30,215	144,033
	659,902	596,642
Less: obsolete stock	(8,200)	(4,743)
Total Inventories	651,702	591,899

29. 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
Rate of Depreciation			12.5%	25% / 37.5%	25.0%	33%		
Cost or Revaluation	Kshs. '000'	Kshs. '000'	Kshs. '000'	Kshs. '000'	Kshs. '000'	Kshs. '000'	Kshs. '000'	Kshs. '000'
As at 30th June, 2020	3,577,314	8,970,563	6,601,285	85,647	290,391	296,413	796,474	20,618,087
As at 1st July, 2020	3,577,314	8,970,563	6,601,285	85,647	290,391	296,413	796,474	20,618,087
Prior year Adjustment			(2,500)					(2,500)
Additions	50,000	1	218,961	21,628	1,199	33,452	604,215	929,456
Transfers from WIP		25,560	28,142				(53,702)	
Disposals			(103,344)		(24)			(103,368)
As at 30th June 2021	3,627,314	8,996,124	6,742,544	107,275	291,566	329,865	1,346,987	21,441,675
As at 1st July, 2021	3,627,314	8,996,124	6,742,544	107,275	291,566	329,865	1,346,987	21,441,675
Additions			352,395	7,643	341	12,161	253,531	626,071
Transfers from WIP		118,772	126,153				(244,925)	
Adjustment on Land**	(150,018)							(150,018)
Disposals			(125,966)	(2,000)	(379)			(128,345)
As at 30th June 2022	3,477,296	9,114,896	7,095,126	112,918	291,528	342,026	1,355,593	21,789,383
Depreciation								
As at 1st July, 2020		2,436,107	4,527,727	85,647	272,021	266,648		7,588,150
Prior year Adjustment			(313)					(313)
Charge for the year		224,903	431,524	5,407	3,462	38,951		704,247
Disposal			(101,869)		(24)			(101,893)
As at 30th June, 2021		2,661,010	4,857,069	91,054	275,459	305,599		8,190,191
As at 1st July, 2021		2,661,010	4,857,069	91,054	275,459	305,599		8,190,191
Charge for the year		227,872	460,291	7,318	3,220	17,131		715,832
Disposal			(125,966)	(2,000)	(379)			(128,345)
As at 30th June, 2022		2,888,882	5,191,394	96,372	278,300	322,730		8,777,678
Net Book Value								
As at 30th June 2021	3,627,314	6,335,114	1,885,475	16,221	16,107	24,266	1,346,987	13,251,484
As at 31st June 2022	3,477,296	6,226,014	1,903,732	16,546	13,228	19,296	1,355,593	13,011,705

29 Property, Plant & Equipment (continued)**a) Fully Depreciated Assets**

Included in the Property, Plant & Equipment are motor vehicles (Kshs.83,646,634), plant machinery and medical equipment (Kshs.3,399,928,605), furniture and fittings (Kshs.219,305,427) and Computers, copiers & faxes (Kshs.322,065,891) whose net book value is nil balance. This has been occasioned by use of straight line method of depreciation. The management is in recognition that these fixed assets are fully depreciated and still in use. Revaluation process has been initiated to determine the economic value of the fully depreciated assets.

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

During the 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 received 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.'
1.	LRN 209/25138	2.1695	160,844,735
2.	LRN 209/11460	0.2173	15,816,139
3.	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 measuring 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 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, 2022 is tabulated below:

Description	Amount
	Kshs.'000'
Construction of Paediatrics Emergency and Burns Management Centre	806,937
Construction of Cancer Treatment Centre	278,219
Implementation of ERP	237,077
Construction of Mortuary for KNH-Othaya	33,360
Total	1,355,593

30 Trade and other payables

	2022 Kshs. '000'	2021 Kshs. '000'
Trade payables	1,056,071	863,034
Retention money	117,935	104,976
Remittances	59,112	69,761
Doctors' fees	251,694	190,791
Tax liability	80,534	80,534
Other payables	3,391	1,488
Total trade and other payables	1,568,737	1,310,584

Other payables include unpaid salaries and over recovery from staff.

Tax Liability

Kenya Revenue Authority (KRA) 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. 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 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, 2022. The Hospital is awaiting KRA's response on the appeal made.

	2022 Kshs. '000'	2021 Kshs. '000'
31 Deposit from customers		
Admission deposit	32,881	16,875
Advance receipts	17,354	14,798
Caution Money	1,108	951
Institutional deposit	14,470	14,720
Medical Report Deposit	1,600	1,585
Rent Deposit	11	197
TVETA Quality Assurance	35	
Total deposit from customers	67,459	49,126
32 Provision for leave pay		
Balance at the beginning of the year	195,655	162,249
Additional provision raised		33,406
Provision utilized	(8,657)	
Total provisions for leave pay at year end	186,998	195,655
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 projects grants	98,593	91,797
Donations in kind	187,066	185,979
Specific donations	3,880	2,419
Recurrent Grants from National Government	44,723	565,426
School of Nursing pre-paid fee	6,944	8,277
Total deferred income	341,206	853,898

The deferred income movement is as follows:

Details	Donor funded 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.	91,797	185,979	2,419	565,426	8,277	853,898
Receipts during the year	366,344	15,260	1,461		28,686	411,751
Recognized in SOFP	(359,548)	(14,173)		(520,703)	(30,019)	(924,443)
Deferred income	98,593	187,066	3,880	44,723	6,944	341,206

Donor Funded Projects grants deferred

Donor funded projects grants deferred relates to grants received from donors for utilization beyond the period ended June 30, 2022.

Donations in Kind deferred

Donations in kind relates 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. 187,066,150 is the value of the fixed assets that was not 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 deferred relates to cash donated by members of the public towards construction of Hope Hostel (Kshs. 2,440,325) and Adopt-A-Bed Program (Kshs. 1,440,000) for purchase of patient crank beds.

Recurrent grants deferred

During FY2021/22, the Hospital utilized recurrent grants totaling to Kshs. 520,703,366 out of Kshs. 565,425,549 grants that were deferred in FY2020/21. The utilization relates to Kshs. 150,000,000 for payment of leave allowance, Kshs. 282,930,269 for COVID-19 management expenses, Kshs. 7,637,484 for Mwai Kibaki Hospital presidential launch preparation expenses and employee salary adjustment Kshs. 80,135,614.

School of Nursing pre-paid fee

School of Nursing pre-paid fee of Kshs. 6,944,730 relates to fee paid by students for semesters running beyond the period ended June 30, 2022.

34 National Social Security Arrears

This is a statutory defined contribution pension scheme in which the employer and employee contribute equal amounts. The Hospital's contribution during the year under review has been charged to the statement of financial performance.

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 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 Government of Kenya recurrent grant. This amount has however not been funded and has thus remained outstanding. Since FY 2016/17 to 2020/22 the Hospital has been paying Kshs. 24 million each year awaiting Ministry of Health intervention.

	2022	2021
	Kshs. '000'	Kshs. '000'
National Social Security Fund arrears	166,830	190,830

35 Retirement Benefits 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 (DC) 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's contribution to KNH Staff Retirement Benefits Scheme is at 10% while employees contribute at 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 (DB) 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 (closure date) and future accrual of benefits on March 31, 2012. Members aged 45 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. Their benefits in the closed scheme are based on the lower of member's basic salary at the date of leaving service or annual basic salary as at closure date valued at 7% p.a. to date of leaving service, retirement, or death in service.

The DB scheme assets are managed by fund managers on behalf of the scheme trustees. The current fund managers are British American Insurance Company (K) Ltd and GenAfrica Asset Management. The Hospital contributes to the DB scheme in respect of those members who opted to remain in the scheme. The Hospital's 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 to fulfill the financial reporting and disclosure requirements of IPSAS 39. The present value of the defined benefit obligation and the related current cost was measured using the Projected Unit Credit Method.

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

Details	2022	2021
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	A1949/52	A1949/52
Mortality - females	A1949/52	A1949/52
The weighted average duration of the defined benefit obligation	7.0	7.0

a) Amount recognized in the statement of financial performance

The amount recognized in the statement of financial performance in respect of the defined benefit scheme is as shown below:

Details	2022	2021
	Kshs.'000'	Kshs.'000'
Current service cost net of employee's contributions	159,115	187,089
Interest on net liability	733,556	876,949
Total included in Employee costs in respect to the DB scheme	892,671	1,064,038

Net actuarial losses/(gains) in net liability recognized in the year

Details	2022	2021
	Kshs. '000'	Kshs.'000'
Net actuarial losses/(gains) and experience adjustments arising from participants experience	860,537	(2,124,412)
Actual return on assets less implied return included in net interest costs	681,716	(172,751)
Total included in other losses/(gains) in respect of the scheme	1,542,253	(2,297,163)

b) Amount recognized in the statement of financial position

The amount included in the statement of the financial position arising from the Hospital's obligation in respect of the defined benefit scheme is as follows:

Details	2022	2021
	Kshs'000'	Kshs'000'
Present value of funded obligations	(15,929,538)	(14,832,396)
Fair value of Scheme assets	6,329,400	7,485,602
Net Defined Benefit liability (Retirement Benefits Obligation)	(9,600,138)	(7,346,794)

	2022 Kshs. '000'	2021 Kshs. '000'
36 Borrowings		
Spanish Loan		1,199,863

The Government of the Republic of Kenya and the Kingdom of Spain signed a loan agreement on July 29, 2005, for a loan of Euros 14 million (Kshs. 1,199,862,823) in form of medical equipment for KNH. Though there was no on-lending agreement executed between the Hospital and the National Treasury, the Hospital recognized the assets (medical equipment) and the Spanish loan in the books.

During FY 2021/22, The National Treasury granted approval to convert the loan to Capital grant. The necessary accounting entries have been effected in the books to recognize the grant under Capital Reserve in FY 2021/22 (See note 38).

37 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	2022 Kshs.'000'	2021 Kshs.'000'
Finance lease liability at the beginning of period	8,447	10,237
Less: Repayment during the year	2,037	1,790
Finance lease liability as of June 30	6,410	8,447

Maturity Analysis:

Period	Amount
Year 2019/20	811,937.47
Year 2020/21	1,790,173.62
Year 2021/22	2,037,274.03
Year 2022/23	2,318,482.05
Year 2023/24	4,091,342.69
Total	11,049,209.86

	2022 Kshs. '000'	2021 Kshs. '000'
38 Capital Reserve		
As at July 1	10,510,592	9,367,825
Capital Grants received during the year (see below)	1,635,410	1,095,289
Mwai Kibaki Hospital Land addition {Note 29b (iv)}		50,000
Kenya Police Service Land adjustment {Note 29b (ii)}	(3,089)	
Prior year adjustment		(2,522)
As at June 30	12,142,913	10,510,592

Capital Grants received during the year

During the FY 2021/22, the Hospital received capital grants totaling Kshs. 1,635,410,343 as tabulated below;

Details	Grant Type	Amount Kshs. '000'
Construction of Cancer Treatment Centre	Cash	140,000
Construction of Paediatrics Emergency and Burns Management Centre	Cash	250,000
Repair of Tower Block Lifts	cash	24,000
Sub total		414,000
Computers and Medical Equipments from MOH to Mwai Kibaki Hospital	Computers and Medical Equipment	6,400
Complete Endoscopy Unit from MOH to KNH	Medical Equipment	15,000
Motor Cycle from MOH to KNH	Motor Cycle	147
Sub total		21,547
Spanish Loan Grant	On-lent Loan converted to Capital Grant	1,199,863
Total GoK Capital Grants		1,635,410

39 Accumulated fund

As of July 1	(11,545,417)	(13,273,882)
Deficit for the year	(2,648,462)	1,728,153
Prior Year Adjustment		312
As at June 30	(14,193,879)	(11,545,417)

40 Revaluation reserve

As at July 1	8,770,669	8,770,669
Adjustment on land {see Note 29b (ii)}	(146,929)	-
As at June 30	8,623,740	8,770,669

41 Cash generated from operations

Deficit for the year	(2,648,462)	1,728,153
Adjusted for: -		-
Depreciation and amortization	715,832	704,247
(Gain)/ Loss on disposal of fixed asset	(1,791)	1,125

	2022 Kshs. '000'	2021 Kshs. '000'
Non-cash grants received	(167,382)	(55,364)
Interest income	165,588	(135,002)
Foreign exchange (Gain) / Loss		28
Operating deficit before working capital changes	(1,936,215)	2,243,187
(Increase) / Decrease in stock	(59,803)	116,463
(Increase) / Decrease in receivables	2,108,969	(1,116,820)
Increase / (Decrease) in payables	1,976,307	(1,697,073)
Increase / (Decrease) in deferred income	(231,557)	(636,234)
Increase / (Decrease) in provision for leave pay	(8,657)	33,406
Net cash outflow from operating activities	1,849,044	(1,057,071)

42 Contingent Liabilities

Tax Liability on rental and interest income

Kenyatta National Hospital filed its returns for the period 2014/15 to 2018/19 and specified its sources of income into three; Cost sharing, Rental and interest. In filing the income tax returns, the hospital declared all the income earned as tax exempt based on the fact that it satisfies the qualifications for exemption as provided in Income Tax Act (ITA) First Schedule Part 1 paragraph 10.

Upon receipt of Income Tax returns, KRA issued a notice to amend income tax returns Ref: P051098779X dated 30th April 2021 requiring the hospital to emend returns and declare rental and interest income as taxable since KNH is not tax exempt and has no valid tax exemption certificate. In addition, KRA computed the tax due based on the interest and rent income earned and demanded KNH to pay Commissioner of Domestic Taxes total tax Kshs 615,642,650 analyzed as follow:

Details	Principal Tax	Interest	Penalty	Total
Interest Income	169,118,700	79,637,733	62,189,108	310,945,541
Rent Income	191,288,583	75,150,809	38,257,716	304,697,108
Tax Liability	360,407,283	154,788,542	100,446,824	615,642,650

The hospital appealed to Kenya Revenue Authority to vacate the position of demanding payment of taxes on rental and bank interest earned for the period income tax returns were filed. Further, the hospital informed Principal Secretary, Ministry of Health about tax demand and sought the Ministry's intervention to have Kenyatta National Hospital be included in the First Schedule of Income Tax Act, to expressly exempt its income from income tax through amendment of Income Tax Act. Later, the hospital wrote to the Cabinet Secretary, The National Treasury and Planning to authorize KRA to abandon tax demand. The issue is being discussed by National Treasury and Kenya Revenue Authority.

In order to avoid future tax demands, Kenyatta National Hospital made an application for income tax exemption certificate on 10th March 2021. The Hospital is following up with KRA to ensure issuance of tax exemption certificate.

Paediatric Emergency Centre and Burns Management Centre Project

The construction of the Paediatric 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 Paediatric Centre will contain 82 general ward beds, 24 ICU and 6 High Dependency beds. The civil works was expected to be completed on 20th August 2020 but the date was revised to 9th January 2023.

The estimated cost of the project was Kshs. 2,959,511,555 that is payable to the contractor and Kshs. 39,927,200 due to the project consultant. The amount payable to the contractor is financed by the Government of Kenya (58.2%), OPEC Fund for Economic Development (17.2%), Arab Bank for Economic Development of Africa (12%) and the Saudi Fund for Development (12.6%). The amount payable to the project consultant is financed by the Arab Bank for Economic Development of Africa (50%) and the Saudi Fund for Development (50%).

The contractor suspended construction works on 1st July 2021 due to delayed payments for interim certificates (Kshs. 78,848,666.22) and interest on delayed payments (Kshs. 34,364,665). Subsequently, Kshs. 31,213,364 & Kshs. 5,738,227 was paid by the financiers and KNH towards settlement of unpaid interim certificates leaving a balance of Kshs. 41,808,603 as at 30th August 2022. The pending payments due to the contractor relate to; 10% retention and 3% withholding tax retained by the Financiers and variation in the computation of advance payment recovery on Interim payment certificates.

As at 30th August 2022, the contractor had not resumed construction and has demanded that:

1. All the pending payments amounting to Kshs. 41,808,603 be fully settled.
2. A commitment letter from KNH/MOH stating when and how the interest on delayed payments amounting to Kshs. 34,364,665 will be paid.

The Hospital has engaged the contractor, the consultant, Ministry of Health, the financiers and the National Treasury to ensure amicable solutions that will settle the claims raised by the contractor and the project consultant are gotten and that the project is completed within the expected period.

However, continued inactivity in the project raises potential for the following liabilities:

a) The Contractor

The contractor has laid out the following claims against the Hospital:

- i. Compensation for rectifying defects caused by project delays leading to materials and works deterioration due to exposure to extreme weather elements for 3rd and 4th floors valued at Kshs. 81,236,740.
- ii. Compensation for exponential increase in prices for construction materials specifically reinforcement and structural steel, aluminum products and cement. These costs will affect the final contract sum to be paid.
- iii. Increase in cumulative interest on delayed payments. As at June 2022, the interest on delayed payments claim amounted to Kshs. 34,364,665.
- iv. Compensation for financial claim caused by idle plant and machinery in construction site. The interim claim dated 23rd August 2022 amounts to Kshs. 12,530,401.

b) The Project Consultant

The Contract for Consultancy services for the design, documentation and supervision of the construction and equipping of the Paediatric Emergency Centre and Burns Management Centre was signed on 9th December 2011. The Contract specified that the total built up area as approximately 11,560 SM. However, the final area required by Hospital and being implemented is 33,700 SM.

The consultant has laid out following claims:

- a) Consultancy fee compensation claim for change of scope totaling to Kshs. 130,371,288.17
- b) The consultant issued a notice for suspension of professional consultancy services on 23rd February 2021 due to delay in their payments for fee 1,2, & 3 totaling to Kshs. 20,190,982.55. The MoH and National Treasury approved that KNH settle the project consultant pending payments using the GoK allocation after which he resumed to offer services with effect from 20th September 2021. However, the consultant has laid out a claim against the hospital of Kshs. 17,203,412.77 being interest on delayed payments.

43 Financial instruments

Capital risk management

The Hospital manages its capital to ensure it can continue as a going concern while maximizing return. The Hospital's overall strategy remains unchanged from the prior year and is not subject to externally imposed capital requirements. The Hospital capital structure comprises the following funds;

	2022 Kshs. '000'	2021 Kshs. '000'
Revaluation Reserve	8,623,740	8,770,669
Accumulated Fund	(14,193,879)	(11,545,417)
Capital Reserve	12,142,913	10,510,592
Total Funds	6,572,774	7,735,844
Borrowings		1,199,863
Finance Lease Liability	6,410	8,447
Net Defined Benefit Liability	9,600,138	7,346,794
NSSF Arrears	166,830	190,830
Total Borrowings	9,773,378	8,745,934
Less: Cash and bank balances	3,176,427	1,270,248
Net debt / (excess cash & cash equivalent)	6,596,951	7,475,686
Gearing ratio: (borrowings to total funds)	149%	113%

Financial risk management objectives

The Hospital is exposed to credit and liquidity risks related to financial instruments. The Hospital does not enter into or trade-in financial instruments and investments in securities, including derivative financial instruments for speculative purposes

Credit risk**Exposure to credit risk**

Financial assets that potentially subject the Hospital to the concentration of credit risk consist principally of cash, short-term deposits, and trade and other receivables. The Hospital's cash equivalents and short-term deposits are placed with financial institutions with a high credit rating. Trade receivables are represented net of the allowance for doubtful receivables.

The carrying amounts of financial assets included in the statement of financial position represent the Hospital's maximum exposure to credit risk in relation to these assets. Between June 30, 2021 and June 30, 2022, the Hospital did consider there to be a significant concentration of credit risk.

	Total Amount	Fully performing	Past due	Impaired
As at June 30, 2022	Kshs.'000'	Kshs.'000'	Kshs.'000'	Kshs.'000'
Receivables from exchange transactions	11,468,798	1,652,353	970,965	8,845,480
Receivables from non-exchange transactions	287,401	18,365		269,036
Bank balances	3,606,088	3,176,427		429,661
Total	15,362,287	4,847,145	970,965	9,544,177
As at June 30, 2021				
Receivables from exchange transactions	10,545,239	1,699,759	982,630	7,862,850
Receivables from non-exchange transactions	2,346,688	2,077,651	123,600	145,437
Bank balances	1,699,909	1,270,248		429,661
Total	14,591,836	5,047,658	1,106,230	8,437,948

Liquidity risk

The 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 by maintaining adequate reserves by continuously monitoring the forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity risk is the risk that the Hospital will be unable to meet its funding requirements. The table below summarizes the maturity profile of the Hospital's non-derivative financial liabilities. The contractual maturity

of the financial liabilities has been determined based on the remaining period at the end of the reporting period to the contractual repayment date.

The maturity profile is monitored by management to ensure adequate liquidity is maintained. The maturity profile of the liabilities as of June 30, 2022, based on existing contractual repayment arrangements was as follows:

	Less than 1 month Kshs. '000'	Between 1-3 months Kshs. '000'	Over 5 months Kshs. '000'	Total Kshs. '000'
As of June 30, 2022	1,173,370	234,674	160,693	1,568,737
Trade payables			166,830	166,830
NSSF arrears			6,410	6,410
Finance Lease Liability		896,671	8,703,467	9,600,138
Net Defined Benefit Liability				
	1,173,370	1,131,345	9,037,400	11,342,115
As at June 30, 2021				
Trade payables	585,981	386,502	338,101	1,310,584
NSSF arrears			190,830	190,830
Finance Lease Liability			8,447	8,447
Net Defined Benefit Liability		364,822	6,981,972	7,346,794
Spanish Loan			1,199,863	1,199,863
Total	585,981	751,324	8,719,213	10,056,518

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

	2022 Kshs. '000'	2021 Kshs. '000'
i) Amount due from Related Parties		
Ministry of Health	10,830,000	8,836,667
ii) Board of Management remuneration		
Sitting Allowance	3,740	4,860
Accommodation Allowance	3,470	1,622
Chairman Honoraria	900	960

	2022 Kshs. '000'	2021 Kshs. '000'
CEO Salary	11,108	11,191
Mileage	260	396
Airtime	77	84
Total Board of Management remuneration	19,555	19,113

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

iii) Key management compensation

Gross Salaries	154,866	119,707
Gratuity		
Total key management compensation	154,866	119,707

22 members of senior management served during the year

45 Events after the Reporting Period

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

46 Ultimate and Holding Entity

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

47 Currency

The financial statements are presented in Kenya Shillings thousands (Kshs. '000')

Appendices

Appendix I: Progress on Follow Up of Auditor Recommendations

1. Unreconciled M-pesa Balances

Issue / Observations from Auditor

The statement of financial position reflects cash and cash equivalents balance of Kshs.1,270,248,000 (2020 - Kshs.1,937,317,000) as disclosed in Note 25 to the financial statements. The amount includes M-pesa balance of Kshs.246,675 while the certificate of balance reflects Kshs.232,822 leading to unexplained nor reconciled variance of KShs.13,853. In addition, the Mpesa statements for Mpesa Paybill and Mpesa Refund for the period ending 30 June, 2021 were not provided for audit.

In the circumstances, the accuracy and completeness of M-pesa balance of Kshs.246,675 as at 30 June, 2021 could not be confirmed.

Management Response

The KNH Mpesa refund variance of Kshs. 13,853.00 has been reconciled and cause of the differences as shown as below:

Details	Kshs.
Mis-posted bank charge	2,695.28
Mis-posted Medical records	2,000.00
Ophthalmology	5,000.00
Various other mis-postings	28,986.81
Amount posted in revenue account (April 2021-June 2021)	(24,829.71)
Total	13,852.38

Status: Resolved

Time frame: June 30, 2022

Misstatement of Receivables from Non-Exchange Transaction

Issue / Observations from Auditor

The statement of financial position reflects receivables from non-exchange transactions of Kshs.2,077,650,000 (2020 – Kshs.1,182,597,000) as disclosed in note 27 to the financial statements. Included in this figure is impairment allowance on GoK recurrent grant of Kshs.268,167,994. This amount relates to GoK funds that Kenya National Hospital recognized as a receivable before receipt of funds. This contravenes paragraph 29 of IPSAS 23 which requires that an entity will recognize an asset arising from a non-exchange transaction when it gains control of resources that meet the definition of an asset and satisfy the recognition criteria.

In the circumstances, the accuracy and completeness of impairment allowance on GoK recurrent grant of Kshs.268,167,994 as at 30 June, 2021 could not be confirmed.

Management Response

The Hospital uses IPSAS accrual in preparation of its financial statements. IPSAS 23, paragraph 35, provides that; “An inflow of resources is “probable” when the inflow is more likely than not to occur. The entity bases this determination on its past experience with similar types of flows of resources and its expectations regarding the transferor”.

The National Government had already a binding agreement with the Hospital to transfer funds every month and it has a history of transferring agreed resources. It was probable that the inflow will occur, notwithstanding that the funds had not been transferred at the reporting date.

IPSAS 23 paragraph 79, provides that; “an entity obtains control of transferred resources either when the resources have been transferred to the entity, or the entity has an enforceable claim against the transferor. Many arrangements to transfer resources become binding on all parties before the transfer of resources takes place”.

These had been reported as receivable assets from the National Government in the financial statements and accordingly disclosed in Note 27 to the financial statements.

The impairment allowance of Kshs.268, 167,994.32 has been provided for in line with International Public Sector Accounting Standards (IPSAS) in recognition of the uncertainty of recoverability of the receivable asset.

The management will seek approval for write off from The National Treasury and adjust the books of account accordingly.

Status: Unresolved

Time frame: June 30, 2022

2. Variance between Cashbook and Financial Statements

Issue / Observations from Auditor

The statement of financial position reflects cash and cash equivalents of Kshs.1,270,248,000 (2020 - Kshs.1,937,317,000) as disclosed in Note 25 to the financial statements. Included in this balance is Kshs.61,047,174 in respect recurrent bank account held at National Bank of Kenya. However, the cashbook balance is Kshs.41,341,103 resulting to unexplained nor reconciled variance of Kshs.19,706,071.

In the circumstance the accuracy of the cash and cash equivalents figure of Kshs.1,270,248,000 as at 30 June, 2021 could not be confirmed.

Management Response

This variance was as a result of transfer of funds General wing and KPCC with relation to payment of PAYE. Reconciliation has been done effected in the amended financial statements.

Status: Resolved

Time frame: June 30, 2022

3. Revaluation of Assets

Issue / Observations from Auditor

The statement of financial position reflects property, plant and equipment of Kshs.13,202,648,000 (2020 – Kshs.13,029,937,000) as disclosed in note 29 to the financial statements. The amount includes fully depreciated assets whose cost/valuation is Kshs.4,109,806,303. However, these assets are still in use and have not been revalued to determine their expected future benefits and associated obligations. This is contrary to the Kenyatta National Hospital Finance Manual Section Chapter 8.3.4 that requires revaluation of assets after every five (5) years.

Consequently, this may result into increased operating profits since depreciation expenses are not being recognized for the fully depreciated assets that are still benefiting the Hospital. Therefore resulting to misstated profit or loss for the year ended 30 June, 2021.

Management Response

A budget of Kshs.500, 000 was approved for asset tagging and valuation in the year under review. However, this wasn't achieved as the activities require more funds as per market analysis. Allocation of funds will be prioritized in the FY2022/2023.

Status: Resolved
Time frame: June 30, 2022

4. Outstanding Staff Debtors

Issue / Observations from Auditor

The statement of financial position reflects receivables from non-exchange transactions of Kshs.2,077,650,751 (2020 – Kshs.1,182,597,000) as disclosed in note 27 to the financial statements. The amount includes staff receivables of Kshs.14,186,302 out of which Kshs.1,241,975 are staff debtors relating to hospital bills that staff had guaranteed patients who had already been discharged. These staff debtors include Kshs.873,057 for staff who are no longer employees of Kenyatta National Hospital and are likely not to be recovered. This is contrary to KNH Credit policy and procedure manual provides guidance for patients who are unable to settle their outstanding bills to secure their debt with collateral however the policy does not provide for staff guarantorship.

In the circumstances, the accuracy and completeness of staff receivables of Kshs.1,241,975 as at 30 June, 2021 could not be confirmed and it may also result in losses to the hospital through uncollected debts.

Management Response

The Hospital management is in the process of reviewing the credit policy which will include how staff will guarantee any hospital bills for their relatives.

A provision has been made in the financial statements for the long outstanding staff debts in line with the requirements of IPSAS. The process of debt write off will be initiated in line with the PFMA regulations requirements.

Status: Resolved
Time frame: June 30, 2022

5. Borrowings

Issue / Observations from Auditor

As previously reported, the statement of financial position reflects borrowings of Kshs.1,199,863,000. This relates to a loan received in the financial year 2007/2008 from the Kingdom of Spain in form of medical equipment valued at Euro 14,000,000. The National Treasury confirmed vide letter ref: DND 4/78 dated 20 March, 2019 that the loan has been serviced since 2012 as per agreement with the Spanish Government. The loan balance as at 30 June, 2018 was Euro 4,666,668 out of the principal loan amount of Euro 14,000,000. However, the loan balance confirmation certificate as at 30 June, 2021 was not provided for audit review.

In absence of loan balance confirmation certificate, the accuracy and completeness of borrowings of Kshs.1,199,823,000 as at 30 June, 2021 could not be confirmed.

Management Response

The Government of the Republic of Kenya and the Kingdom of Spain signed a loan agreement on July 29, 2005 for a loan of Euros 14 million (Kshs. 1,199,862,823) in form of medical equipment for KNH. Though there was no on-lending agreement executed between the Hospital and the National Treasury, the Hospital recognized the assets (medical equipment) and the Spanish loan in the books

During FY 2021/22, The National Treasury granted approval to convert the loan to Capital grant. The necessary accounting entries have been effected in the books to recognize the grant under Capital Reserve in FY 2021/22

Status: Resolved
Time frame: June 30, 2022

6. Over Provision of Free Maternity Receivable

Issue / Observations from Auditor

The statement of financial position reflects receivables from exchange transactions of Kshs.1,702,193,000 (2020 – Kshs.1,477,994,000) as disclosed in

Note 26 to the financial statements which reflects impairment allowance of Kshs.8,838,170,000 (2020 – Kshs.7,862,850,000). The balance includes Kshs.55,332,800 impairment allowance on free maternity. However, the actual free maternity receivable balance is Kshs.45,077,800 implying overprovision of Kshs.10,255,000.

In the circumstances, the accuracy and completeness of impairment loss on free maternity of Kshs.55,332,800 as at 30 June, 2021 could not be confirmed.

Management Response

The necessary adjustments were made in the financial statements to reflect the correct provisions of bad and doubtful debts.

Status: Resolved
Time frame: June 30, 2022

7. Defined Benefit Pension Scheme Deficit

Issue / Observations from Auditor

The statement of financial performance reflects employee costs of Kshs.12,833,440,000 (2020 – Kshs.11,575,384,000) as disclosed under note 14 to financial statements. Included in the expenditure is Kshs.1,063,743,000 on defined benefit scheme. However, Kenyatta National Hospital (KNH) defined benefit scheme actuarial valuation as at 30 June 2021, showed defined benefit liability of Kshs.16,004,501,538 against the scheme's assets of Kshs.7,232,511,954 resulting to underfunding of Kshs.8,771,989,584 which was to be paid by KNH as Scheme Sponsor. The Hospital as the scheme sponsor has been requesting for funding of the deficit and in financial year 2020/2021 an amount of Kshs.100 million was received.

In view of the huge deficit and without adequate measure to address the issue, the Kenyatta National Hospital pension scheme is not sustainable.

Management Response

The hospital has been disbursing to the scheme the allocated Kshs 100 million from FY 2015/16 to FY 2020/21 to reduce the deficit. The hospital through the Ministry of Health, has been lobbying for a higher allocation to help in reducing the deficit. For the FY 2022/23 an additional Kshs. 300M was allocated for the scheme. The Hospital Management expects that the amount will be sustained at Kshs. 400M moving forward.

The Hospital continues to explore other ways of raising funds for the scheme.

Status: Resolved
Time frame: June 30, 2022

8. Overpayment of Training Expenditure

Issue / Observations from Auditor

The statement of financial performance reflects employee costs Kshs.12,833,440,000 (2020 – Kshs.11,575,384,000) as disclosed under note 14 to financial statements. Included in the expenditure is Kshs.84,338,000 incurred on staff training and development out of which Kshs.3,749,999 was paid to train on basic life support and advanced cardiac life support towards one-hundred and fifty (150) participants each at Kshs.25,000. However, only one hundred and thirty (130) participants attended resulting to an overpayment of Kshs.500,000 being amount for twenty (20) participants who did not attend.

In the circumstances, the accuracy and propriety of on staff training and development expenditure of Kshs.3,749,999 for the year ended 30 June, 2021 could not be confirmed.

Management Response

During payment process to the service provider it was noted that some officers did not attend the training and therefore administrative action was taken against them and they are all being surcharged the training fees with effect from April 2022.

Status: Resolved
Time frame: June 30, 2022

9. Land Valuation

Issue / Observations from Auditor

The statement of financial position reflects property, plant and equipment of Kshs.13,202,648,000 (2020 – Kshs.13,029,937,000) as disclosed under note 29 to financial statements. Included in the amount is land addition valued at Kshs.63,200,000 measuring 7.9 acres at Kenyatta National Hospital - Othaya. However, the valuation report provided for audit revealed value of Kshs.50,000,000 resulting to unexplained variance nor reconciled variance of Kshs.13,200,000.

In the circumstances, the accuracy, propriety and completeness land valued at Kshs.63,200,000 as at 30 June, 2021 could not be confirmed.

Management Response

The initial estimate provided was to be used as an estimate during the preparation of financial statements before the final report from the valuer was received. Subsequently, the estimated value of land Kshs. 63,200,000 reported in the financial statement was adjusted to reflect the actual valuation of Kshs. 50,000,000 by a certified valuer per the valuation report.

Status: Resolved
Time frame: June 30, 2022

10. Un Reconciled Stock Change

Issue / Observations from Auditor

The statement of financial performance reflects clinical costs of Kshs.3,507,605,000 (2020 – Kshs.2,293,220,000) as disclosed in Note 13 to the financial statements. The amount includes stock change of Kshs.108,794,000 whose supporting schedules reflects Kshs.111,719,979 resulting to unexplained nor reconciled variance of Kshs.2,925,979. Further, no breakdown was provided to support the stock change movement.

In the circumstances, the accuracy and propriety of stock change of Kshs.2,925,979 for the year ended 30 June, 2021 could not be confirmed.

Management Response

The Kshs. 2,925,979 relates to items that were donated to other health facilities but had not physically collected as at the time of the stock take. However, the financial reports have reflected the correct amount of Kshs. 108,794,000 being net of the donated items.

Status: Resolved
Time frame: June 30, 2022

11. Prepayments

The statement of financial position reflects receivable from exchange transactions of Kshs.1,702,193,000 (2020 – Kshs.1,477,994,000) as disclosed in Note 26 to the financial statements. The following unsatisfactory matters were noted:

11.1. Unreconciled Prepayments

Issue / Observations from Auditor

The amount includes prepayment of Kshs.311,310,000 out of which Kshs.265,483,505 were advance payments for proposed pediatric and emergency center and burns management center tender no. KNH/T/65/2017-2018. Interim payment certificate No. 11, indicates recouped amount of Kshs.25,454,925 out of the overall initial advance payment of Kshs.295,951,155. This results to advance payment balance of Kshs.270,496,230 instead of Kshs.265,483,505 disclosed in financial statements resulting to unexplained nor reconciled variance of Kshs.5,012,725.

In the circumstances, the accuracy and completeness of advance payments of Kshs.265,483,505 as at 30 June, 2021 could not be confirmed.

Management Response

The statement for interim certificate No. 11 as per the Quantity surveyor indicates an advance payment recovery of Kshs. 25,454,925. This advance payment recovered by the Quantity Surveyor – Aegis Development Solutions Limited was understated by Kshs. 5,012,725.25 as shown below:

Vaghiyani Enterprises Limited	Gross advance payment Recovery Amt as per KNH Tabulation (Kshs)	Retention on advance payment recovered amount by KNH (KShs)	Net advance payment recovered (Kshs)
Certificate 10	15,851,194	1,585,119	14,266,075
Certificate 11	18,001,751	1,800,176	16,201,575
Total Advance recovery by KNH	33,852,945	3,385,295	30,467,650
Advance recovery by Aegis Development Solutions Limited (QS)			25,454,925
Variance			5,012,725

The hospital recovered the correct amount of Kshs. 30,467,649.25. The variation was communicated to the quantity surveyor through a letter send via an e-mail and he acknowledged through e-mail to correct the variance in subsequent certificates.

Status: Resolved

Time frame: June 30, 2022

11.2. Unsupported Prepayments

Issue / Observations from Auditor

Receivable from exchange transactions includes Kshs.2,952,783 being prepayments to two (2) firms which were not supported by contracts and payment vouchers.

In the circumstances, the accuracy and completeness of prepayment balance of Kshs.2,952,783 as at 30 June, 2021 could not be confirmed.

Management Response

The Hospital paid Nairobi Enterprises Ltd Kshs 4,359,560 and Corporate Events Management Kshs 84,535 but bank details were inadvertently interchanged resulting to Corporate Events management receiving Kshs 4,359,560 instead. Funds were immediately recalled unfortunately the recipient bank declined to refund. The hospital followed up and has managed to recoup Kshs 1,392,464.14 as shown below:

No.	Particulars	Amount (Kshs)
	Nairobi Enterprises Ltd	4,359,560
	Corporate Events Management	(84,535)
	Total amount prepaid to Corporate Events Management	4,275,025
	Less:	
1	Amount Deposited by Corporate Events Management proprietor	(500,000)
2	Amount recovered from unsettled invoices for Corporate Events Management	(892,464)
	Net amount prepaid to Corporate Events Management	2,882,561
	Add:	
	Prepayment to Pulse Health Care ltd	76,843
	Total outstanding Prepayment	2,959,404

The hospital through legal office is following up the balance to ensure the entire amount is recovered.

The amount of Kshs 76,843.00 prepaid to Pulse Health Care Ltd was recovered in FY 2021/22 and the books of accounts have been adjusted accordingly.

Status: Unresolved

Time frame: June 30, 2022

1.0 Budget Control and Performance

1.1 Budget Performance

Issue / Observations from Auditor

The statement of comparison of budget and actual amounts reflects final income budget of Kshs.3,558,514,000 and actual on comparable basis of Kshs.3,683,713,000 resulting to revenue over performance of Kshs.125,199,000. The source of extra income that was not budgeted for was not explained.

This is indicative of unrealistic budgeting making processes.

Management Response

The hospitals actual income from rendering of services was slightly above the budget because of improved efficiency in charging of services, enhancement of surgical space and time, increased theater schedules and increased uptake of diagnostic services as result of expanded diagnostic equipment.

Performance for the three accounts with most improvement is as shown below;

Account	Actual Kshs. M	Budget Kshs. M	Improvement Kshs. M
Laboratory Fee	811	746	65
Radiology services	473	423	50
Sale of Theatre Consumables	443	363	80
Total			195

Status: Resolved

Time frame: June 30, 2022

1.2 Non-Disclosure

Issue / Observations from Auditor

Analysis of the approved budget revealed capital budget of Kshs.1,508,470,000 which has not been disclosed in the statement of comparative of budget and actual amounts. This contravenes the reporting template disclosure requirements.

In the circumstances, comparison of development actual amounts against the budget to ensure only prioritized and approved projects were implement could not be made.

Management Response

The statement of comparative budget and actual amounts in relation to capital budget for the year ended 30th June 2021 has been included as a disclosure in the financial statements provided.

Status: Resolved

Time frame: June 30, 2022

1.3 Reallocation

Issue / Observations from Auditor

Minutes of the budget Implementation Committee (BIC) dated 15 June, 2021, MIN 14/6/21 on Reallocation Emerging Request approved a reallocation of Kshs.1,285,100 from staff training (personnel emolument vote) to patient foods. This is contrary to the provisions of section 48(1)d of the Public Finance Management Act, 2012 which prohibits reallocation from wage to none wage expenditure.

Unapproved reallocation is not only against the provisions of the Public Finance Management laws but may also result in imprudent use of public funds.

Management Response

The planned trainings were undertaken within the Hospital. This is because of the COVID -19 restrictions. Staffs were provided with snacks and the cost of the snacks borne under patients' food vote had to be re-allocated for from the training vote.

Status: Resolved

Time frame: June 30, 2022

Key Audit Matters

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

Other Matter

11.3. Prior Audit Matters – Prepayments

Issue / Observations from Auditor

The statement of financial position reflects receivable from exchange transactions of Kshs. 1,702,193,000 (2020 – Kshs. 1,477,994,000) as disclosed in Note 26 to the financial statements. The amount includes prepayments towards supply, delivery and installation of submersible pumping equipment at Kshs.15,792,611, procurement of nuclear medicine, equipment and accessories at Kshs.13,727,655 and delivery and installation of microfilming equipment at Kshs.2,213,309 all totaling Kshs.31,733,575. As at 30 June, 2021 the supplies had not been made and the issues remained unresolved from prior year audit and the reports of the ongoing investigation have not been provided.

In the circumstances, the accuracy and completeness of prepayment balance of Kshs. 31,733,575 as at 30 June, 2021 could not be confirmed.

Management Response

High Voltage Communications Limited – Kshs.15,792,611

The amount was an advance payment made in May 2001 for the supply, delivery, and installation of submersible pumping equipment into helipad borehole and de-fluorination plants for boreholes at helipad and laundry. A dispute arose in the performance of the contract necessitating the parties to refer the matter to arbitration.

An arbitral award was made in favor of the Hospital on 26/11/2012 to the tune of Kshs. 14,876,645 but the realization of the award was fruitless since the Registrar of Companies confirmed that the firm's file

was missing from their electronic database. In the absence of the Company's file and records at the Registry, the Management is unable to pursue any legal recourse for recovery of the advanced sums.

Vide letter dated May 13, 2019, the Hospital wrote to the National Bank of Kenya, Hospital Branch to furnish the Management with details of directors and signatories to the bank account held by High Voltage Communications Limited and names of the person who cashed the cheque that was drawn from the KNH Recurrent Account to enable Management to recover the advance payment. The Bank in its response letter dated May 27, 2019, indicated that they were unable to accede to the request noting the details sought were confidential.

Further, vide letter dated May 13, 2019, the Hospital wrote to the Registrar of Companies requesting for certified copies of the Certificate of Incorporation, Memorandum, and Articles of Association, Statement of Nominal Capital, Notice of Situation of Registered Office and the Particulars of the Directors and Secretaries of High Voltage Communications Limited.

In addition Vide letter dated September 17, 2019, the Hospital wrote to the Ethics and Anti-Corruption Commission (EACC) for an update on the progress of investigations into the conduct of High Voltage Communications Limited and return of the original.

The Registrar of Companies and the EACC are yet to respond.

Glutex Medical Kenya Limited – Kshs.13,727,655

The amount was an advance payment made in the year 2003 for the supply of nuclear medicine materials. The supplier failed to perform and the Hospital demanded a refund of the amount. It has been established through the Registrar of Companies that the firm is not registered; therefore, it is not possible to institute legal action against a non-existing entity.

Vide letter dated May 13, 2019, the Hospital wrote to the National Bank of Kenya, Hospital Branch to furnish the Management with signatories to the account held by Glutex Medical Kenya Limited and names of the person who cashed the cheque that was drawn from the KNH Recurrent Account to enable Management to recover the advance payment. The Bank in its response letter dated May 27, 2019, indicated that they were unable to accede to the request noting the details sought were confidential.

Further vide letter dated September 17, 2019, the Hospital wrote to the Registrar of Companies requesting for certified copies of the Certificate of Incorporation, Memorandum, and Articles of Association, Statement of Nominal Capital, Notice of Situation of Registered Office and the Particulars of the Directors and Secretaries of Glutex Medical Kenya Limited.

In addition Vide letter dated March 29, 2022, the Hospital wrote to the Ethics and Anti-Corruption Commission (EACC) for an update on the progress of investigations into the conduct of Glutex Medical Kenya and the EACC is yet to respond.

Microtec Office Supplies – Kshs. 2,213,309

The Company was awarded the tender for delivery and installation of microfilm equipment and to microfilm inactive medical records at a contract sum of Kshs. 3,688,849.72 in May 1999. The supplier delivered and installed the requisite microfilm equipment and embarked on the exercise of microfilming inactive files. The supplier was paid an advance payment of 60% of the contract price but only performed 34% of the work.

The Hospital is unable to follow up on the recovery of the amounts advanced since section 4(1) of the Limitation of Actions Act, Cap 22 provides that actions founded on contract may not be brought after the end of six (6) years from the date on which the cause of action accrued.

Vide letter dated May 13, 2019, the Hospital wrote to the National Bank of Kenya, Hospital Branch to furnish the Management with signatories to the account held by Microtec Office Supplies and names of the person who cashed the cheque that was drawn from the KNH Recurrent Account to enable Management to recover the advance payment. The Bank in its response letter dated May 27, 2019; indicated that they were unable to accede to the request noting the details sought were confidential.

Further vide letter dated May 13, 2019 and September 17, 2019 the Hospital wrote to the Registrar of Companies requesting for certified copies of the Certificate of Incorporation, Memorandum, and Articles of Association, Statement of Nominal Capital, Notice of Situation of Registered Office and the Particulars of the Directors and Secretaries of Microtec Office Supplies. The Registrar of Companies is yet to respond.

In addition Vide letter dated March 29, 2022 the Hospital wrote to the Ethics and Anti-Corruption Commission (EACC) for an update on the progress of investigations into the conduct of Microtec Office Supplies and the EACC is yet to respond.

Status: Unresolved
Time frame: June 30, 2023

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Basis for Conclusion

1.0 Deposit Management

Issue / Observations from Auditor

The statement of financial position reflects deposits from customers of Kshs.49,089,000 (2020 – Kshs.74,480,000) as disclosed in note 31 to the financial statements. However, there was no deposits aging analysis/ schedule and Management has not put in place measures to ensure prompt refunds. Also, there was no evidence that deposits which are more than two (2) years old were transferred to Unclaimed Financial Assets Authority. This contrary to section 9 of the Unclaimed Financial Assets Act, 2011 which states that deposits which are more than two years old are transferred to Unclaimed Financial Assets Authority.

To this extent, the Hospital Management is in breach of the law.

Management Response

The Hospital has enhanced capacity in the department. Currently reconciliations are being done on a monthly basis and the schedules of presumed unutilized deposits remitted to UFAA on a yearly basis as per the requirement of Section 9 of the Unclaimed Financial Assets Act. The deposits aging analysis schedule is available for verification.

Status: Resolved
Time frame: June 30, 2022

2.0 Deduction of Salaries Below a Third of Basic Pay Rule

Issue / Observations from Auditor

The statement of financial performance reflects employee costs of Kshs.12,833,440,000 (2020 – Kshs.11,575,384,000) as disclosed under note 14 to financial statements. Included in the expenditure is Kshs.10,673,819,000 incurred on payment of salaries and wages. However, analysis of payroll revealed that net pay for seventy-two (72) members of staff was less than a third of their basic pay. This is contrary to section 19(3) of Employment Act 2007 which states 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 section (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, the Hospital Management is in breach of the law.

Management Response

The payroll System (IPPD) adopted by the Hospital from the Ministry of state for Public Service is programmed to decline entries of third party deductions to ensure compliance with one-third rule. However, employees may earn Net Salary below one-third of Basic Salary as a result of unavoidable instances of discipline cases, recovery of Hospital Liabilities, court attachments, delay in renewal of Tax exemption certificates for disabled cases, exits from service on various dates between the month and amendments of laws on statutory deductions like Pay As You Earn (PAYE) or NHIF.

An analysis of the reasons for the officers' salary being below the a-third rule was availed with majority of the cases being due to PAYE adjustment in the year 2020 as a result of the Covid-19 pandemic.

Status: Resolved

Time frame: June 30, 2022

3.0 Irregular Contract Extension

Issue / Observations from Auditor

The statement of financial performance reflects clinical costs of Kshs.3,507,605,000 as disclosed in note 13 to financial statements. The amount includes Kshs.325,708,376 on laboratory chemicals & reagents out of which Kshs.11,428,600 was annual payment for operating lease for laboratory equipment and clinical chemistry analyzers that has been running for five (5) years and expired on 03 June, 2020 but was extended by one (1) year ending 04 June, 2021. However, this extension contravenes section 88 of the Public Procurement Regulations 2020 which states that an extension shall be restricted to not more than thirty days and may only be done once.

In the circumstances, the Hospital Management is in breach of the law

Management Response

The Public Procurement and Disposal Act 2015 Section 88 of the deals with extension of tender validity prior to award. The extension of contract No. KNH/T/87/2014 – 2015 was done in accordance with Section 139 (2) (a) which permits contract extension. The extension was approved by the Accounting Officer as set out in this section of the Procurement Law.

Section 103 2(b) of the Public Procurement & Asset Disposal Act 2015 states that direct procurement is allowed due to war, invasion, disorder or natural disaster making any other method impractical provided

Management Response

The Hospital runs a comprehensive in-house medical cover for its staff. There are controls in place to ensure that costs are controlled. In particular, before any admissions, a pre-authorization form is filled and authority is sought from management for the patient to be admitted and treatment to proceed. The pre-authorization form contains among others, expected ALOS, estimated cost of treatment and diagnosis as illustrated in the pre authorization form that will be provided.

In instances where authorized limits are to be exceeded, further approval is sought.

Status: Resolved

Time frame: June 30, 2022

2.0 Non-Collection of Rent Income

The statement of financial position reflects receivable from exchange transactions of Kshs.1,702,193,000 (2020 – Kshs.1,477,994,000) as disclosed in note 26 to the financial statements. Included in the amount are rent receivables of Kshs.38,615,000 which have been increasing compared to Kshs.36,282,000 in 2019/2020 and Kshs.28,300,000 in 2018/2019.

Consequently, the controls over rent collection especially from public servants through payroll checkoff system are weak.

Management Response

Commercial buildings tenants owe the hospital more of the outstanding rent as a result of poor performance of business due to the Covid pandemic. Most of them have provided plans on how to clear the outstanding bills. The hospital has revised lease agreements and the rents and the matter is still awaiting Board approval. One of the critical requirements before signing of the new leases will be to clear all outstanding debts.

The Hospital management has instituted measures to reduce loss of public funds by engaging a debt collector to follow up for all the tenants with rent arrears. The contracts are being renewed continuously. There is a new revised Housing Policy which is being implemented to ensure that deposit is paid as security for new occupants occupying the houses.

Status: Resolved

Time frame: June 30, 2022

3.0 Expired/Obsolete

The statement of financial position reflects inventory of Kshs. 591,899,000 (2020 – Kshs. 708,362,000) as disclosed in note 28 to the financial statements. A review of the schedules provided for audit revealed expired/obsolete stock of Kshs. 4,743,160. This amount is made up of Kshs. 1,108,522 in respect of Kenyatta National Hospital Main and Kshs. 3,634,638 for Kenyatta National Hospital-Othaya.

The huge amount of obsolete stock is an indicator of weak inventory management system.

Management Response

Kenyatta National Hospital– Othaya inherited many items from the Ministry of Health when it took over in 2019 some of which had short expiry periods. KNH Othaya segregated the expired /obsolete items and presented the same to the Disposal Committee for disposal. The expired /obsolete items have since been disposed off in line with PPADA 2015.

14.0 Duplication of Works in Tender Documents

Issue / Observations from Auditor

The statement of financial position reflects property, plant and equipment figure of Kshs.13,202,648,000 (2020 – Kshs.13,029,937,000) as disclosed in Note 29 to financial statements. Included, in the amount is capital work in progress of Kshs.1,346,987,000 out of which Kshs.81,037,081 was incurred on various development projects at Kenyatta National Hospital-Othaya. It was noted that the Management of Kenyatta National Hospital – Othaya awarded the relocating of sewer lines and construction of parking areas to two (2) separate contractors. However, only one contractor executed the works and there was no evidence of monitoring to avoid double payments.

In view of these inconsistencies, the tender and procurement process may have been defective and could lead to loss of funds.

Management Response

All the works were as per the Bill of Quantity (BQ). Further payments are verified by the project manager and the quantity surveyor. As per Scope Projects Ltd final payment certificate No. 14 dated 24th March 2022, (IPC 4) only the following items were paid in regard to the internal roads project i.e preliminaries, Access roads, storm water, parking and additional works.

Sewer line was excluded from the payments for the entire project. This is captured in the QS payment voucher, summary of statement for payment on account.

In regard to Water Core Service Ltd, the BQ had an element of sewer works, proof that sewer works were part of water core's contract. The proof is the Quantity Surveyor's interim valuations No. 4, that shows the below sewer items as part of the original BQ.

- Sewer 1: Relocation of existing sewer
- Sewer 2: Oxygen Plant to Mortuary and Trunk Sewer line
- Foul drainage

In the interim valuation, the BQ quantities are tabulated against the actual worked quantities

Status: Resolved

Time frame: June 30, 2022

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Basis for Conclusion

1.0 Management of Medical Scheme

Issue / Observations from Auditor

The statement of financial performance reflects employee costs Kshs.12,833,440,000 as disclosed under note 14 to financial statements. Included in the expenditure is Kshs. 414,023,000 utilized to pay staff medical expenses. However, the scheme does not indicate the limits of in-patient and out-patient for the staff members and their dependents.

In the circumstances, the scheme is exposed to misuse if the board does not set a limit for medical cover entitlement as provided in the Human Resource and Policy Manual.

c) PAYE- Kshs. 29,469,457.98

Out of the amount of Kshs. 29,469,457.98 reported as at June 30, 2021, the hospital already remitted Kshs. 24,494,907.07 up to date. The outstanding balance of 4,974,550.91 relates to PAYE that was not remitted due to wrong KRA pins and could therefore not be filed as required. The hospital is in the process of resolving these cases.

d) Income Tax (Withholding Tax) – Kshs. 5,159,014.61

The amount is pending to be remitted as KRA pins have not been availed. The hospital is in the process of following up with respective suppliers on submission of the KRA pins.

e) Withholding VAT – Kshs. 2,860,229.29

The amount is pending to be remitted as KRA pins have not been availed. The hospital is in the process of following up with respective suppliers on submission of the KRA pins. The hospital has instituted measures of ensuring all suppliers include pin number certificates in their bids or quotation to facilitate remittance of taxes once payments are processed.

Status: Resolved
Time frame: June 30, 2022

13.0 Construction of Pediatric Emergency and Burns Management Centers

Issue / Observations from Auditor

The statement of financial position reflects property, plant and equipment figure of Kshs.13,202,648,000 as disclosed in note 29 to financial statements. Included, in the amount is capital work in progress of Kshs.1,346,987,000 out of which Kshs.809,869,000 is for construction of Pediatric Emergency Centre and Burns Management Centre. The following was noted;

- 1.1 The project was awarded at Kshs.2,959,511,55 with donors financing Kshs.1,235,724,580 (or 42%) and the Government of Kenya Kshs.1,723,786,975 (or 58%);
- 1.2 During verification in the month of February 2022 it was noted that nine (9) months had lapsed from the revised completion date of 29 May, 2021 and the contractor was not on site. The Hospital project status report for June, 2021 indicated 53% level of completion;
- 1.3 In addition, the contractor has continued to charge interest which hit Kshs.34,364,665 as at 13 January, 2021 and has indicated that the third and fourth floors were ready for casting but the exposure to extreme weather conditions will continue to deteriorate the works leading to replacement costs estimated at Kshs.81,236,740 which are to be incurred by the client. This would result to total additional cost Kshs.115,60,405.

In the circumstances, the objective or value for money of the project to provide expanded pediatric emergency and burns services and effectively handle disasters involving children and fire may not be achieved.

Management Response

The extension of contract has been approved by the Accounting Officer through an addendum which is valid till February 2023. The Contractor is expected on site without further delay as per agreement with the Hospital's Project Implementation Team (PIT) in a meeting held on 14th March 2022 to complete the works. The issue of hoarding is being addressed by the Project Implementation Committee.

Status: Resolved
Time frame: June 30, 2022

- f) the Principal-University of Nairobi College of Health Sciences; and
- g) Three (3) independent non-executive Directors, not being public officers.

Status: Resolved
Time frame: June 30, 2022

12.0 Delayed Remittance of Statutory Deductions

Issue / Observations from Auditor

The statement of financial position reflects trade and other payables of Kshs.1,327,772,000 (2020 - Kshs.1,533,408,000) as disclosed in note 30 to the financial statements. Included in this amount is Kshs.69,761,028 for statutory deduction yet to be remitted to various institutions as required by the governing laws. This will lead the Hospital incurring unnecessary costs as penalties.

In view of delayed remittances, the Hospital Management is in breach of the law

Management Response

The remittances noted as outstanding as at 30th June 2021 were settled in FY 2021/22 and the amount not yet remitted is due to various documentation being awaited as analyzed below;

Remittances	Amount As Per Financial Statements	Amount Remitted To Date-19-04-2022	Balance
Ex University Student Loans	58,613.87	45,862.67	12,751.20
GPA Liability Settlement	24,277,817.00	22,916,272.00	1,361,545.00
Ministry of Housing (House Rent)	14,640.00	-	14,640.00
Trans Nation SACCO Society Ltd	3,200.00	3,200.00	-
Standard Chartered Bank	87,551.90	87,551.90	-
National Ass of Orthopedics	6,540.00	6,540.00	-
PAYE	29,469,457.98	24,494,907.07	4,974,550.91
NHIF	248,650.00	-	248,650.00
NSSF	162,404.10	-	162,404.10
Court Orders	258,761.80	248,491.20	10,270.60
Pension	10,817.30	10,817.30	-
VAT (Value Added Tax)	348,348.65	348,348.65	-
Income Tax (withholding tax)	8,229,260.99	3,070,246.38	5,159,014.61
Withholding V.A.T	6,584,963.94	3,724,734.65	2,860,229.29
Total	69,761,027.53	54,956,971.82	14,804,055.71

a) Ex University Student Loans Kshs. 58,613.87

Out of the amount of Kshs. 58,613.87 reported as at June 30, 2021, the hospital remitted Kshs. 45,862.67 to date and there is a balance of Kshs. 12,751.20 remitted by end of April 2022.

b) GPA Liability – Kshs. 1,361,545.00

The balance of Kshs. 1,361,545.00 is pending to be remitted upon tracing of the beneficiaries and their respective bank details which the Human Resource department is in the process of following up.

10.0 Training Expenditure - Use of Wrong Procurement Method

Issue / Observations from Auditor

The statement of financial performance reflects employee costs Kshs. 12,833,440,000 (2020 – Kshs. 11,575,384,000) as disclosed under note 14 to financial statements. Included in the expenditure is Kshs. 84,338,000 incurred on staff training and development out of which Kshs. 3,749,999 was paid to train on basic life support and advanced cardiac life support towards one-hundred and fifty (150) participants each at Kshs. 25,000. However, the Management used direct procurement method to identify the trainers without ensuring that the services are available only from a particular supplier or contractor, or a particular supplier or contractor has exclusive rights in respect of the services, and no reasonable alternative or substitute exists. Hence contravening section 103 (1&2a) of the Public Procurement and Asset Disposal Act, 2015

In the circumstances, the Hospital Management is in breach of the law

Management Response

The Emergency Care Course (TECC) was conducted by the Emergency Medicine Kenya Foundation who were the only facility providing the course at that time and therefore reason for direct procurement method

Status: Resolved

Time frame: June 30, 2022

11.0 Excess Board of Management

Issue / Observations from Auditor

As disclosed under the Corporate Governance Statement on page 48 of the financial statements, the Hospital had a total of eleven (11) Members of the Board of Management who attended board meetings during the financial year up to June 2021. This is contrary to the provision of the Mwongozo Code on Management of State Corporations which sets a maximum of nine (9) board members in each state Corporation.

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

Management Response

Mwongozo, the Code of Governance for State Corporations is not legislation nor the regulations for the State Corporations Act, Cap.446 of the Laws of Kenya.

The Code is a policy document that seeks to incorporate the principles of corporate governance in the management and governance of State Corporations in Kenya. It aims to entrench principles and values of public service and best practices in the management of state corporations.

Implementation of the Code is at the discretion of the Government. The Board of Kenyatta National Hospital is appointed by the Government. This notwithstanding, in the course of the FY2020/2021, the KNH Order No.109/1987 was amended by the Kenyatta National Hospital Board (Amendment) Order, 2021, reconstituting the membership of the Board from 11 to 9 as follows: -

- a) an independent and non-executive Chairman;
- b) the Chief Executive Officer, KNH;
- c) the Cabinet Secretary, The National Treasury or his representative designated in writing;
- d) the Principal Secretary, Ministry of Health or his representative designated in writing;
- e) the Attorney General or his representative designated in writing;

8.0 Rental Income

Issue / Observations from Auditor

The statement of financial performance reflects rental revenue from facilities of Kshs.131,451,000 (2020 - Kshs.130,512,000) as disclosed in note 11 to the financial statements. During audit it was noted that the rental revenue earned from both residential and commercial properties by the hospital did not pay rental tax amounting to Kshs.1,314,510 which resulted to tax demands. This contravenes Section 6A (1) of the Income Tax Act, 2021 which states that notwithstanding any other provision of this Act, a tax to be known as residential rental income tax shall be payable with effect from the 1st January 2016 by any resident person from income which is accrued in or derived from Kenya for the use or occupation of residential property, and which is in excess of two hundred and eighty-eight thousand shillings but does not exceed fifteen million shillings during any year of income:

In the circumstances, the Hospital Management is in breach of the law.

Management Response

The Hospitals income is exempt from income tax as provided in the Income Tax Act First Schedule 1, paragraph 10. This includes income from rental revenue collected from the residential and commercial properties because, being a public institution, it is established solely for the purpose of relief of poverty or distress to the public and its income is expended in Kenya.

Further, the hospital has applied for a tax exemption certificate from KRA.

Status: Unresolved

Time frame: June 30, 2022

9.0 Overdrawn Bank Account

Issue / Observations from Auditor

The statement of financial position reflects cash and cash equivalents of Kshs. 1,270,248,000 (2020 1,937,317,000) as disclosed in note 25 to the financial statements. An examination of the general recurrent bank account-Kenyatta National Hospital-No. 1003058004900 held at National Bank of Kenya indicate that the account was overdrawn by Kshs.15,273,826 in the month of October 2020 contrary to the provisions of section 28 (4) of the Public Finance Management Act, 2012 which states that an accounting officer for a national government entity shall not cause a bank account of the entity to be overdrawn beyond the limit authorized by the National Treasury or a board of a national government entity, if any.

In the circumstances, the Hospital Management is in breach of the law

Management Response

Transfer of funds letter had several transfers including Kshs. 200,000,000 from revenue account to recurrent general account. According to the letter of transfer the hospital expected that the bank will transfer the funds in ascending order instead the bank transacted in descending order which resulted to the account being overdrawn on the same day.

The management confirms that there was no financial loss in terms of interest and penalties to the Hospital since the bank realized there error immediately and effected transfer instructions of Kshs. 200,000,000 thus the overdraft didn't attract interest or penalties.

Status: Resolved

Time frame: June 30, 2022

7.0 Inspection and Acceptance Committee

The statement of financial position reflects trade and another payable of Kshs. 1,327,772,000 as disclosed in note 30 to financial statements. Included are cost of Kshs. 44,762,808.44 incurred on procurement of various goods and services to the hospital. However, the following unsatisfactory matters were noted;

7.1 Lack of Inspection and Acceptance Reports

Issue / Observations from Auditor

There was no interim or a completion certificates issued, and also no inspection and acceptance committee reports. This is contrary to section 48(3) of the Public Procurement and Asset Disposal Act, 2015 which states interim or completion certificates or received notes is issued as appropriate and in accordance with the contract.

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

Management Response

The Hospital developed a stamp that the Inspection and acceptance committee signs as a basis for certification of goods delivered in acknowledgement that they meet Hospital requirements. This will however change since the Hospital has developed Inspection and Acceptance certificate to be used when goods comply with the contract to be implemented in the FY 2022/2023.

Status: Resolved
Time frame: June 30, 2022

7.2 Uncoordinated Inspection

Issue / Observations from Auditor

It was noted that individual committee member carried out inspection of goods on different dates by signing and stamping on delivery notes. This is contrary to section 35(6) of the Public Procurement and Asset disposal regulation 2020 which states that the inspection and acceptance committee should prepare and issue a report, interim or completion of inspection and acceptance certificate and submit to the head of procurement function.

In the circumstances, the Hospital Management is exposed to receiving goods that did not meet the specifications and is also in breach of the law.

Management Response

The inspection committees are appointed by the accounting officer, and they carry out inspection in line with section 48 (3) and 159 of the Public Procurement & Asset Disposal Act 2015 and section 166 of the regulations. The nature of our operations in the Hospital are unique and some technical officers who carry out such inspections are doctors, nurses, pharmacists etc., occasionally deliveries can happen when they are engaged in emergencies in theatre or elsewhere; this leads to the committee not assembling at the same time.

However, the Inspection and Acceptance Committees have a revised letter of appointment that includes a requirement that the team assembles together and maintain a quorum during the inspection of goods.

Status: Resolved
Time frame: June 30, 2022

5.0 Unauthorized Closure of Bank Accounts

Issue / Observations from Auditor

The Hospital Management through a board resolution authorized closure of four (4) bank accounts being recurrent account number 229977210 held at Kenya Commercial Bank, day care and equipment account no. 810299284461 held at equity bank, USD dollar account no. 2003058005200 and Development II account no. 1003058005301 both held at National Bank of Kenya. However, authority from National Treasury authorizing this closure was not provided for audit. This contravenes section 28(1) of the Public Finance Management Act, 2012 which states that the National Treasury shall authorize the opening, operating and closing of bank accounts and sub accounts for all National government entities in accordance with regulations made under this Act.

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

Management Response

KNH sought authority to close its Bank accounts from The National Treasury through Ministry of Health Vide letter Ref: KNH /FIN/9/71 dated 30th September 2020 .The Ministry of Health forwarded the letter to The National Treasury on 4th October 2020. On 12th February 2021, The Ministry of Health communicated to Kenyatta National Hospital that The National Treasury has granted authority to close Bank accounts Vide Letter Ref: MOH/ADM/1/1/20. The letter was availed for verification.

KNH further has requested for a copy of The National Treasury letter which authorized closure of the accounts Ref: KNH /FIN//Vol.II/68 dated 27th April 2022 and received by MOH on 28th April 2022.

Status: Resolved
Time frame: June 30, 2022

6.0 Tax Liability – 80,534,000

Issue / Observations from Auditor

The statement of financial position reflects trade and other payables of Kshs. 1,327,772,000 as disclosed in note 30 to financial statements out of which Kshs. 80,534,000 relate to Kenya Revenue Authority Tax liability relating to unremitted taxes between the period January 2010 and March 2014.

Non-compliance with taxation laws may result in punitive sanctions by the Kenya Revenue Authority which may include but not limited to penalties and interests.

Management Response

The amount of Kshs. 80,533,626 relates to penalty and interest (Kshs. 22,514,122 and Kshs. 58,019,505) respectively owed to KRA due to an in-depth audit conducted on KNH and an assessment of Kshs.170,590,114 given. The principal tax liability of Kshs. 90,056,488 was paid and the hospital submitted an appeal for waiver of the penalty and interest totalling to Kshs. 80,533,626 vide a letter Ref: KNH/FIN/74/47 dated 3rd August, 2017.

The hospital presented an appeal for funding and intervention in settling its financial obligations to The National Treasury through the Ministry of Health vide letter Ref: KNH/CEO/68 dated 21st February, 2020.

The hospital is awaiting for KRA's response on the appeal made

Status: Unresolved
Time frame: June 30, 2023

The fund proposed reimbursement for a new contract 2022-2024 financial year were not as per the hospital expectation and therefore the hospital made a counter proposal Ref: KNH/FIN/85/VOL II/132 dated 26th January 2022.

KNH participated in the Stakeholders forum slated on March 8, 2022 where we raised our issues and proposals.

A number of issues have been reviewed in the new contract that is in the process of signing.

Status: Resolved

Time frame: June 30, 2022

b) Linda Mama Program

Issue / Observations from Auditor

The statement of financial performance reflects medical services contracts loss of Kshs.677,833,000 (2020 – Kshs.474,548,000.00) out of which Kshs.264,918,000 relate to loss on Linda Mama program offered by the Hospital, as disclosed in note 22 to the financial statements. This is as result of a directive from the Cabinet Secretary, Ministry of Health vide a letter ref. ACC/FCM HS/1/28A dated 1 April 2014, which communicated the decision of the Government to reimburse an amount of Kshs.17,500 for every delivery. However, Kenyatta National Hospital being a referral hospital receives complicated maternal referrals and as a result the costs are higher and the reimbursable amount of Kshs.17,500 per delivery has remained the same despite the losses accumulating to Kshs.264,918,000 as result of the expenses incurred in providing for these services.

Consequently, the Hospital has continued to bear the high cost of free maternity programs which has negatively impacted on its 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.

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 has already made the proposal for favorable rates at Kshs 48,000 and 22,000 for cesarean section and Normal delivery respectively through the contract proposal forwarded on 26th January 2022 vide letter reference KNH/FIN/85/VOL 11/132.

The hospital is optimistic that the engagement will be fruitful and the new contract will reduce the losses in the future.

Status: Unresolved

Time frame: June 30, 2023

that the circumstances giving rise to the urgency were neither foreseeable by the Procurement entity nor the result of dilating conduct on its part. At the time of extension of this contract there was a natural disaster in the form of Covid 19 which resulted to restriction of movement and disruptions in the global supply chains. The Laboratory items were imported and to ensure continuity of services the hospital had to use what was readily available.

Status: Resolved

Time frame: June 30, 2022

4.0 Medical Service Contract Loss

a) Contracts with National Hospital Insurance Fund (NHIF)

Issue / Observations from Auditor

The statement of financial performance reflects medical services contracts loss of Kshs.677,833,000 (2020 – Kshs.474,548.00) out of which Kshs.412,915,000 relate to loss from National Hospital Insurance Fund (NHIF) as disclosed in note 22 to the financial statements. This loss is a result of differences between the net rebate received from the NHIF and the amount the Hospital spent on the treatment of NHIF members.

According to information available, Kenyatta National Hospital (KNH) entered into a two years' renewable medical service contract with the National Hospital Insurance Fund (NHIF) with effect from August 1, 2008, to July 31, 2010. Upon lapse of the two (2) years and based on the renewal clause, the contract was renewed on the same terms with effect from August 1, 2010. Since the contract provided for continuous engagement between the parties, the management of KNH vide several letters in years 2013 and 2014 raised concerns on losses incurred due to the unfavorable contracts.

Upon exhausting all the negotiation mechanisms without success, the Hospital management sought to discontinue the loss-making contract. The intent to discontinue services to NHIF members was communicated to NHIF and the Ministry of Health in April 2014. NHIF responded to the same in the month of April 2014 whereby NHIF explained its inability to increase the rebate that had been marred with litigations causing delayed adjustment of premiums. Subsequently, the Hospital was directed by the Ministry of Health on May 30, 2014, to continue offering the services on the same terms despite making losses.

The management continued to engage NHIF and the Ministry of Health in a deliberate effort to mitigate on the losses arising from the contract as evidenced in several correspondences in the year 2016. Although a renegotiated contract signed on March 21, 2019, has enhanced the number of claimable services which has had a positive effect on the annual losses, the loss incurred during the year is still significant.

Consequently, the Hospital will continue to incur losses if the reimbursable amounts are not reviewed.

Management Response

The current contract with NHIF provides for continuous engagement between the parties. The hospital Management has been monitoring the thematic areas of improvement within the contract with a view to engaging NHIF on any clause in the contract that are unfavorable to the hospital.

The hospital management has already embarked on the process of negotiation with the fund where the hospital has formed internal committee and requested the fund to nominate a team to look into the cost of our services as a team vide letter Ref: KNH/SD/ (CS)/36A/VOL.XVI dated 26th January 2021. A final proposal was forwarded to NHIF vide letter reference KNH/FIN/85/112 dated 10th June 2021 with an ultimate goal to enter into amicable agreed rates by 30th June 2022.

For the Main Hospital, The expired/obsolete stock amounting to Kshs. 1,108,522 was as a result of reduced number of patients to the Hospital during the Covid 19 epidemic where we experienced lockdowns and restricted movements in the country. Some procedures were suspended at the height of Covid- 19 pandemic and therefore some items could not be used resulting to expiries. Disposal process is underway in accordance with PPADA 2015.

Status: Resolved
Time frame: June 30, 2022

4.0 Trade and Other Payables from Exchange Transactions

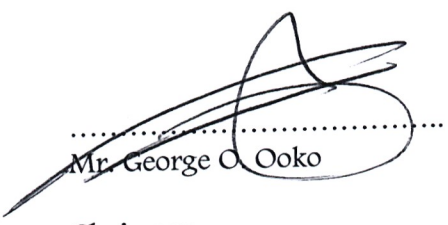
The statement of financial position reflects trade and other payables of Kshs.1,327,772,000 (2020 - Kshs.1,533,408,000) as disclosed in note 30 to the financial statements. Included in the amount is Kshs.880,223,000 relating to trade payables for Kenyatta National Hospital that was outstanding at the closure of financial year. This is contrary to National Treasury directive vide circular no. 22/2019 which requires State Corporations to settle their financial obligations to suppliers and service providers within reasonable timeliness.

The Hospital is exposed to interest/penalties for failing to honor bills as they fall due and risks withdrawal of services which may affect essential service delivery.

Management Response

The hospital has put in place a framework for monitoring accounts payable to ensure that payments to suppliers are made within the stipulated credit period. Further, the hospital has resolved and paid some of the long outstanding invoices and is continuing to engage suppliers to submit requisite support documentation for the invoices not yet paid. There has been significant progress in resolving long outstanding suppliers' invoices as those aging beyond 90 days have decreased.

Status: Resolved
Time frame: June 30, 2022



.....
Mr. George O. Ooko

**Chairman
Board of Management**



.....
Dr. Evanson Kamuri

**CEO/Secretary
Board of Management**

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 & Phase II	GOK	52 weeks		NO	Yes
2.	Burns Management and paediatrics Emergency Centre	GOK, OFID, SFD BADEA	104 weeks	1.2 Billion	NO	Yes
3.	Replacement of Obsolete Equipment & Equipping Day care Centre	Sports, Art and Social development fund	52 weeks		NO	Yes
4.	Mwai Kibaki Hospital Mortuary, Laundry, Kitchen, Oxygen plant & Access roads	GOK	3months		NO	Yes
5.	Hope Hostel	ACS, FHH,				
6.	East African Kidney Institute	GoK			No	No

Status of Projects completion as of June 30, 2022

	Project	Total project Cost Kshs.	Total expended to date Kshs.	Completion % to date	Sources of funds
1.	Cancer Treatment Centre Phase I & II	435 million	278,218,858	Phase I - 97%	GoK
2.	Burns Management and Paediatrics Emergency Centre	2.9 Billion	964,812,861	53% Builders works	GOK, OFID, SFD BADEA
3.	Replacement of Obsolete Equipment & Equipping of Boiler & Reticulation	627,075,000	179,121,878	100% installation of Boiler 50% Equipping	Sports, Art and Social development fund

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	Project	Total project Cost Kshs.	Total expended to date Kshs.	Completion % to date	Sources of funds
4.	Installation of Borehole, storage tank and Relocation of sewer lines – Mwai Kibahi Hospital	9,316,000	9,316,000	100%	GOK
5.	Construction and Equipping of laundry and its associated mechanical, electrical and civil/ external works	61,968,680	61,968,680	100%	GOK
6.	Construction and Equipping of mortuary and its associated mechanical electrical and civil/external works	67,437,103	49,172,131	89%	GOK
7.	Construction and Equipping of kitchen and its associated mechanical electrical and civil/external works	54,517,196	54,517,196	100%	GOK
8.	Construction of Plant Housing : & supply, Delivery, Installation , Testing & Commissioning of Oxygen Generating Plant	81,867,615	81,867,615	100%	GOK
9.	Hope Hostel	494,000,000			ACS, FHH

Appendix III: Inter-Entity Transfers Confirmation

KENYATTA NATIONAL HOSPITAL

Hospital Rd. along, Ngong Rd.
P.O. Box 20723, Nairobi.



Tel: 2726300-/2726450/2726550

Fax: 2725272

Email: Knhadmin@knh.or.ke**Ref: KNH/FIN/12/Vol.II/73****Date: 19th September 2022**

The Principal Secretary
Ministry of Health
P.O Box 30016 - 00100
NAIROBI

Attn: CPA Peninah Njuguna
Deputy Accountant General

RE: INTER ENTITY TRANSFER CONFIRMATION FOR FY 2021/22

Reference is made to your letter MOH/ACCT/IE/75/VOL.1 dated 19/08/2022 on confirmation of inter-entity disbursement and 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 2022.

According to our records, KNH received a total of Kshs.11,314,404,404.40 comprising of Kshs.9,820,000,000 recurrent grant for KNH, kshs.760,000,000 recurrent grant Othaya, kshs.250,000,000 recurrent grant MMUH, Kshs. 414,000,000 Capital Grants and kshs 70,404,405 being settlement of pending bills as tabulated below;

Appendix ii: Transfer from Ministries, Departments and Agencies

Reference	Date disbursed	Recurrent Grant (Kshs) (A)	Development Grant (Kshs) (B)	Settlement of pending bills (Kshs) (C)	Total (D)=(A+B+C)	Amount received by KNH as at 30 th June 2022 (Kshs) (E)
FT21225MR5MK	13/08/2021	818,333,333.35	-		818,333,333.35	818,333,333.35
FT21255PPVFG	13/08/2021	63,333,333.35	-		63,333,333.35	63,333,333.35
FT212658ZWCH	22/09/2021	818,333,333.35	-		818,333,333.35	818,333,333.35
FT212658ZWCH	22/09/2021	63,333,333.35	-		63,333,333.35	63,333,333.35
FT21285TWGZC	12/10/2021	818,333,333.00	-		818,333,333.00	818,333,333.00
FT21267PGQBW	24/09/2021	-	70,000,000.00		70,000,000.00	70,000,000.00
FT213087PW2Y	4/11/2021	63,333,333.30	-		63,333,333.30	63,333,333.30
FT21308SL7VT	4/11/2021	818,333,333.35	-		818,333,333.35	818,333,333.35

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FT2130831PZ9	4/11/2021	63,333,333.35	-		63,333,333.35	63,333,333.35
FT21294XBJ2L	21/10/2021	-	124,999,999.00		124,999,999.00	124,999,999.00
FT21342D4Y2R	8/12/2021	818,333,333.30	-		818,333,333.30	818,333,333.30
FT21337868NT	3/12/2021	63,333,333.35	-		63,333,333.35	63,333,333.35
FT22007R7M24	7/1/2022	783,333,333.35	-		783,333,333.35	783,333,333.35
FT22007K08PR	7/1/2022	63,333,333.00	-		63,333,333.00	63,333,333.00
FT22035NPVSL	4/2/2022	63,333,333.35	-		63,333,333.35	63,333,333.35
FT22041J5YDM	10/2/2022	818,333,333.20	-		818,333,333.20	818,333,333.20
FT22068RJ1MK	9/3/2022	818,333,333.30	-		818,333,333.30	818,333,333.30
FT220683QGVW	9/3/2022	63,333,333.35	-		63,333,333.35	63,333,333.35
FT22047RYCRG	16/2/2022	-	24,000,000.00		24,000,000.00	24,000,000.00
FT22091HJD2B	1/4/2022	818,333,333.35	-		818,333,333.35	818,333,333.35
FT220091M98H	1/4/2022	63,333,333.35	-		63,333,333.35	63,333,333.35
FT221123XGXC	22/4/2022	-	70,000,000.00		70,000,000.00	70,000,000.00
FT2213005P5G	10/5/2022	35,000,000.00	-		35,000,000.00	35,000,000.00
FT221303264H	10/5/2022	63,333,333.35	-		63,333,333.35	63,333,333.35
FT22130N4MKH	10/5/2022	-	125,000,001.00		125,000,001.00	125,000,001.00
FT22133ND7SF	13/5/2022	818,333,333.35	-		818,333,333.35	818,333,333.35
FT22157T21Z7	6/6/2022	63,333,333.35	-		63,333,333.35	63,333,333.35
FT22157V80MX	6/6/2022	818,333,333.35	-		818,333,333.35	818,333,333.35
FT22179XR73C	28/6/2022	818,333,333.35	-		818,333,333.35	818,333,333.35
FT221798PZR6	28/6/2022	63,333,333.35	-		63,333,333.35	63,333,333.35
FT22166Y7F8K	15/6/2022	250,000,000.00			250,000,000.00	250,000,000.00
FT22178KMLNK	27/6/2022			3,065,496.00	3,065,496.00	3,065,496.00
FT221798NQFY	28/6/2022			3,329,956.00	3,329,956.00	3,329,956.00
FT22181799M9	30/6/2022			1,707,971.00	1,707,971.00	1,707,971.00
FT22189H1YZM	8/7/2022			62,300,982.00	62,300,982.00	62,300,982.00
Total Transfer From MOH		10,829,999,999.40	414,000,000.00	70,404,405.00	11,314,404,404.4	11,314,404,404.4

Kshs 62,300,982 was settlement of MoH outstanding bills received on 8/7/2022

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

Head of Finance Division, Kenyatta National Hospital

Name Michael Kihiga Signature [Signature] Date 19/9/22

Head of Accounts Department – Ministry of Health

Name Peninah Ngunjiri Signature [Signature] Date 20/9/22

Annual Report and Financial Statements for the Year Ended June 30, 2022

