





MOI TEACHING AND REFERRAL HOSPITAL
ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
JUNE 30TH, 2015

Prepared in accordance with the accrual basis of accounting method under the International Public Sector Accounting Standards (IPSAS)

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I. INSTITUTIONAL DETAILS

(a) INCORPORATION/ESTABLISHMENT

Moi Teaching and Referral Hospital (MTRH) is a body Corporate established under the provisions of the State Corporations Act (Cap 446) of the laws of Kenya under the Ministry of Health.

(b) CORE MANDATE

The functions of the Hospital as enumerated in the Legal Notice No. 78 of 12th June, 1998 of the State Corporations Act (Cap 446) are:-

- To receive patients on referral from other Hospitals or institutions within or outside Kenya for specialized health care
- To provide facilities for medical education for Moi University and for Research either directly or through other co-operating health institutions
- To provide facilities for education and training in nursing and other health and allied professions
- To participate as a national referral hospital in national health planning

VISION STATEMENT

‘A world class referral and teaching Hospital’

MISSION STATEMENT

‘To provide specialized quality health care services, teaching, research, training, and participate in national health planning’

ORGANIZATIONAL VALUES

- To advance and protect the public image of the Hospital at all times.
- To be sensitive, discerning and attentive in serving our clients.
- To observe and maintain high standards at all times
- To uphold teamwork at all times.
- To respect and uphold the rights and dignity of our clients.
- To uphold integrity, accountability and transparency in our dealings.
- To adhere and respect the Constitution of Kenya 2010 in the provision of specialized health services

PROFESSIONAL VALUES

- We exercise our professions to the best of our knowledge and ability for the safety and welfare of all persons entrusted to our care.
- We shall not knowingly or intentionally do anything or administer anything to the persons under our care to hurt or prejudice.
- We shall maintain confidentiality of information that we have learnt in our professional capacities.

- We shall not employ any secret method of treatment or keep secret any method, which may be beneficial to patients.
- The Hospital shall not be advertised for undue commercial gains.
- We shall conduct ourselves honourably.

(c) Board Members

1. Mr. Adan Abdirhaman Hassan - Chairman
2. Prof. Nelly Yatich - Member
3. Dr. Norah C. Talam Langat - Member
4. Mr. Winston Orege - Member
5. Ms. Eunice W. Wambugu - Member
6. Mr. Katwa Kigen - Member
7. Dr. Simon Kibias - Alternate; PS Ministry of Health
8. Ms Anne Mworia - Alternate; PS, Ministry of Higher Education
Science & Technology
9. Mrs. Margaret Onyimbo - Alternate; PS, The National Treasury
10. Dr. Isaac Odongo - Alternate; Director of Medical Services
11. Prof. Jenasio Ikindu Kinyamario - Chairperson, Moi University Council
12. Prof. Richard K. Mibey - Vice Chancellor, Moi University
13. Dr. John C. Kibosia - Director/Secretary



Mr Adan Abdirhaman Hassan

BSc. Range Management, Utah State University-USA; Diploma in Agriculture and Several Management Courses, UoN.
District Livestock Management Officer, Livestock Manager, Kenya Meat Commission.
Director, Kenyatta International Conference Centre; Board Chair, MTRH.



Prof. Nelly Yatich

PhD in Public Health, University of Alabama at Birmingham; MPH, University of Alabama at Birmingham; BSc, Moi University.
Clinical Assistant Professor, Global Health Division, University of Washington; Director of the University of Washington Treatment, Research and Expert Education Program, Nairobi; Writing research articles for publication in peer-reviewed journals, generating M&E reports for sponsors, donors and grant-funders.
Board Member, MTRH;

 <p>Dr. Norah C. Talam Langat</p>	<p>PhD in Public Health-Epidemiology and Disease Control, Maseno University; Master of Public Health in Epidemiology and Disease Control, Moi University; BEd. Science; Diploma in Agricultural Education and Extension, Egerton University. Several Workshops and Seminars. HIV Prevention Manager, DoD, South Rift Valley; PEPFAR HIV Program, Walter Reed Project, Kericho; Lecturer, Department of Biological Sciences, Egerton University; Lecturer, Department of Applied Sciences, Eldoret Polytechnic. Board Member, MTRH.</p>
 <p>Mr. Winston Orege - Member</p>	<p>Bsc. Management & Administration, University of Dar-es-Salaam (1973); Comprehensive Auditing Course, Canada (1981/1982); Strategic Management, South Africa; Fraud Investigation & Money Laundering, London (2002) and Corporate Governance for Directors (2013). Deputy Auditor General, Office of the Controller and Auditor General. Auditor in various capacities from 1973 in the Office of the Controller and Auditor General. Board Member, Moi Teaching & Referral Hospital from 2011 and now Chair to the Board Audit & Risk Committee.</p>
 <p>Ms. Eunice Wangari Wambugu</p>	<p>Bsc. in Agriculture, the University of Nairobi and Msc. in AgriBusiness, Cornell University, USA; Certified export coach by the CBI of the Netherlands; Corporate Governance Course and Mwongozo Training. Worked with the Kenya Agricultural Research Institute, Kenya Bureau of Standards and Kenya Nut Company Ltd. Agricultural Consultant in market access and value addition. Board member of Wahundura Boys High School and Moi Teaching and Referral Hospital and Chair of Finance and Strategy Committee and Member of Standards, Quality Assurance and Research Committee.</p>
 <p>Mr. Katwa Kigen</p>	<p>PhD, Mt. Kenya University-ongoing; JSD, Washington University-ongoing; LLM, UoN; C.P.S(K); Kenya Certificate in Computer Science, Egerton University; Diploma in Law, Kenya School of Law; LLB, UoN. Advocate, Katwa & Kemboy Advocates; Member of LSK, Legislation and Law Reform Committee, Practiced at ICC (The Hague Netherlands); East Africa Court of Justice, Arusha-Republic of Tanzania; and all levels of Kenyan Courts and Tribunals since 1996. Chairman, Unclaimed Financial Assets Authority (U.F.A.A), Governor, Wareng Secondary School; Co-editor Reformed Church of East Africa News letter; National Executive Committee Member, Department of Education, Reformed Church of East Africa; Board Member, MTRH.</p>



Dr. Simon Kibias

OGV, School of Medicine, University of Nairobi; Master of Public Health, Vrije University, Netherlands; Diploma in TB Control, Japan, and several Certificates in Public Health Practice, Stop TB Strategy, TB Control, HIV Control, Disaster Management, Strategic Leadership and Development and Human Resource Development and Order of Grand Warrior (OGW).

Board member of Moi Teaching and Referral Hospital and committee member on the establishment of a 2,000 bed Hospital; Member of Kenya Dentists and Poison Board; Council member of Public Health Society of Kenya (PHSK) and Founder; Technical advisor to the Botswana TB program, being part of TB program in attaining WHO targets, disaster docket at MOH and policy marking.

Worked as District Medical Officer; Provincial TB coordinator; Provincial Director of Public Health and Sanitation, Deputy Head, Primary Health Department and Head of Disaster Risk Management at Ministry of Health.



Mrs Anne Mworira

Bachelor of Arts Hons, University of Nairobi; East Africa Advanced Certificate of Education, Highland School; East Africa Certificate of Education, Equator High School and several courses in Governance and Management from various training institutions.

Deputy Secretary, Ministry of Lands & Housing; Coordination of Administrative Service in various Departments in the Ministry; Ag. Scheme Manager, Civil Servants Housing Scheme; Under Secretary, Ministry of Lands and Housing; Assisted in Coordination of Budgetary and Financial matters, Monitoring of Re-current and Development Expenditures; handling Reference Sheet, Audit Queries and Public Accounts matters in the Ministry of Agriculture and Livestock Development.

Board member (MTRH).



Mrs. Margaret Onyimbo

Bachelor of Sociology and Governance.

Senior Deputy Secretary with responsibilities of National Global Fund Coordinator and Head of programs Management Unit in respect to the Global Fund at National Treasury and have served in Several Management and Administrative position. MTRH Board Member



Dr. Isaac Odongo

Master of Medicine-Internal Medicine, University of Nairobi; Bachelor of Medicine and Bachelor of Surgery; Strategic Leadership Development Programme, KSG; Integrated Management of Adult Illness, Uganda; Project Management Course, KSG.

Medical Officer Intern, Coast General Hospital; Medical Officer 1, Taveta District Hospital; Registrar Department of Medicine, UoN; Registrar, Aga-Khan Hospital; Physician, Mbagathi District Hospital; Physician, Machakos Level 5 Hospital; Head of Division of Internal Medicine and Head of Department of Curative and Rehabilitation, Ministry of Health. Member Kenya Association of Physicians and Kenya Medical Association.

Board member, MTRH.



Prof. Jenesio Ikindu
Kinyamario

PhD. Plant Ecology, University of Nairobi; M.Sc. Range Science, Texas A & M University; BSc. Biology, UoN. Thematic Head, Ecology and Environmental Sciences, School of Biological Sciences, UoN; Lecturer, Ecology and Environmental Science, UoN; Research and Training under the SIDA-Sarec BIOEARN (Biotechnology Research & Development in East Africa) Programme; Research and Training student at both Msc. and Ph.D. levels in biosafety; Research and Training under the DANIDA Biosafe Train (Capacity Building for Biosafety and Ecological Impact Assessment of Transgenic Plants in East Africa) Programme; Training Coordinator, Biosafe Train special courses, focusing on biosafety/ecology, biotechnology, practical aspects in the cultivation and handling of GM crops, risk assessment and evaluation, and on ethical, legal and societal aspects of GM Technology. Board Member MTRH



Prof. Richard Mibey

PhD in Mycology, UoN; MSc. Biology, Appalachian State University; MSc. Plant Pathology, Oklahoma State University; BA. Biology, Warren Wilson College. D.Ed. Agricultural Education and Extension, Specialty in Plant Pathology, Oklahoma State University;

Graduate Assistant, Department of Biology, Appalachian State University; Graduate Assistant, Department of Plant Pathology, Oklahoma State University; Research Assistant, U.S.D.A. Laboratory; Lecturer, Department of Botany, UoN; Senior Lecturer, Department of Botany UoN; Associate Professor of Botany (Mycology); Professor of Mycology, Department of Botany, UoN.

Chairman, Department of Botany UoN; Dean, Faculty of Science, UoN; Principal, Chiromo Campus UoN; Deputy Vice Chancellor, Administration and Finance Maseno University; Vice Chancellor, Moi University.

Board member, MTRH.



Dr. John C. Kibosia

M.Med-Surgery and M.B.ch.B, UoN; LeHHo, Strathmore University; Certificate, Corporate Governance, Diploma-Health System Management, Galilee College Israel; Certificate, Palliative Medicine, St. Peter College Oxford – UK; Certificate, Public Health, Nordic School of Public Health, Sweden; Fellow, College of Surgeons East South Central Africa; Recognition as Specialist in General Surgery, (MP&DB) and several Conferences, Seminars and Workshops in and outside the country.

Registered Medical Practitioner.

Director/CEO-MTRH, Director - Prisons Health Services, CEO/Ag. Director - K N H, Director/C E O – KMTC.

(d) BOARD COMMITTEES

The Board has four principal committees which operate within defined terms of reference laid down by the board. The four committees are as follows:

- Standards, Quality Assurance and Research Committee
- Establishment Committee
- Finance and General Purposes Committee
- Audit and Risk Committee

(e) PRINCIPAL OFFICERS

NO	NAME	DESIGNATION
1	 Dr. John Kibosia	M.Med-Surgery and M.B,ch.B, UoN; LeHHo, Strathmore University; Certificate, Corporate Governance, Diploma-Health System Management, Galilee College Israel; Certificate, Palliative Medicine, St. Peter College Oxford – UK; Certificate, Public Health, Nordic School of Public Health, Sweden; Fellow, College of Surgeons East South Central Africa; Recognition as Specialist in General Surgery, (MP&DB) and several Conferences, Seminars and Workshops in and outside the country. Registered Medical Practitioner. Director/CEO-MTRH, Director - Prisons Health Services, CEO/Ag. Director - K N H, Director/C E O – KMTC.
2	 Dr. Wilson K. Aruasa	M.Med in Obs-Gynae, UoN; MBChB, Moi University; Global Executive Masters of Business Administration, USIU; Strategic Leadership Development Programme, KSG; Certificate in Monitoring and Evaluation, KIM; LeHHo, Strathmore University; Health Information Management, Regenstrief Institute Indiana University and several professional workshops, Training and Seminars. CEO, MTRH; Honorary lecturer, Moi University School of Medicine; Member AMPATH Executive Committee and AMPATH Board, and Council Member, Kenya Medical Association (KMA)
3	 Mr. Agunda Ochanda	MBA, University of Keele, England; CPS (K); Diploma in Health Care Management, Galilee College-Israel; LeHHo, Strathmore University and Several Leadership and Management seminars and conferences locally and internationally. Certified Director by Centre of Corporate Governance; Mentor and Coach in Leadership and Governance; Strategic Leadership, KSG and Secretary to Management Committee. Deputy Director, Administration and Finance and Acting Corporation Secretary, MTRH.
4	 Dr. Francis Omari Ogaro	Fellowship (Subspecialty) in paediatrics chest, University of Cape Town - S.A; M.Med in Peadiatrics, UoN; MB,ch.B. UoN; Strategic Leadership Development Programme, KSG; several leadership and diagnostic seminars, Honorary Lecturer, Department of Child Health and Paediatrics, Moi University; Member of Pan-African Thoracic Society, Kenya Association of Prevention and Treatment of Lungs Diseases (KAPTLD), Kenya Paediatrics Association; Ag. Deputy Director Clinical Services, MTRH.

5	 <p>Mr. Mathews Birgen</p>	<p>MBA, Moi University; Diploma in Health Systems Management, Galilee College, Israel; Foundations in Economic Evaluation, Makerere University; CPA(K), B-Com, UoN and Strategic leadership Management, KSG. SAD (Finance), MTRH. Ag. ADDFA and Finance Manager at MTRH. With in-depth knowledge of Management Accounting, Financial Reporting, Budget and budgetary control, human resource, procurement and monitoring & evaluation.</p> <p>East, Central and Southern Africa Health Community consultant on costing of health services in Kenya.</p> <p>ICPAK Member, Board member Race Course secondary school, Internal Auditor for ISO 9001:2008.</p>
6	 <p>Mr. Titus Tarus</p>	<p>MScN, University of Witwatersrand, Johannesburg, South Africa; BScN and Cum-Laude, University of Eastern Africa, Baraton.</p> <p>Senior Assistant Director, Nursing Services, Nursing Manager Division of Paediatrics and child health including Neonatal Unit, Nursing Officer in charge of paediatric ward, MTRH.</p> <p>Member of the Kabarak University Teaching and Referral Hospital Task Force Committee, Member of IREC, Member in the Human Resource and Finance Standing Committee of the Nursing Council of Kenya</p>
7	 <p>Mr. Thomas Ngetich</p>	<p>MBA, Moi University; BA-Economics, University of Nairobi; CPA (K) and member of the Institute of Certified Public Accountants of Kenya.</p> <p>Strategic Leadership Development Programme, KSG; Senior Management Course, KSG; Corporate Governance Course, Centre for Corporate Governance and other several trainings, workshops and seminars.</p> <p>Ag. Finance Manager, MTRH, Deputy Finance, MTRH, Chief Accountant (MTRH), Projects Accountant RSPO MTRH/MU, Project Administrator, AMPATH. With in-depth knowledge of Financial Reporting, Management Accounting, Budgeting and Budgetary Control and Internal Controls.</p>

(f) **REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS**

Nandi Road,
P.O Box 3 -30100
Tel: 053-2033471/2/3/4
FAX 053-2061749w
ELDORET.
Email: director@mtrh.or.ke
Website: www.mtrh.or.ke

(g) **BANKERS**

Kenya Commercial Bank Ltd
Uganda Road Branch- Eldoret
P.O Box 5197 -30100
ELDORET.

(h) **INDEPENDENT AUDITORS**

The Auditor General
Anniversary Towers, University way
P.O Box 30084-001000
NAIROBI.

(i) **PRINCIPAL LEGAL ADVISER**

The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

II. CHAIRMAN'S REPORT.

Introduction

It is with great pleasure that I present the Hospital's Annual Report and Financial Statements for the Financial Year ended 30th June, 2015.

The Hospital's functions are stipulated in the Legal Notice No. 78 of 1998 under the State Corporations Act (Cap 446) and include provision of accessible specialized quality healthcare services, teaching facilities, research, training, capacity building, innovation and participation in National Health Planning.

Financial highlights

The Hospital realized an increase in income from Kshs 4.7 billion during the 2013/2014 Financial Year to Kshs 6.0 billion in the period under review. The period saw an increase in income from government largely attributable to additional funds for staff for the implementation of the collective bargaining agreement. The Hospital further realized an increase in operating income (Cost Sharing Income) by 11.8% .The increase is attributed to the increase in workload in Outpatient Department by 13% and Inpatient Income of 11%.

OPERATIONAL EFFICIENCY

Quality Management System

The Hospital continues to make quality a priority in all its undertakings ever since it achieved ISO 9001:2008 certification. The Hospital has continued to maintain its certification with recertification during the financial year for the next three years.

Service Delivery

The quality of health care delivery is driven by the capacity to use the available resources to achieve the desired outcomes. The hospital has continued to make effort to improve service delivery by improving service relevance and acceptability through use and adherence to service charters by all service delivery points, conducting regular client's satisfaction surveys to continually ensure client's expectations are informing interventions and ensuring staff and patients safety is assured in the provision of services.

Alongside other interventions, the hospital endeavors' to ensure a conducive environment for quick recovery to patients and hence reduce the hospital length of stay.

Performance Contracting

The Hospital has inculcated performance contracting in all its operations and cascaded the same to all members of staff. Attainment of negotiated targets has ensured improved service delivery to clients and consequently client satisfaction. The Board defended performance for the Financial Year 2014/2015 and signed the 13th cycle of performance contracting.

Collaborations

The Hospital continues to collaborate with various stakeholders to improve healthcare delivery.

- The Hospital's partnership with Moi University School of Medicine and Indiana University School of Medicine in the US saw the signing of the USAID/AMPATH-Plus Grant for 5 years with the Hospital being the Prime Recipient. This grant provides intervention programs in HIV prevention and care.
- The Hospital in Partnership with AAR Insurance established a Community Based Healthcare Plan on a Public-Private Partnership arrangement which is a medical insurance scheme tailored for a rural farming community that both promote economic prosperity while at the same time providing affordable insurance cover. This is a scheme worth replication by other service providers throughout the country.

Growth highlights

The Hospital is keen on attaining full National Referral Status through development of various Centres of Excellence and other projects as detailed below:

- Cancer and Chronic Disease Management Centre to handle the following:
 1. Treatment of patients with Cancer
 - a. Screening
 - b. Radiotherapy
 - c. Chemotherapy
 2. Special clinics for chronic/ non-communicable diseases

- Shoe4Africa Childrens Hospital to handle the following Paediatric services:
 1. Outpatient
 2. Inpatient
 3. ICU
 4. Theatre
 5. Laboratory
 6. Radiology
- Managed Equipment Service (MES): The Hospital received Renal Equipment and MRI
- Upgrading of some equipment such as Patient Monitors and Autoclaves
- Procurement of a purpose Build Special Ambulance

Despite the above listed achievements and expectations, the Hospital requires additional funding to assure full status attainment as a National Referral Hospital.

Strategy Highlights

The Hospital's Strategic Plan 2012/2017 now in its mid-term guides all the activities and interventions aimed at achieving core objectives as set out in the plan.

In furtherance of the objectives under the Hospital's Strategic Plan 2012/2017, the projects to be initiated include:

- Construction of Reproductive Health Centre of Excellence
- Enhancement of electrical system
- Procurement of more hospital vehicles
- Digitizing medical records
- Construction of Doctors Plaza

A mid-term review of the Strategic Plan 2012/2017 recently carried out, enabled the Hospital evaluate the implementation status of strategic objectives and factor in emerging issues.

Appreciation

I wish to recognize the role of my fellow Board members, Management, the Government of Kenya and development partners for their contribution in making the year 2014/2015 a particularly successful year. I would also wish to recognize the immense contribution of the Hospital staff and would like to personally thank them for their efforts, which have contributed to achievement of set targets.



MR. ADAN ABDIRHAMAN HASSAN

CHAIRMAN

III. CHIEF EXECUTIVE OFFICERS' REPORT

INTRODUCTION

Moi Teaching & Referral Hospital remains dedicated to its mission of providing accessible, specialized, quality healthcare services and teaching facilities through Research, Training, Capacity building, Innovation and Participation in National Health Planning.

Overview of the Kenyan Health Sector

The development of Kenya Health Policy Framework, launching of Vision 2030, enactment of the Constitution 2010, and fast tracking of actions to achieve the Millennium Development Goals by 2015 are some of the steps undertaken by the Government to improve socio-economic status of her citizens.

Health is one of the components of delivering the Vision's Social Pillar given the key role it plays in maintaining a healthy workforce necessary to drive the economy. To realize this ambitious goal, the health sector defined priority reforms as well as flagship projects and programs including restructuring of the sector's leadership and governance mechanisms; improving procurement and availability of essential medicines and medical supplies; modernizing health information systems; accelerating health facility infrastructure development to improve access; human resource for health development and developing equitable financing mechanisms as well as establishment of social health insurance.

With devolution of funds and decision-making to county level, the Ministry headquarters has then concentrated on policy and research issues. Through the support of the private sector, Kenya also intends to become the regional provider of choice for highly-specialized health care, thus opening Kenya to "health tourism". Improved access to health care for all will come through:

- i) Provision of a robust health infrastructure network countrywide;
- ii) Improving the quality of health service delivery to the highest standards
- iii) Promotion of partnerships with the private sector;
- iv) Providing access to those excluded from health care for financial or other reasons.

The country recognizes that achieving the development goals outlined in Vision 2030 will require increasing productivity. The health sector is expected to play a critical supportive role in maintaining a healthy workforce which is necessary for the increased labour productivity that Kenya requires in order to match its global competitors. Health is, therefore, one of the key components in delivering the social pillar 'Investing in the People of Kenya' for the Vision 2030.

The Operating Environment

The Government has increased the capacity of Hospitals in Counties as a deliberate intervention that is aimed at improving services delivery as well as bringing services closer to the people. It is expected that this shall ease congestion in the Hospital hence allow those that require specialized services to be treated.

The increase in the number of Indigents resulted in the Hospital partnering with NHIF by engaging in aggressive enrolment campaign for the Comprehensive Medical Cover. Though there has been increased enrolment, sustainability is doubtful due to the recent increase in monthly contribution that may reduce the number of people who can access quality Health Care.

The free maternity health care by the Government has enhanced access to Quality Health Care by Mothers though at the same time, it has overstretched available resources namely personnel, infrastructure and finances. The slow reimbursement process by the ministry weighs down on routine operations of the Hospital given the ever increasing population desiring to access this service that resulted to increase in outstanding debts. During the period under review, debts secured on collaterals rose from Kshs.44 million to Kshs. 46 million, an increase of Kshs. 2 million. A total of Kshs. 88 million was waived.

FINANCIAL MANAGEMENT

The Hospital adheres to the Public Finance Management Act pertaining to the management of public funds. This is supported by proper internal controls as well as an Internal Audit function that reports to the Hospital Board Audit Committee. The internal controls provide a streamlined solution for organizing all accounting procedures and ensuring that the accounting cycle is completed consistently and successfully. The internal controls also allow the organization to keep detailed records, manage and organize important financial transaction and set a high standard for the organizations financial management structure and protocol besides helping reduce accounting errors and abuse.

HUMAN RESOURCES

The Hospital has endeavored to attract and retain highly skilled staffs that play a critical role in offering the highest, accessible quality services and effective quality improvement. The institution has developed strategies of hiring qualified staff that are treated as good partners in the hospital operations and are given opportunities for advancement. All employees are required to perform and are monitored through a performance evaluation and appraisal system.

During the period under review, the Hospital's staff establishment stood at a total of three thousand, seven hundred and four (3,704) being six hundred and one (601) on Contract Terms and three thousand, one hundred and three (3103) on Permanent and Pensionable Terms.

COMMUNITY OUTREACHES PROGRAMMES/ MEDICAL CAMPS

The hospital undertook community outreaches through the relevant departments in the hospital. This kind of health promotions are aimed at creating awareness in different health issues which are paramount to improving health perception.

Besides routine patient care and management, the Hospital successfully conducted medical camps in the following areas in order to utilize highly skilled expertise from visiting doctors from collaborating institutions;

- Medical camp at Turkana County.
- Medical camp at Kimngoror health centre.
- Medical Camp in Kapkoi.
- Medical camp at Ngeria Prison.
- Medical Camp at Catholic University.

RESEARCH AND DEVELOPMENT

As a strategy towards attaining its Mission, MTRH in partnership with other stakeholders is dedicated to pursue research which mainly focuses on health care management, service delivery, cost and quality with the aim of furthering the advancement of science and setting a competitive edge in healthcare management. It is expected that the outcome of the various funded research will result into better management of patients.

During the period under review, the Hospital allocated Kshs 5 Million towards Health Research, Development & Innovation.

FUTURE OUTLOOK

The Hospital's operations and growth are guided by the Strategic Plan 2012-2017 that is now in its mid-term. It is expected that more Centers of Excellence shall be developed to improve service delivery in addition to bringing the Hospital closer to offering Health Tourism.

Besides the strategic plan, the Hospital has a comprehensive restructuring plan of its facilities driven by demand for efficient and reliable healthcare services from its corporate partners. To improve and enhance these facilities the hospital has put in place the following strategies;

- Review its physical plan for the next 15 years
- Mobilize resource to strengthen infrastructure development
- Modernize and expand hospitals facilities
- Support the development of infrastructure initiatives.

APPRECIATION

I take this opportunity to thank the Government of Kenya, Hospital Board, Management, Staff, Development partners, Moi University College of Health Sciences and other stakeholders for the success of 2014/2015 financial year.



DR. JOHN KIBOSIA

DIRECTOR/ CHIEF EXECUTIVE OFFICER

I.V CORPORATE GOVERNANCE

The responsibility for good corporate governance of the Hospital is vested on the Board. The Board consists of thirteen members, six of whom are Independent Members and seven are representatives of Ministry of Health, Ministry of Education, Science & Technology, the National Treasury, Moi University and CEO of the Hospital. Twelve are non executive (including the board chairman) and one is executive (the chief executive officer). The board members have a wealth of experiences and competencies appropriate for efficient execution of the institution's undertakings.

The Board ensures that the Hospital complies with the Law and the highest standards of corporate governance principles and work ethics. The Board has been at the forefront in ensuring that the Hospital is run in a professional manner through proper management structures and continues to inculcate governance principles in the management of Hospital operations.

The board members are given appropriate and timely information so that they can maintain full and effective control over strategic, financial, operational and compliance issues

FUNCTIONS AND RESPONSIBILITIES OF THE BOARD

The primary responsibilities of the Board include the following:

- Establish long-term goals of the Hospital and ensure that the Strategic objectives and plans are established to achieve those goals.
- Ensure that the Management structures are in place to achieve those objectives.
- Guide the implementation of strategic decisions and actions as appropriate.
- Review, adopt and monitor the implementation of the Hospital's annual budgets.
- Ensure preparation of annual financial statements, communication and disclosures of to stakeholders.
- Establish policies for Risk Management and implementation of sound internal controls and compliance as set out in accounting and auditing standards.
- Ensure that the Hospital remains viable, sustainable and competitive while maintaining and increasing Hospital's net worth.

BOARD COMMITTEES

1. Finance and Strategy Committee

This committee is responsible for establishment and review of policies regarding financial management function of the hospital .It also reviews financial statements, budgets, user fee manuals, and inventory and development projects.

Membership

I.	Ms. Eunice Wambugu -	Chairperson
II.	Mr. Katwa Kigen	- Member
III.	Dr. Norah Langat	- Member
IV.	Mrs. Margaret Onyimbo	- Member
V.	Prof. Richard Mibey	- Member
VI.	Dr. Simon Kibias	- Member
VII.	Dr. John Kibosia	- Secretary

2. Human Capital and Governance Committee

This committee is responsible for development of human resource policies, staff welfare, recruitment and staff development and training. It also oversees activities of the staff pension scheme and Governance issues.

Membership

I.	Mr. Katwa Kigen	-	Chair person
II.	Mr. Winston Orege	-	Member
III.	Prof. Nelly Yatich	-	Member
IV.	Mrs. Margaret Onyimbo	-	Member
V.	Dr. Simon Kibias	-	Member
VI.	Dr. Isaac Odongo	-	Member
VII.	Prof. Richard Mibey	-	Member
VIII.	Dr. John Kibosia	-	Secretary

3. Standards ,Quality Assurance and Research Committee

This committee is responsible for establishment and review of clinical policies and protocols, research ethics and policies and quality standards.

Membership

I.	Dr. Norah Langat	-	Chairperson
II.	Ms. Eunice Wambugu	-	Member
III.	Mr. Katwa Kigen	-	Member
IV.	Mrs. Ann Mworio	-	Member
V.	Dr. Isaac Odongo	-	Member
VI.	Prof. Richaed Mibey	-	Member
VII.	Dr. John Kibosia	-	Secretary

4. Audit and Risk Committee

This committee is responsible for establishment and review of efficient internal controls, effective risk management framework, external auditor's queries and concerns and Public Investments Committees' recommendation. It is through this committee that the board is able to discharge its supervisory and oversight responsibility.

Membership

I.	Mr. Winston Orege	-	Chairperson
II.	Prof. Nelly Yatich	-	Member
III.	Prof. Richard Mibey	-	Member
IV.	Mrs. Ann Mworio	-	Member
V.	Dr. Simon Kibias	-	Member
VI.	Mr. Eliud Cheres	-	Chief Internal Auditor/ Secretary

OTHER GOVERNANCE COMMITTEES

MANAGEMENT COMMITTEE

This is an executive committee with delegated responsibility from the board to run the day to day activities of the Hospital. The management committee has regular consultative meetings whose main agenda is performance and strategy review. They also provide leadership by Setting the strategic direction to guide and direct the activities of the organization, ensuring effective management of the organization and monitoring the activities of the organization to ensure they are keeping with the Hospital vision and mission.

TENDER COMMITTEE

This committee steers the procurement processes. It ensures all tender evaluations and awards are conducted in an open and unbiased manner, in compliance with the laid down procedures. The Committee ensures the Hospital procurement process conforms to the Public Procurement and Disposal Act.

IV. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

The Hospital Board is cognizant of the importance of giving back to the community and it is for this reason that regular engagement with the local community is encouraged. During the period under review, the Hospital participated in the following activities among many others:

1. Held Medical camp in Kipngoror in August 2014
2. Joined Water Companies Association to offer first aid services in August 2014
3. Held a Medical Camp in Turkana county during Turkana Cultural week in August 2014
4. Held a medical camp at Kapkoi Health Centre in August 2014
5. Sponsored Golf Tournament at Eldoret club in September 2014
6. Teamed up with Eldoret Hospice during the world Palliative care day in October 2014
7. Offered free screening during the world diabetic day in November 2014
8. Held a Medical Camp at Plateau Mission Hospital in November 2014
9. Played part in the Discovery World Marathon in January 2015
10. Teamed up with Uasin-Gishu Youth Organization for a cleanup exercise in January 2015
11. Participated in the world cancer day at a the Eldoret Hospice in February 2015
12. Teamed up with Ngeria Prisons for a Medical Camp in February 2015
13. Joined Kenya Medical Association in Marking World Cancer day for the children in February 2015
14. Teamed up with Catholic University for a Medical Camp in March 2015
15. Offered first aid services during Athletics Kenya in May 2015

V. REPORT OF THE HOSPITAL BOARD

The Board of Directors submits this report together with the financial statements for the year ended June 30th, 2015 which show the state of the affairs of the Hospital.

Board of Directors

The members of the Board of Directors who served during the year are shown on page 2. They discharge their duties In accordance with Legal Notice Number 78 of 1998.

Board Members serve five-year term with a possibility of renewal as stipulated by the Legal Notice. Continuity is in-built by the manner in which appointments are made, especially that of the Chair whose appointment does not coincide with those of other members.

Auditors

The Auditor General is responsible for the statutory audit of MTRH in accordance with the Section 14, 15, 16, &17 of the State Corporations Act

The Auditor General carried out the audit of the MTRH for the year/period ended June 30, 2015.

By Order of the Board



DR. JOHN KIBOSIA
DIRECTOR/ SECRETARY TO THE BOARD

Date:.....

VI. STATEMENT OF BOARD OF MANAGEMENT'S RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and section 14, 15, 16&17 of the State Corporations Act, require the Accounting officer to prepare financial statements in respect of that entity, which give a true and fair view of the state of affairs of the entity at the end of the financial year/period and the operating results of the entity for that year/period. The Board is also required to ensure that the entity keeps proper accounting records which disclose with reasonable accuracy the financial position of the entity. The Board is also responsible for safeguarding the assets of the entity.

The Board is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year ended on June 30, 2015. 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 entity; (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 entity; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Board accepts responsibility for the entity's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the Public Finance Management Act and the State Corporations Act. The Board is of the opinion that the entity's financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2015, and of the entity's financial position as at that date. The Board further confirms the completeness of the accounting records maintained for the entity, which have been relied upon in the preparation of the entity'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 entity will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The entity's financial statements were approved by the Board on _____ 2015 and signed on its behalf by:



MR. ADAN ABDIRHAMAN HASSAN
BOARD CHAIRMAN



DR. JOHN KIBOSIA
DIRECTOR/ CEO



OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON MOI TEACHING AND REFERRAL HOSPITAL FOR THE YEAR ENDED 30 JUNE 2015

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Moi teaching and Referral Hospital set out on pages 20 to 45, which comprise the statement of financial position as at 30 June 2015, and the statement of financial performance, statement of changes in net assets and statement of cash flows 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 14 of the Public Audit Act, 2003. 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.

Management's Responsibility for the Financial Statements

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

The management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 13 of the Public Audit Act, 2003.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 15(2) of the Public Audit Act, 2003 and submit the audit report in compliance with Article 229(7) of the Constitution of Kenya. The audit was conducted in accordance with International Standards of Supreme Auditing Institutions (ISSAIs). Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's

preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

1.0 Non-Current Assets

1.1 Land

Included in the property, land and equipment balance of Kshs.1,253,353,648 is Uasin Gishu Memorial Hospital land valued at Kshs.71,037,687. However, as previously reported, ownership of Uasin Gishu Memorial Hospital land is subject to a court case between the hospital and the former directors of the hospital. Although the management has explained that the Constitutional Court to which the case was referred ruled in favour of Moi Teaching and Referral Hospital on 10 March 2010, the former directors appealed against the judgement. The matter has been pending in High court for the last five years. Consequently, until the appeal is heard and determined, the ownership status of the land valued at Kshs.71,037,687 included in the property, plant and equipment figure of Kshs.1,253,353,648 could not be confirmed as at 30 June 2015.

1.2 Fixed Assets Register

During the year under review, the hospital did not maintain a fixed assets register. It was therefore not possible to confirm the details and value of property, plant and equipment and project costs all totalling Kshs.1,321,005,474 as at 30 June 2015.

Consequently, the accuracy and existence of the non-current assets valued at Kshs.1,321,005,474 could not be ascertained as at 30 June 2015.

2.0 Trade and Other Receivables

2.1 Corporate Clients Debtors

The trade and other receivables balance of Kshs.984,538,962 as at 30 June 2015 includes corporate client debtors of Kshs.431,583,409 out of which an amount of Kshs.260,603,064 relates to 2013/2014 and prior years. However, no reason has been provided for failure to collect debts as and when they fall due.

2.2 Medical Services Providers Debtors

The trade and other receivables balance of Kshs.984,578,962 further include amounts owed by two medical service providers amounting to Kshs.20,138,821 and Kshs.68,778,269 respectively in respect of the contractual arrangements entered into with the hospital to provide medical care to employees of the Hospital. The claims have been outstanding long after contracts with the two firms were

terminated. However, no documentary evidence was availed for audit review on the measures being taken by the hospital to ensure that amounts totalling Kshs.88,917,090 is recovered from the two firms.

2.3 NHIF Civil Service Medical Scheme Debtors

Included in corporate client debtors balance of Kshs.431,583,409 under Note 7.2 to the financial statements is an amount of Kshs.85,585,029 due from the NHIF Civil Service medical Scheme as at 30 June 2015. However, the contract signed between the hospital and the Fund stipulating the obligations of each party was not availed for audit review. Consequently, the reason for non-settlement of the claim and the basis of the claims amounting to Kshs.85,585,029 could not be confirmed as at 30 June 2015

2.4 Individual Client Debtors

The trade and other receivables balance of Kshs 984,538,962 as at 30 June 2015 further includes individual client debtors' balance of Kshs 457,757,790. The debts were secured with ID cards, commitment letters and title deeds and out of which an amount of Kshs.361,024,834 related to the years 2002 to 2010. Since these debts were secured with very weak collateral, the possibility of their collectability appears remote and the management has not indicated the measures being taken to have the amounts collected. It is therefore likely that these debts may not be recovered and the management has not indicated the measures being taken to forestall the recurrence of similar situation. Delay in collection of the debts affects the cash flow position and adversely affects the operations of the hospital. In the circumstances, recoverability of the long outstanding debts totalling Kshs 775,991,196 is doubtful and as a result, it has not been possible to ascertain if the trade and other receivables balance of Kshs.984,538,962 is fairly stated as at 30 June 2015

3.0 Loss of Revenue

The revenue collection system (Fun Soft) recorded total receipts of Kshs.6,011,317,436 as reflected in the statement of financial performance for the year ended 30 June 2015, comprising government grants, cost sharing and income generating activities. However, information available indicates that between 1 July 2014 and 11 January 2015 an amount of Kshs.12,896,113.90 was invoiced to patients for medical services, which was altered in the system through collusion by some hospital employees to Kshs.2,975,775 resulting to a loss of Kshs.9,920,339. Although the management has indicated that legal action has been instituted against the officers who colluded to cause the loss of Kshs.9,920,339, no loss was charged against income. Consequently, the financial statements for the year under review did not fully comply with paragraph 37 of International Public Sector Accounting Standards (IPSAS) 1 and therefore the net loss of Kshs.149,220,372 for the year ended 30 June 2015 is misstated by Kshs 9,920,339.

4.0 Cash and Bank Balances

The statement of financial position as at 30 June 2015 reflects cash and cash equivalent balance of Kshs 9,633,249 which includes Kshs.778,286 in respect of KCB private wing account. However, audit review of the KCB private wing bank reconciliation statement for the month of June 2015 showed un-presented cheques

amounting to Kshs.4,329,286.90 which included two stale cheques totalling Kshs.1,149,000 and three additional cheques totalling Kshs.215,550 which had become stale as at the time of this audit. No reason, was however, provided for not reversing the stale cheques in the cash book. Consequently, the accuracy and validity of the cash and cash equivalent balance of Kshs.778,286 could not be confirmed as at 30 June 2015.

5.0 Bank Overdraft

The statement of financial position as at 30 June 2015 reflects bank overdraft of Kshs15,731,326 in respect of KCB main account. However, the Board approval for the bank overdraft indicating the limit and the terms of the overdraft was not availed for audit review. Further, audit review of the KCB main bank reconciliation statement for the month of June 2015 showed un-presented cheques amounting to Kshs.16,164,286 out of which cheques amounting to Kshs.1,191,066.40 were not presented for payment and had become stale as at the time of this audit. No reason has however, been provided for drawing cheques without sufficient funds in the cash book and the Board approval to over draw the account.

Consequently, the validity and propriety of the bank overdraft balance of Kshs.15,731,326 as at 30 June 2015 could not be confirmed.

6.0 Irregular Payment of Emoluments

The personnel emolument amount of Kshs.4,525,650,638 reflected in the statement of financial performance for the year ended 30 June 2015 include an amount of Kshs.528,713 being emoluments paid between January 2015 and June 2015 to an employee who exited the hospital in December 2014. Consequently, the expenditure of Kshs.528,713 was an irregular charge to the Hospital's funds.

7.0 Discrepancies Between Bank Remittances and Payroll

Audit review of the payroll and the bank remittances showed discrepancies between the two records for the months of March to June 2015 as shown below:

Month	Bank Amount (Kshs)	Payroll Amount (Kshs)	Difference (Kshs)
March 2015	105,428,905.00	105,329,512.00	99,393.00
April 2015	99,284,775.00	99,285,279.00	(504.00)
May 2015	96,295,821.00	96,812,361.00	(516,540.00)
June 2015	95,420,650.00	98,102,578.00	(2,681,928.00)
Total	396,430,151.00	399,529,730.00	(3,099,579.00)

The variance of Kshs.3,099,579.00 had not been explained or reconciled as at the time of this audit.

Qualified Opinion

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects the financial position of Moi Teaching and Referral Hospital as at 30 June 2015, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Moi Teaching and Referral Hospital Board Order, 1998.

Emphasis of Matter

Financial Performance

During the year, the Hospital recorded a loss of Kshs.149,220,372 (2013/2014 loss of Kshs.253,247,968) which reduced the revenue reserves to a negative of Kshs.440,365,974. Although the Hospital recorded a favourable working capital of Kshs.260,716,944 as at 30 June 2015, if strategies are not put in place to reverse the loss trend, the Hospital future operations are likely to be adversely affected.

Other Matter

Officers Earning Less Than a Third Basic Pay

During the year ended 30 June 2015, thirty (30) officers of the hospital earned net salaries that were less than a third of their respective basic salaries in the months of November 2014, December 2014, March 2015 and April 2015 contrary to Section 19(3) of the Employment Act, 2007 as summarised below:

Month	No of Officers	Total gross pay (Kshs)	Net Paid (Kshs)	A third pay (Kshs)	Variance (Kshs)
November 2014	5	1,280,179.00	281,713.00	426,726.33	(145,013.33)
December 2014	21	7,548,679.00	1,911,353.00	2,516,226.33	(604,873.33)
March 2014	3	654,875.00	112,390.60	218,291.67	(105,901.07)
April 2014	1	398,947.00	77,760.00	132,982.33	(55,222.33)
Total	30	9,882,680.00	2,383,216.60	3,294,226.67	(911,010.07)

The management was therefore in breach of the law.

My opinion is not qualified in respect of these matters.



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

Nairobi

25 July 2016

**VII. STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30TH JUNE 2015**

	Notes	2014/2015	2013/2014
Revenue from Non-Exchange Transactions			
Government Grant	4.1	4,427,911,523	3,164,270,386
		4,427,911,523	3,164,270,386
Revenue from Exchange Transactions			
Cost Sharing	4.2	952,141,852	851,987,851
Income Generating Unit	4.3	588,586,982	588,952,304
Other Income	4.4	42,677,079	67,224,391
		1,583,405,913	1,508,164,546
Total Revenue		6,011,317,436	4,672,434,932
Direct costs			
Opening Inventories	7.3	99,652,601	129,042,517
Add: Direct Costs	5.1	627,095,823	561,834,124
Closing Inventories	7.3	(123,089,318)	(99,652,601)
Net Direct Costs		603,659,106	591,224,040
Gross Revenue		5,526,044,657	4,081,210,892
EXPENDITURE			
Personnel Emoluments	6.1	4,525,650,638	3,497,805,906
Depreciation	6.2	87,344,089	90,765,965
Administrative cost	6.3	309,859,467	243,918,100
Operational cost	6.4	459,140,872	374,325,832
Board Expenses	6.5	10,219,189	7,612,218
Finance Cost	6.6	6,100,604	-
Provision for doubtful debts	6.7	69,140,755	30,108,018
Waivers and Exemptions	6.8	88,263,088	88,762,824
Provision for Audit fee	6.9	1,160,000	1,160,000
Total Costs		5,656,878,703	4,334,458,860
Net Surplus/ (Loss)		(149,220,372)	(253,247,968)
Revenue reserves b/f		(291,145,602)	(37,897,631)
Revenue reserves c/f		(440,365,974)	(291,145,602)

VIII.

STATEMENT OF FINANCIAL POSITION

AS AT 30TH JUNE 2015

	Notes	2014/2015 As at 30 June KSHS.	2013/2014 As at 30 June KSHS.
CURRENT ASSETS			
Cash and Cash Equivalents	7.1	9,633,249	8,332,122
Trade and other Receivables	7.2	984,538,962	973,016,356
Inventories	7.3	123,089,318	99,652,601
		1,117,261,529	1,081,001,079
Non Current Assets			
Property, Plant and Equipment	3.0	1,253,353,648	1,283,542,095
Project Cost	3.0	67,651,826	13,331,318
		1,321,005,474	1,296,873,413
TOTAL ASSETS		2,438,267,002	2,377,874,492
CURRENT LIABILITIES			
Bank overdraft	8.1	15,731,326	1,537,067
Trade and other Payables	8.2	332,410,454	311,832,658
Prepaid fees	8.3	812,646	863,046
Unpaid Deductions	8.4	507,590,159	412,698,933
TOTAL		856,544,585	726,931,704
NET ASSETS		1,581,722,416	1,650,942,788
FINANCED BY			
CAPITAL RESERVES	9.0	2,022,088,390	1,942,088,390
REVENUE RESERVES	9.1	(440,365,974)	(291,145,602)
TOTAL		1,581,722,416	1,650,942,788



MR. ADAN ABDIRHAMAN HASSAN
BOARD CHAIRMAN



DR. JOHN KIBOSIA
DIRECTOR/ CEO

**IX. STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30TH JUNE 2015**

	CAPITAL RESERVES	REVENUE RESERVES	TOTAL
Balance as at 30th June 2013	1,809,371,990	(37,897,631)	1,771,474,359
Capital grants for the period	131,500,000	-	131,500,000
Donations	1,216,400	-	1,216,400
Surplus (Deficit) for the Period	-	(253,247,968)	(253,247,968)
			-
Balance as at 30th June 2014	1,942,088,390	(291,145,602)	1,650,942,788
Balance as at 1st July 2014	1,942,088,390	(291,145,602)	1,650,942,791
Capital grants for the period	80,000,000	-	80,000,000
Surplus (Deficit) for the Period		(149,220,372)	(149,220,373)
Balance as at 30th June 2015	2,022,088,390	(440,365,974)	1,581,722,416
Balance as at 30th June 2014	1,942,088,390	(291,145,602)	1,650,942,788

Capital Reserves are made up of accumulated Government Grants and Donations from Development Partners for capital items to the Hospital and Revenue Reserves are accumulated funds resulting from daily operations of the Hospital.

X. STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30TH JUNE 2015

1. CASH FLOW FROM OPERATING ACTIVITIES.	NOTE	2015 KSHS.	2014 KSHS.
Surplus/Deficit	1 S	(149,220,372)	(253,247,970)
Add:			
Provision for Doubtful Debts	7.2	-	30,108,018
Depreciation of Assets	6.2	87,344,089	90,765,965
		87,344,089	120,873,983
Operating Profit Before Working Capital Changes		(61,876,284)	(132,373,987)
Working Capital Changes:			
Change in Stock	7.3	(23,436,717)	29,389,917
Change in Trade and other Receivables	7.2	(11,522,606)	(151,575,712)
Change in Trade and other Payables	8.2	20,577,796	156,274,672
Unpaid Deduction	8.4	94,891,225	164,985,671
Prepaid Fees	8.3	(50,400)	347,425
Bank Overdraft	8.2	14,194,259	(19,850,620)
		94,653,558	179,571,353
Net Cash In/Outflow from Operating Activities.		32,777,275	47,197,366
2. CASH FLOW FROM INVESTING ACTIVITIES.			
Purchase of Fixed Assets	3.0	(111,476,150)	(196,306,488)
Net Cash used in investing activities		(111,476,150)	(196,306,488)
3. CASH FLOW FROM FINANCING ACTIVITIES			
Donation	9.1	-	1,216,400
Government Grants- Capital	9.1	80,000,000	131,500,000
		80,000,000	132,716,400
Change in Cash and Cash Equivalents.		1,301,126	(16,392,721)
Cash and Cash Equivalent at the beginning of the year (i)		8,332,122	24,724,842
Cash and Cash Equivalent (ii-i)	7.1	9,633,249	8,332,122

XI. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

BUDGETARY PERFORMANCE THE YEAR ENDED 30 TH JUNE 2015					
CODE	REVENUE	APPROVED INCOME 2014/15	APPROVED REVISED INCOME 2014/2015	ACTUAL INCOME	UTILIZA TION %
01	Recurrent	4,425,991,523	4,495,991,523	4,427,911,523	98%
02	Capital	80,000,000	80,000,000	80,000,000	100%
	Sub-Total	4,505,991,523	4,575,991,523	4,507,911,523	99%
03	Cost Sharing	1,428,621,976	1,628,621,976	1,659,115,161	102%
04	Other Income	71,786,435	66,786,435	42,677,079	64%
	Sub-Total	1,500,408,411	1,695,408,411	1,701,792,240	100%
	TOTAL	6,006,399,934	6,271,399,934	6,209,703,763	99%
CODE	EXPENDITURE ITEM	APPROVED EXPENDITURE 2014/15	APPROVED REVISED EXPENDITURE 2014/15	ACTUAL EXPENDITURE	% UTILIZA TION
010	Personnel Emoluments	4,362,491,523	4,522,491,523	4,524,747,610	100%
020	Purchase of Drugs	242,620,288	282,620,288	272,539,440	96%
030	Creditors/ Pending bills	106,701,889	68,701,889	67,974,899	99%
035	Disaster/ Emergency Response	30,000,000	30,000,000	30,265,501	101%
040	Dressings/theatre supplies	131,580,600	145,580,600	140,721,356	97%
045	Dental Supplies	5,000,000	5,000,000	5,158,140	103%
050	Food & Ration	90,662,351	80,662,351	74,572,688	92%
060	Doctors Fees	102,104,607	124,104,607	124,142,551	100%
070	Lab reagents/chemicals	40,319,187	55,319,187	55,554,508	100%
090	Cleansing materials	30,565,442	30,565,442	31,006,397	101%
095	Admission Packs	6,268,456	6,268,456	5,978,465	95%
100	Hospital Linen	29,385,254	24,385,254	25,260,200	104%
110	X-ray/ Radiology supplies	21,930,374	20,430,374	20,561,358	101%
120	Oxygen	60,000,000	52,000,000	52,132,832	100%
130	Supplies for Production	6,670,888	7,670,888	7,651,391	100%
140	Fuel & Gas	14,280,222	8,280,222	7,840,489	95%
150	Uniforms for patients	8,127,608	1,127,608	-	0%
160	Materials for Specialized units	2,987,170	1,487,170	1,350,428	91%
170	Mortuary supplies	1,668,244	1,668,244	1,316,174	79%
180	Course Administration and subscription fees	4,087,575	7,087,575	6,646,138	94%
190	Cafeteria supplies	10,676,852	10,676,852	15,535,587	146%
200	Library services	1,421,196	3,421,196	3,633,381	106%
210	Maintenance of building & station	45,975,768	67,975,768	67,463,148	99%
220	Maintenance plant & equipment	33,100,701	68,100,701	68,437,221	100%
230	Electricity Expenses	40,471,504	40,471,504	40,233,937	99%
240	Stationery	11,410,703	11,410,703	11,948,228	105%
250	Water & Conservancy	22,615,612	22,615,612	21,209,815	94%

260	Transport Operating Expenses	12,555,825	8,555,825	8,033,067	94%
270	Printing of Accountable documents, Medical Records and HRIS and stationery	12,600,000	12,600,000	12,342,175	98%
280	Telephone expenses	4,252,279	4,252,279	4,628,891	109%
290	Plant and Equipment Insurance policy	12,000,000	2,000,000	1,984,664	99%
300	Rents & Rates	879,048	1,879,048	2,058,022	110%
310	Bank charges	2,043,970	2,043,970	1,150,943	56%
320	Postal Charges	1,024,933	1,024,933	806,871	79%
330	Motor Vehicle Insurance	1,800,000	1,800,000	958,800	53%
340	Patient Traveling Expenses	110,000	110,000	18,080	16%
345	Disability Mainstreaming	498,520	498,520	304,250	61%
350	Staff uniforms & protective gear	6,980,000	6,980,000	6,964,331	100%
355	Occupational Health Safety	4,815,360	4,815,360	4,226,932	88%
360	Traveling and Accommodation	22,369,914	42,369,914	42,673,658	101%
370	Board of Management Expenses	9,416,287	13,416,287	13,216,899	99%
380	Computerization	35,449,417	53,449,417	53,487,531	100%
390	Comprehensive Group Personal accident cover	4,000,000	7,000,000	6,580,095	94%
395	Group Life Insurance Cover	14,500,000	11,500,000	11,082,908	96%
400	Staff development & training	15,546,561	23,046,561	22,491,602	98%
401	Medical Officers Post-Graduate Training	10,000,000	9,000,000	8,503,833	94%
405	Health Research, Development & Innovation	5,000,000	1,000,000	570,040	57%
410	Advertising & Publicity	8,232,397	15,732,397	15,414,604	98%
420	Contracted Professional Services	10,320,396	11,320,396	11,262,799	99%
430	ISO	4,018,272	4,018,272	3,733,620	93%
440	Office Equipment	5,898,863	5,898,863	5,545,673	94%
460	External Traveling & Allowance	5,039,183	12,039,183	11,653,859	97%
470	Internet Expenses	3,612,333	4,612,333	4,485,823	97%
480	Staff Medical Scheme	100,241,563	160,241,563	160,267,288	100%
490	Corporate Social Responsibility	1,000,000	1,000,000	710,490	71%
500	IREC	1,000,000	1,000,000	1,000,000	100%
510	Cash in transit insurance	1,375,089	1,375,089	979,800	71%
520	Continuous Professional Development	100,320	100,320	339,800	339%
525	Children's Hospital	50,000,000	-	-	103%
530	Purchase of Medical Equipment	80,000,000	-	-	
545	Purchase of Medical Appliances	10,000,000	10,000,000	10,227,823	102%
550	C. A.R.E.	6,095,391	6,095,391	5,791,444	95%
555	Gender Mainstreaming	500,000	500,000	67,600	14%
560	Capital Expenditure	80,000,000	130,000,000	118,296,259	91%
	TOTALS	6,006,399,934	6,271,399,934	6,235,742,357	

Explanation of Material Differences

- The reduction in other income by 36% is largely attributed to the following:
 - Attachment fees for students was reduced to a one-time payment of Kshs 1,000 compared to the previously charged fees of Kshs 1,000 per month following intervention from local leadership
 - Conversion of rental houses into Clinical use
 - Tender fees drastically reduced to Kshs 1,000 for tender documents sourced from MTRH while those downloaded from the Hospital's website were free of charge. This was as a result in change of policy.
- The variances between actual expenditure as per Financial Performance Statements and actual expenditure as per Budget Statement is because the Financial Performance Statements give expenditure based on invoices whereas actual budget give expenditure including committed local purchase orders yet to be serviced by the suppliers. The difference in the amount will be a consolidated figure for pending bills carried forward to the next period financial period

XII. NOTES TO THE FINANCIAL STATEMENTS

1.0 Statement of compliance and basis of preparation – IPSAS 1

The Hospital's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Hospital. The accounting policies used are in reference to the standards that were published by the Public Sector Accounting Standard Board (PSASB) which took effect for the financial year ended 30th June 2014 and will be consistently applied to all the years.

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

2.0 Summary of significant accounting policies

a) Revenue recognition

i) Revenue from Non-Exchange Transactions

Transfers from the Government

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

ii) Revenue from Exchange Transactions

Rendering of services

The Hospital recognizes revenue from rendering of services by reference to service already offered and billed.

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 income

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

b) Budget information

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

d) Investment Property – IPSAS 16

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated on a reducing balance basis.

Investment properties are derecognized either when they have been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Transfers are made to or from investment property only when there is a change in use.

e) Property, Plant and Equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, 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 adopt reducing balance method of depreciation at the following rates: Land 0%, Buildings 2.5%, Plant and Equipments 12.5%, Motor Vehicles 25% and Computer, Telephone and TVs at 30% respectively.

f) Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Hospital. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The 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 so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Hospital will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Hospital. Operating lease payments are recognized as an operating expense in surplus or deficit on a reducing balance basis over the lease term.

g) Intangible Assets

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

The useful life of the intangible assets is assessed as a finite period.

i) Research and Development Costs

The Hospital expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Hospital can demonstrate:

- The technical feasibility of completing the asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits or service potential
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

i) Inventories

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

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

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

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

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

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

j) Provisions

Provisions are recognized when the Hospital has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Hospital expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

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

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.

k) Nature and Purpose of Reserves

The Hospital creates and maintains reserves in terms of specific requirements.

l) Changes in Accounting Policies and Estimates

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

m) Employee Benefits

Retirement Benefit Plans

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

n) Foreign Currency Transactions

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

o) Borrowing Costs

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

p) 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 entity, or vice versa. Members of key management are regarded as related parties and comprise the management, the executive, committee members, and senior managers.

- The National Government through the National Treasury and Ministry of Health support the Hospital through Recurrent Grants and Development Grants. In the Financial Year 2014/2015, the National Government granted the Hospital an amount of Kshs. 4,427,911,523 in recurrent grant and Kshs. 80,000,000 in capital grant of which there was unremitted balance of Kshs. 301,839,344 as at June 2015.
- The Board of Management develops long term strategy for the Hospital and approves policies. In the year under review, the Board Expenses amounted to Kshs. 10,219,189 paid for Board members as sitting allowances, accommodation allowances, travelling cost and the Board Chair's honoraria and telephone allowances.
- Members of Hospital's Senior Management received a total of Kshs. 39,312,885.15 as remuneration in the year under review.

r) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less (which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value). Bank account balances include amounts held at the Kenya Commercial Bank at the end of the financial year.

s) Comparative Figures

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

t) Significant judgments and sources of estimation uncertainty

The preparation of the Hospital financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affects 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. The Hospital provides for non recoverability of trade receivables in form of bad debts. Also, the Cash and Cash Equivalents have been insured.

u) Provisions

The Hospital Management determined an estimate based on the information available for making provisions. The Hospital Management made provision of 100% on individual debts over 5 years and 50% on individual debt less than 5 years; this is based on past experience on the collection of debts. As for expenses, provision for audit fees was made to cover un-invoiced claims for the Financial Year 2014/2015 as provided for in the annual report.

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.

v) Subsequent Events

There have been no subsequent events that are of significant impact after the close of the financial year that warrant the change in the financial statements for the year ended 30th June, 2015 after presentation.

w) Financial Risk Management

The company's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Hospital's overall risk management program focuses on unpredictability of changes in the business environment and seeks to minimize the potential adverse effect of such risks on its performance by setting acceptable levels of risk.

(i) Credit risk

The Hospital has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises through trade and other receivables. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal assessment based on past experience. The amounts presented in the statement of financial position are net of provisions for doubtful receivables, estimated by the Hospital's Management based on prior experience.

The Board of Management sets the Hospital's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(ii) Liquidity risk management

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

(iii) Market risk

Market risk is the risk arising from changes in market prices which affect income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Overall responsibility for managing market risk rests with the Board Audit and Risk Management Committee. The Board has put in place an internal audit function to assist it in assessing the risk faced by the Hospital on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. The Hospital Management has also put in place a Risk Management Committee.

(iv) Fiduciary Risk

Fiduciary risk is a risk that an agent handling funds on behalf of a principal will not live up to his/her full fiduciary responsibility. The Hospital staffs have a fiduciary responsibility over the funds held on behalf of the Hospital.

During the financial year under review, the Hospital Management initiated a systems audit on the Integrated Hospital Management Information System (Fun Soft) when it noticed suspicious transactions. The audit was conducted by Internal Audit department, Fun Soft System Developer and the Banking Fraud Investigation department of the Central Bank of Kenya. The audit revealed existence of fraudulent collusion of some staff in Finance and ICT Departments from the back end of the system that could not be noticed at the front end which led to a loss of Kshs.9,920,338. The Hospital Management has taken legal action against the concerned officers with a view to recover the amount through Legal Course No. 1691/2015 and the case is yet to be determined.

3.0 PROPERTY, PLANT & EQUIPMENT MOVEMENT SCHEDULE FOR THE PERIOD ENDING 30TH JUNE 2015

Assets	Land	Buildings	Plant, Equipments, Furniture & Fittings	Computers, Telephones & TV's	Motor Vehicles	Project Cost	TOTAL
	0.00%	2.50%	12.50%	30.00%	25.00%	0.00%	
Cost/Valuation	Kshs	kshs	Kshs	kshs	kshs	kshs	kshs
As at 1st July 2013	101,577,820	874,761,045	591,079,303	81,777,044	44,299,481	78,315,207	1,771,809,900
Additions:	-	51,053,632	103,247,136	35,106,082	1,899,638	5,000,000	196,306,488
Project Cost Capitalized	-	69,983,889	-	-	-	(69,983,889)	-
As at 30th June 2014	101,577,820	995,798,566	694,326,439	116,883,126	46,199,119	13,331,318	1,968,116,388
As at 1st July 2014	101,577,820	995,798,566	694,326,439	116,883,126	46,199,119	13,331,318	1,968,116,388
Additions:	-	-	43,779,015	13,376,627	-	54,320,508	111,476,150
Project Cost Capitalized	-	-	-	-	-	-	-
As at 30th June 2015	101,577,820	995,798,566	738,105,454	130,259,753	46,199,119	67,651,826	2,079,592,538
Depreciation:							
As at 1st July 2013	-	188,973,331	304,913,126	60,968,197	25,622,356	-	580,477,010
Charge for the period	-	20,170,631	48,676,664	16,774,479	5,144,191	-	90,765,965
As at 30th June 2014	-	209,143,962	353,589,790	77,742,676	30,766,547	-	671,242,975
As at 1st July 2014	-	209,143,962	353,589,790	77,742,676	30,766,547	-	671,242,975
Charge for the period	-	19,666,365	48,064,458	15,755,123	3,858,143	-	87,344,089
As at 30th June 2015	-	228,810,327	401,654,248	93,497,799	34,624,690	-	758,587,064
NBV As at 1st July 2015	101,577,820	766,988,239	336,451,206	36,761,954	11,574,429	67,651,826	1,321,005,474
NBV As at 30th June 2014	101,577,820	786,654,604	340,736,649	39,140,450	15,432,572	13,331,318	1,296,873,413

	2014/2015	2013/2014
4.0 INCOME		
4.1 Grants		
Recurrent Grants	4,427,911,523	3,164,270,386
Total	<u>4,427,911,523</u>	<u>3,164,270,386</u>
4.2 Cost Sharing		
Out Patient Department	93,738,333	69,286,254
Surgical Wards	422,021,892	453,397,577
Nyayo Wards	114,238,562	215,769,961
Pharmacy Department	287,465,523	79,390,137
X-Ray Department	16,728,839	18,661,400
Dental Department	4,148,542	3,926,949
Cafeteria Department	13,800,161	11,555,572
Total	<u>952,141,852</u>	<u>851,987,850</u>
4.3 Income Generating Unit		
Mortuary Services	39,218,900	37,574,800
Amenity Wing	142,149,621	262,311,188
Memorial Wing	356,829,703	255,532,480
MTRH Training Centre	50,388,757	33,533,836
Total	<u>588,586,982</u>	<u>588,952,304</u>
4.4 Other Income		
Training Levy/ Student Attachment Fees	3,844,421	421,726
Vaccine Recovery	241,157	233,660
Surcharge	514,866	670,499
Small Business Unit	-	200
Rental Income	5,906,520	6,027,500
Attachment Fees	-	3,851,583

Transport Services	754,410	536,690
AMPATH Salary Reimbursement	25,439,910	50,010,484
Salary Recovery	1,436,805	1,671,257
Pledges	71,500	81,047
Administrative fees	2,668,179	2,727,931
Tender Fees	69,000	843,900
Library Service	400	5,450
Medical report	69,050	130,800
Service Bond	140,000	-
Other Incomes	1,520,860	11,664
Total	42,677,079	67,224,389

5.0 Purchases

5.1 Direct costs

Drugs	274,608,235	226,670,099
Food and Ration	91,483,085	89,912,158
Fuel and Gas	7,823,742	10,041,143
Lab Reagents	42,519,655	31,794,174
Dressings	111,739,885	106,937,661
Materials for Specialized Units	1,778,087	687,220
Mortuary Supplies	665,687	8,674,828
Cafeteria Supplies	17,980,720	12,076,926
Dental Supplies	2,806,764	-
Supplies for Production	6,246,366	18,051,940
X-Ray Supplies	12,278,990	9,068,670
Oxygen	50,873,673	42,397,705
Admission Packs	6,290,935	5,521,600
Total	627,095,823	561,834,124

6.0 Expenditures

6.1 Personnel Emoluments

Basic Pay	2,017,878,935	1,788,244,787
House Allowance	538,748,296	377,470,068
Call Allowance	53,174,000	50,035,000
Risk Allowance	91,519,367	90,889,492
Private Wing Executive Committee	10,062,064	10,684,227
Private Wing Administrative Committee	999,953	971,392
Training Centre Allowance	5,739,526	6,424,645
Emergency Triage	25,000	-
Non Practice Allowance	75,563,533	69,909,466
Extraneous Allowance	498,282,066	485,348,820
Mortuary Allowance	16,479,256	11,128,775
Locum Allowance	6,222,655	7,581,537
Uniform Allowance	8,980,000	8,090,000
Outreach Allowance	-	4,750
Responsibility Allowance	1,319,700	1,476,700
Interview Allowances	-	259,997
Entertainment Allowance	188,400	188,400
Acting Allowance	3,397,088	2,102,326
Telephone Allowance	266,866	292,376
Special Duty Allowance	2,074,149	1,619,349
Medical Board Allowance	66,486	102,111
Remunerative Allowance	720,000	720,000
Security Allowance	28,836	28,836
IREC Allowance	111,000	41,000

Commuter Allowance	216,723,053	178,138,325
Amenity Allowance	11,625,097	11,071,359
Memorial Allowance	22,070,547	12,710,434
Salary Refund	-	62,291
Salary Arrears	535,972,698	126,820,962
Annual Leave Allowance	142,002,720	14,056,711
NSSF company	8,484,903	8,341,325
Pension Company	252,942,514	228,259,471
Gratuity	3,981,930	4,673,975
Facility Allowance (Income Generating Unit)	-	57,000
Total	<u>4,525,650,638</u>	<u>3,497,805,906</u>
6.2 Depreciation	<u>87,344,089</u>	<u>90,765,965</u>
6.3 Administrative Costs		
Transport Operating Expenses	10,793,883	10,471,281
Patient Travelling Expenses	26,130	77,689
Fees, Commission and Honoraria	-	42,500
Advertising and Publicity	16,170,625	12,493,158
Staff Development	22,996,768	14,938,588
Continuous Professional Development	527,646	-
Travelling and Accommodation	42,589,025	25,159,699
External Travelling	14,300,900	3,517,757
Centre for Assault Recovery of Eldoret	316,900	710,400
Corporate Social Responsibility	923,260	613,370
Group Personal Accident Cover	6,580,095	2,033,064
Comprehensive Group Life Insurance Cover	13,869,854	15,385,629

Cafeteria Meals	8,014,176	5,534,295
Comprehensive Staff Medical Scheme	159,601,288	145,548,264
ISO	4,032,600	1,238,420
Group Life Insurance	-	4,874,617
Gender Mainstreaming	461,793	177,740
Occupational Health and Safety	5,110,562	993,629
Medical Officers Post Graduate Training	3,476,363	-
Disability Mainstreaming	67,600	108,000
Total	<u>309,859,467</u>	<u>243,918,100</u>

6.4 Operational Costs

Maintenance of Building & Stations	66,788,788	28,640,840
Cleansing Materials	26,081,457	29,148,540
Stationery	12,975,127	13,389,015
Telephone Expenses	6,189,555	11,352,311
Electricity	32,594,317	33,114,336
Medical Records	16,448,130	5,914,570
Water and Conservancy	21,495,327	15,415,245
Computerization	26,599,180	3,655,929
Internet Expenses	1,532,140	4,329,803
Postal and Telegram	875,474	656,464
Library Services	1,479,962	2,324,993
Doctors Fees	109,684,262	130,621,938
Patient Refunds/ Deposit Refunds	22,885,710	6,397,774
Course Admin & Subscription Fee	7,283,347	4,209,514
Maintenance of Plant & Equipment	68,600,280	31,604,558
Rent and Rates	2,002,437	430,563

Staff Uniforms	7,111,710	3,410,850
Hospital Linen	13,183,340	10,932,875
Cash in Transit	1,073,000	1,055,600
Finance Cost	-	2,894,265
Bank Charges	-	1,732,713
Contracted Professional Services	6,735,568	23,962,876
Patients Uniforms	111,544	1,869,025
Health Research and Innovation	2,393,505	-
Institutional Research Expenses	941,902	1,000,000
Plant and Equipment Insurance	652,073	4,550,245
Insurance Expenses	1,584,911	1,710,989
Disaster and Emergency Response	1,837,825	-
Total	<u>459,140,872</u>	<u>374,325,832</u>

6.5 Board Expenses

Board Sitting Allowances	9,175,189	6,568,218
Honoraria	960,000	960,000
Board Telephone Expenses	84,000	84,000
Total	<u>10,219,189</u>	<u>7,612,218</u>

6.6 Finance Cost

Loan for Medical Gas Piping System	4,010,337	-
Bank Charges	2,090,267	-
Total	<u>6,100,604</u>	<u>-</u>

6.7 Provision for Doubtful Debts

Accumulated Provision B/F	291,884,079	261,776,061
Accumulated Provision C/F	361,024,834	291,884,079
Increase / Decrease in provision	<u>69,140,755</u>	<u>30,108,018</u>

6.7 Waivers and Exemptions

Waivers	88,263,088	88,762,824
Total	88,263,088	88,762,824

6.9 Provision for Audit fees

1,160,000	1,160,000
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7.0 CURRENT ASSETS

7.1 Cash in Hand and Bank

Cash in Hand

Main account	3,026,014	1,267,495
Private wing	2,836,729	1,487,044
Farewell Home	284,100	149,200
Training Centre	177,225	-
Petty Cash	300,000	62,196
Total	6,624,068	2,965,935

Cash in Bank

Mortuary account	738,352	1,348,603
Training Centre	1,492,542	-
Private wing	778,286	4,017,584
Total	3,009,181	5,366,187

Grand Total

9,633,249	8,332,122
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7.2 Trade and Other Receivables

Institutions

NHIF	23,523,429	38,799,368
Corporate Clients	431,583,409	470,038,012
AMPATH	54,471,290	47,660,321
MOH Grant	301,839,344	234,389,199
Sub Totals	811,417,473	790,886,900

Individuals

Individual Clients	457,757,790	426,080,424
MTRH Training centre	10,579,287	8,253,384
Staff Guarantors	3,351,488	3,651,253
Salary advance	4,488,674	4,005,029
Imprest	25,296,107	10,434,649
Cafeteria	139,275	136,390
Mortuary	295,300	295,300
Rent	4,434,375	3,400,638
Prepayments	10,047,559	-
Proposed for write off	<u>17,756,467</u>	<u>17,756,467</u>
Sub Total	<u>534,146,323</u>	<u>474,013,535</u>
Grand Total	<u>1,345,563,796</u>	<u>1,264,900,435</u>
Less; Accumulated provision	<u>361,024,834</u>	<u>291,884,079</u>
Net Debtors	<u>984,538,962</u>	<u>973,016,356</u>

7.3 Inventories

Drugs	51,833,902	39,721,877
Dressings and Sutures	28,510,899	31,867,567
Lab Reagents and X-Ray Supplies	14,056,030	5,908,195
Food and Ration	886,526	1,774,440
Cleansing Materials	943,028	10,261,051
Hospital Linen	11,645,825	-
Maintenance Materials	1,788,277	772,072
Inventory Stores	3,814,854	
Oxygen and Gases	-	1,868,876
Stationery	1,473,144	1,559,302
Supplies For production	<u>8,136,833</u>	<u>5,919,220</u>
Total	<u>123,089,318</u>	<u>99,652,600</u>

8.0 CURRENT LIABILITIES

8.1 Bank Overdraft

Main account	15,731,326	1,537,067
Total	15,731,326	1,537,067

8.2 Trade and other payables

Trade Creditors	280,880,776	248,266,141
Office of the Auditor General (KENAO)	3,480,000	2,320,000
NHIF Loan	48,049,678	61,246,517
Total	332,410,454	311,832,658

8.3 Training Centre Prepaid fees **812,646** **863,046**

8.4 Payroll By-Products

PAYE	63,072,843	54,554,760.00
NSSF	1,482,300	1,411,900.00
NHIF	4,901,650	1,127,800.00
SACCOs	9,437,834	14,766,959.00
Nancy Kaari Samuel	3,500	3,500.00
Lomo R.K & Company	5,000	5,000.00
Josephine Wanza	10,000	10,000.00
Hospital-Wide Benovolent Fund	2,877,674	584,631.00
MTRH Pension Contribution	208,606,277	150,964,545.00
Flomena J. Choge	23,248	-
M/s Gumbo & Associates Advocates	-	11,622.00
Moi University School Fees	-	10,000.00
Union Dues	6,301,216	2,991,106.00
MS B.I Otieno & Co. Advocates	-	5,000.00

MADES Welfare	384,043	366,007.00
Finance Welfare	12,270	20,270.00
Laboratory Staff S.H.Group	153,090	105,340.00
Sub Staff Welfare	171,057	225,738.00
Health Records Information System Welfare	720,260	620,603.00
Security Self Help Group	78,735	44,755.00
Nutrition Welfare	120,868	128,291.00
Supplies Welfare	155,656	48,800.00
Radiology Welfare	52,250	64,500.00
Nurses Welfare	1,131,510	1,331,400.00
Occupational Therapy Welfare	90,647	163,660.00
Medical Social Work Welfare	99,900	117,080.00
ELD. Clinical Officers Welfare	(4,801)	257,784.00
Central Services Welfare	153,754	168,758.00
Catering Welfare	119,837	62,420.00
Secretaries Welfare	74,154	65,904.00
Transport Welfare	138,121	67,622.00
Pharmacy Welfare	123,105	112,907.00
Dental Welfare	83,300	58,200.00
Physiotherapy Welfare	57,000	30,000.00
SANPRE Welfare	62,765	92,075.00
ICT Welfare	87,566	69,041.00
MTRH Benevolent Fund	3,651,979	523,331.00
HELB Loan	539,618	484,025.00
Save as You Earn	300	8,500.00
Senior Principle Magistrate Kabarnet	3,000	3,000.00

RHCOE	50,600	-
Barclay Bank Loan	4,561,815	4,255,593.00
Rose Keino	32,982	32,982.00
KCB Loan	27,413,998	6,953,888.00
Housing Finance Loan	-	46,877.00
Voluntary pay cut (10%)	33,999	-
CFC BankLoan	641,432	1,465,980.00
Platinum Credit Loan	1,310,197	850,243.00
Family Finance Loan	1,011,713	1,753,276.00
NBK LOAN	1,502,718	1,818,305.00
Equity Bank Loan	512,993	793,844.00
Standard Bank Loan	12,897,659	12,141,999.00
Commercial Bank of Africa Loan	36,748	-
Insurance	5,857,810	4,667,814.00
Hire Purchase	301,037	1,071,515.00
NACOA	50,500	-
Equitorial Bank Loan	129,944	106,248.00
Faulu Bank Loan	5,392,386	7,565,542.00
Bank of Africa Loan	650,191	24,516.00
Cooperative Bank Loan	28,405,806	30,801,005
Old Mutual	95,000	49,500
MTRH Self Help Group	48,100	27,000
Net Pay	<u>111,671,005</u>	106,585,974
	<u>507,590,159</u>	412,698,935

Reserves

Capital Reserves

Opening Balances	1,942,088,390	1,809,371,990
9 Capital Grants	80,000,000	131,500,000
9 Donations	-	1,216,400.00
Balance Carried Forward	<u>2,022,088,390</u>	<u>1,942,088,390</u>
 Revenue Reserves		
Opening Balance	(291,145,602)	(37,897,631)
Surplus/ Deficit for the period	<u>(149,220,372)</u>	<u>(253,247,970)</u>
9.1 Balance Carried Forward	<u>(440,365,974)</u>	<u>(291,145,602)</u>