

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

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OF

THE AUDITOR-GENERAL

ON

MOI TEACHING AND REFERRAL
HOSPITAL (MTRH)

FOR THE YEAR ENDED
30 JUNE, 2022



An ISO 9001:2015 Certified Hospital



MOI TEACHING AND REFERRAL HOSPITAL

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2022



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

*Moi Teaching and Referral Hospital
Annual Report and Financial Statements
For the Year ended June 30th 2022*

Table of Contents	Page
I. KEY INFORMATION AND MANAGEMENT	iii
II. BOARD OF DIRECTORS	vi
III. MANAGEMENT TEAM.....	ix
IV. BOARD CHAIRMAN’S STATEMENT.....	xvi
V. REPORT OF THE CHIEF EXECUTIVE OFFICER	xviii
VI. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES	xxi
VII. CORPORATE GOVERNANCE.....	xxv
VIII. MANAGEMENT DISCUSSIONS AND ANALYSIS.....	xxviii
IX. ENVIRONMENTAL AND SUSTAINABILITY REPORTING.....	xxxv
X. REPORT OF THE DIRECTORS.....	xliv
XI. STATEMENT OF DIRECTORS’ RESPONSIBILITIES.....	xlv
XII. REPORT OF THE AUDITOR GENERAL.....	1
XIII. STATEMENT OF FINANCIAL PERFORMANCE.....	2
XIV. STATEMENT OF FINANCIAL POSITION	3
XV. STATEMENT OF CHANGES IN NET ASSETS	4
XVI. STATEMENT OF CASHFLOWS	5
XVII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS	9
XVIII. NOTES TO THE FINANCIAL STATEMENTS	41
XIX. APPENDICES.....	41
APPENDIX I: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS.....	51
APPENDIX II: STATUS OF PROJECTS COMPLETION	54
APPENDIX III: INTER-ENTITY TRANSFERS	54

I. KEY INFORMATION AND MANAGEMENT

a) Background information

Moi Teaching and Referral Hospital (MTRH) was established under Legal Notice No.78 of 12th June 1998 of the State Corporations Act (Cap 446). At cabinet level, MTRH reports to the Cabinet Secretary for Health who is responsible for the general policy and strategic direction for healthcare in Kenya.

Founded in 1916 as a cottage hospital to cater for the Africans health care needs, the Hospital has grown tremendously to a fully-fledged Multi-Specialty referral facility with several inpatient and outpatient health care services. It also incorporates the Academic Model Providing Access to Healthcare (AMPATH), Centre for Assault Recovery-Eldoret (CAR-E) and Partners with Moi University (College of Health Sciences) and Regional Blood Transfusion Services (RBTS).

b) Principal activities

The Hospital's mandate is to:

- i) Receive patients on Referral from other Hospitals or Institutions within or outside Kenya for specialized health care;
- ii) Provide facilities for Medical education for the Moi University, and for research either directly or through other co-operating health institutions;
- iii) Provide facilities for education and training in Nursing and other health and allied professions;
- iv) Participate as a National Referral Hospital in National Health Planning.

c) Key Management

MTRH is managed under the following key organs:

1. Board of Directors
2. Chief Executive Officer (Accounting Officer)
3. Senior Management/Head of Directorates

d) Fiduciary Management

The key management personnel that held office during the period under review and had direct fiduciary responsibility were:

Designation	Name	Professional Membership Number	Certification Body
1. Chief Executive Officer	Dr. Wilson K. Aruasa, <i>MBS, EBS</i>	A4530	KMPDC
2. Senior Director - Clinical Services	Dr. Philip Kirwa	A4215	KMPDC
3. Senior Director - Administration & Finance	Dr. Benjamin Tarus (PhD)	2471	ICPSK
4. Director, Finance	Mr. Mathews Birgen	3915	ICPAK
5. Director, Human Resource Management & Development	Ms. Ann Chemworsio	01593	IHRM
6. Director, Pharmacy & Nutrition	Dr. Victor Maina	1662	PPB

*Moi Teaching and Referral Hospital
Annual Report and Financial Statements
For the Year ended June 30th 2022*

Designation	Name	Professional Membership Number	Certification Body
7. Director, Surgical Services	Dr. Owen Menach	A5636	KMPDC
8. Director, Nursing Services	Mr. Titus Tarus	BSN 194	NCK
9. Director, Laboratory Services	Ms. Florence Chepyegon Tum	A01985	KMLTTB
10. Director, Diagnostic Services	Dr. Ezekiel Kimutai	A4510	KMPDC
11. Director, Health Administration	Ms. Christine Chuani	PHOTC/B896/P HO	PHOTC
12. Director, Reproductive Health	Dr. Wycliffe Kosgei	A6493	KMPDC
13. Director, Peadiatrics & Child Health Services	Dr. Polycarp Mandi	A3294	KMPDC
14. Director, Dental Services	Dr. George Mwai	B817	KMPDC
15. Director Mental Health & Rehabilitative Services	Dr. Edith W. Kwoba	A6491	KMPDC
16. Director, Internal Medicine	Dr. Wilson Sugut	A4484	KMPDC
17. Director, Hemato-Oncology	Dr. Jesse Opakas	A6066	KMPDC
18. Director, MTRH College of Health Sciences	Mr. Caleb Koech	BSN 426	NCK
19. Director, Commercial Services	Dr. Evans Rono	A6808	KMPDC
20. Chief Information Officer	Dr. Thomas Mwogi	A7000	KMPDC
21. Director, Audit & Risk Services	CPA Patrick K. Kirui	9904 & 1542419	ICPAK & IIA
22. Manager, Finance	Mr. Thomas Ngetich	7617	ICPAK
23. Manager, Supply Chain	Mr. Bill Peter Saina	62672	KISM
24. Deputy Manager, Legal Services/ Ag. Corporations Secretary	Ms. Sylvia Nyariki	P.105/6416/06	LSK

e) Fiduciary Oversight Arrangements

To achieve corporate governance, MTRH has the following key fiduciary oversight arrangements to check and guide Senior Management in executing its roles.

1. Audit and Risk Committee of the Board

- The Hospital's operations are subjected to oversight by the Board Audit and Risk Committee, which meets quarterly to review the organizations risk preparedness, compliance to approved policies and business continuity plans.

2. National Assembly Departmental Committee on Health
 - The Hospital is subject to oversight from National Assembly Departmental Committee on Health, on matters defined in the Hospital's Core mandate.

3. National Assembly Public Investments Committee
 - The Hospital is subject to National Assembly Public Investments Committee

- f) **Principal Place of Business**
Moi Teaching & Referral Hospital
Chandaria Cancer and Chronic Disease Centre
Nandi Road
P. O. Box 3– 30100,
ELDORET

- g) **Contacts**
Tel: +254 722-201277, +254 722 209795, 053-2033471/2/3/4
Fax: 053-2061749
Email address: ceo@mtrh.go.ke
Web site: www.mtrh.go.ke

- h) **Bankers**
Kenya Commercial Bank Limited
Uganda Road Branch-Eldoret
P. O. Box 5197 – 30100,
ELDORET

- i) **Independent Auditors**
Auditor General
Office of the Auditor General
Anniversary Towers, University Way
P. O. Box 30084 - 00100
NAIROBI

- j) **Principal Legal Adviser**
The Attorney General
State law office
Sheria House, Harambee Avenue
P.O. Box 40112 – 00100
NAIROBI

II. BOARD OF DIRECTORS

 <p>Mr. Sitoyo Lopokoiyit, MBS BOARD CHAIRMAN</p>	<p>Mr. Sitoyo Lopokoiyit, MBS holds MSc. Information Technology, Management, and Organizational Change - University of Lancaster, UK and Bachelor of Commerce, Marketing Option - University of Nairobi.</p> <p>He is currently the Managing Director, MPESA Africa, from 1st April 2021 to date; He has held various portfolios including; Chief Financial Services Officer– Safaricom Plc: (1st April 2018 – 31st March, 2021), Director M-Commerce & Vodacom Foundation Board Member (1st Oct 2015 - 31st March 2018), Head of Department Strategy & Business Development – Financial Services (M-PESA) (1st July 2011 - 30th September 2015), Head of Total Solar Business, Toyota Kenya (Jan 2011 - July 2011), Diversification Manager, Toyota Kenya (September 2009 - December 2010). Also served as Business Advisor, Consumer & Industrial, Retailing Relationship & Merchandise Manager, Field Trainer, East Africa - Chevron Kenya Ltd, (Jan 2008 - August 2009), Area Merchandising Executive Coordinator, East Africa & Egypt (2004 - Jan 2008), Category Manager, Non Food Groceries Division, Uchumi Supermarket Ltd – (Jan 2003 - Aug 2004).</p> <p><i>Board Chair, MTRH</i></p>
 <p>Mrs. Sharon Sang Non-Executive Director</p>	<p>Mrs. Sang holds a Masters degree in Public Administration, Villanova University, MSc. Nursing, Nurse Practitioner; Adult Acute Care, University of Alabama and a Bachelor of Science Degree in Nursing, University of Alabama.</p> <p>She is currently working as the CEO of Rapha Hospital and Clinics Eldoret.</p> <p>She has vast experience in human resource management, strategic planning, operations management, problem solving, and change management.</p> <p><i>Independent Board Member, MTRH.</i></p>
 <p>Mr. Alois Nderi Non-Executive Director</p>	<p>Mr. Alois Nderi is a financial expert with a Master Degree in International Economics & Finance Rutgers University, U.S.A- 1981 and B.A Economics Jersey City State College, U.S.A- 1979 Triple Nine Associates Limited 1994 to date Managing Director, Kiamara Group of Companies Nov 2018- August 2020 Vice Chair Board, Export Promotion Council 2007 to 2013 Board Member Kirimiri Coffee Estate 1994-2004 Financial & Management Consultant,</p> <p>Tru- Fruits (K) Limited 1990-1993 Operations Director, Quest Management Consultants 1988-1989 Financial Consultant, Housing Finance 1982-1988, Senior Mortgage Officer, Trust Company of New Jersey 1980-1981 Financial Analyst</p> <p><i>Independent Board Member, MTRH.</i></p>



Dr. Michael Gichangi
Alternate to Principal
Secretary, Ministry of Health

Dr. Michael Gichangi is a Senior Deputy Director of Medical Services, Head of the Ophthalmic Services Unit, Ministry of Health (Kenya) with Leadership and clinical experience at the District, Provincial and National level. Proven Public health, Policy and Practice Expert in eye health with ability to identify problems and implement feasible solutions.

He holds a Master of Science Degree in Public Health for Eye Care, Post Graduate Diploma Public Health for eye care University of London/London School of Hygiene and Tropical Medicine (LSHTM) 2012; M. Med (Ophthalmology), University of Nairobi 1999; and MBChB University of Nairobi 1992.

Alternate to Principal Secretary, Ministry of Health



Mark Ngecho Lugwisa
Alternate to Principal
Secretary, The National
Treasury.

Mr. Mark Ngecho is a holder of Bachelor of Business Administration, Accounting option from Bugema University, School of Business, currently undertaking professional training in CPA. Has attended different short courses such as Senior Management Course, Corporate Governance and Management Skills for Accountants.

He has worked in different capacity at The National Treasury & Planning for a period of 12 years, where he currently serves as Assistant Director, Investment. He has represented the CS / PS, the National Treasury & Planning in severally Boards as an alternate Director, he currently serves in MTRH and Hydrologist Registration Board (HRB) Boards.

Alternate to Principal Secretary, the National Treasury






Prof. Robert Kuremu Tenge
Ag. Principal, Moi University
College of Health Sciences.

Prof. Tenge is a specialist General Surgeon and Paediatric Surgeon with Kenya Medical Practitioner and Dentists Council recognition.


He has General Surgery training from the University of Nairobi (1996) and Paediatric Surgery from the University of Kwa-Zulu Natal in South Africa (2005). He is also a founding Fellow of the College of Surgeons of East, Central and Southern Africa (ECSA) 1999.

Ag. Principal Moi University College of Health Sciences.





*Moi Teaching and Referral Hospital
Annual Report and Financial Statements
For the Year ended June 30th 2022*





 <p>Mr. James Muchiri Ngungu Alternate to Principal Secretary, State Department for University Education & Research</p>	<p>Mr. Ndung’u holds a Masters degree in Education Planning, Kenyatta University and a Bachelor of Education degree from Moi University. He has a wealth of experience in Education Management. Mr. Ndung’u is currently serving as the Deputy Director in the Ministry of Education.</p> <p><i>Alternate to Principal Secretary, State Department for University Education & Research,</i></p>
 <p>Mr Jeremy Oloo Alternate to Attorney General</p>	<p>Mr. Oloo is the Chief State Counsel, North Rift region. He holds a Master in Business Administration & Bachelor’s degree in Law. Has work experience spanning to 29years in Administration & legal expertise especially in Family law.</p>
 <p>Dr. Wilson K. Aruasa, MBS, EBS Chief Executive Officer/ Secretary to the Board</p>	<p>Dr. Wilson K. Aruasa holds a Masters Degree in Obsterics & Gynaecology, 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.</p> <p>Honorary lecturer, Moi University School of Medicine; Member AMPATH Executive Committee and AMPATH Board.</p> <p><i>Chief Executive Officer</i></p>

III. MANAGEMENT TEAM





NAME	AREA OF RESPONSIBILITY
 <p>Dr. Wilson K. Aruasa, MBS, EBS M.Med in Obs-Gynae, (UoN) MBChB, (Moi University), MBA- Health Leadership and Management (USIU)</p>	<p>Chief Executive Officer</p>
 <p>Dr. Philip Kirwa M.Med in Obs-Gynae (UON), MBChB, (UON)</p>	<p>Senior Director- Clinical Services</p>
 <p>Dr. Tarus B. Kipchumba (PhD) PhD in Strategic Mgt (MU), MSc. HRD (MU), MBA (JKUAT), BBM Accounting (MU), CPS(K), CPA(K) & CHRP(K).</p>	<p>Senior Director – Administration & Finance</p>

*Moi Teaching and Referral Hospital
Annual Report and Financial Statements
For the Year ended June 30th 2022*





NAME	AREA OF RESPONSIBILITY
 <p>Mr. Mathews Birgen MBA-Finance (MU), BCOM (UON), CPA(K)</p>	<p>Director, Finance</p>
 <p>Ms. Ann Chemworsio MBA-Human Resource Management (MU), MBA-Health Management (USIU), B.ED (MU), PGD in HRM (KIM)</p>	<p>Director, Human Resource Management & Development</p>
 <p>Dr. Victor Maina MBA, Moi University, B. Pharm (UON)</p>	<p>Director, Pharmacy & Nutrition</p>
 <p>Dr. Owen Menach M.MED (UoN), MBChB (UoN), Ortho-AIIMS (India)</p>	<p>Director, Surgical Services</p>





NAME	AREA OF RESPONSIBILITY
 <p>Mr. Titus Tarus MScN- Peadiatrics & Child Health, BScN</p>	<p>Director, Nursing Services.</p>
 <p>Ms. Florence Chepyegon Tum BSC-Biochemistry, DMLT</p>	<p>Director Laboratory Services</p>
 <p>Dr. Ezekiel Kimutai M.MED., MBChB</p>	<p>Director, Diagnostic Services</p>
 <p>Mrs. Christine Wanjiku Tonui, CS(K) MSC-Research Administration, MBA- Strategic Management, BSC. Public Health, CPS(K)</p>	<p>Director, Administration</p>

*Moi Teaching and Referral Hospital
Annual Report and Financial Statements
For the Year ended June 30th 2022*


NAME	AREA OF RESPONSIBILITY
 <p>Dr. Wycliffe K. Kosgei M.MED (MU), MBChB, (MU)</p>	<p style="text-align: center;">Director, Reproductive Health</p>
 <p>Dr. Polycarp Mandi MBChB, (Nairobi), MMed.- Peadiatrics (Nairobi), Pead Gastro (Cape Town, SA)</p>	<p style="text-align: center;">Director, Peadiatrics & Child Health</p>
 <p>Dr. Mwai George B.D.S, M.D.S in Periodontology (KE), Dip - GBT (Switzerland)</p>	<p style="text-align: center;">Director, Dental Services</p>
 <p>Dr. Edith Kwobah MBChB, M.Med Psychiatry</p>	<p style="text-align: center;">Director, Mental Health & Rehabilitative Services</p>

*Moi Teaching and Referral Hospital
Annual Report and Financial Statements
For the Year ended June 30th 2022*

NAME	AREA OF RESPONSIBILITY
 <p>Dr. Thomas Mwogi MChB (UoN), MMed- Internal Medicine (MU), MS Health Informatics (Indiana)</p>	<p style="text-align: center;">Chief Information Officer</p>
 <p>CPA Patrick K. Kurui MBA (Finance), B.A (Econs), CPA(K), IIA</p>	<p style="text-align: center;">Director, Audit & Risk Services.</p>
 <p>Mr. Thomas Ngetich MBA-Finance (MU), MBA-Health Leadership and Management (USIU), BA-Economics (UON), CPA(K)</p>	<p style="text-align: center;">Manager, Finance</p>
 <p>Mr. Bill Saina MBA- Procurement, CIPS , B. COM</p>	<p style="text-align: center;">Manager, Supply Chain</p>

NAME	AREA OF RESPONSIBILITY
 <p>Dr. Wilson Sugut MBChB (UON) 1999, M.Med (Int.Med)2009</p>	<p>Director, Internal Medicine</p>
 <p>Dr. Jesse Opakas MBBS(Wuhan), FC(Rad Onc) (SA) Stellenbosch</p>	<p>Director, Hemato- Oncology</p>
 <p>Mr. Caleb Koech Msc-Advanced Nursing Practice, Bsc-Nursing</p>	<p>Director, MTRH College of Health Sciences</p>
 <p>Dr Evans Rono M.MED (MU), MBChB (MU), Paediatrics</p>	<p>Director, Commercial Services</p>

Moi Teaching and Referral Hospital
Annual Report and Financial Statements
For the Year ended June 30th 2022

NAME	AREA OF RESPONSIBILITY
 <p data-bbox="204 607 448 680">Ms. Sylvia Nyariki PGD- Law, LLB</p>	<p data-bbox="1134 389 1374 539">Deputy Manager, Legal services/ Ag. Corporations Secretary</p>

IV. BOARD CHAIRMAN'S STATEMENT



**MR. SITOYO LOPOKOYIT, MBS
BOARD CHAIRMAN**

It is with great pleasure and honour to present the Annual Report and Financial Statements of Moi Teaching and Referral Hospital for the period ended 30 June, 2022.

During the period under review, the Government of Kenya continued to ease COVID-19 restrictions and sustain the interventions to mitigate the effects of the pandemic. The Hospital Board and Management continues to be on guard to control and contain the pandemic should there be an outbreak.

The measures taken by the Hospital include construction of Isolation Wards, increased surveillance, continuous sensitization on adherence to GoK laid down Protocols on COVID-19. Support from the Kenyan Government of Kenya through our parent Ministry has been instrumental in the containment of the

pandemic that was first reported on March 12th 2020 since the outbreak in China in December 2019.

During the period under review, MTRH continued to offer specialized medical care by attending to **500,488** outpatients compared to **405,814** in the last financial year representing a **23%** increase. It also attended to **43,008** inpatients in the period under review compared to **40,717** in the last financial year registering a **6%** increase on admissions. The improved performance is as a result of the ease of COVID-19 restrictions as well as high number of patients preference to receive medical care at MTRH. The number of maternal deliveries for the period stood at **11,916** compared to **12,379** in the same period ended 30th June 2021.

The Board has re-engineered governance structures that revolve around the patients' needs, by continuously investing in strategic human resource capacity development and best practices, research, modernizing its equipment as well as infrastructure upgrade. Among the key investments during the period include Modern Data Centre, Network Upgrade, Enterprise Resource Planning (ERP) and High Definition CCTV; Chandaria Cancer and Chronic Diseases Centre (CCCCDC) complete with Treatment Planning System and Radiotherapy Equipment; the biggest Hospital-based Pressure Swing Adsorption(PSA) Oxygen Generating Plant(OGP) generating 2,000 litres per minute of oxygen; Nawiri & Skills Recovery Mental Health transitional home

The Hospital has continued to sensitize the general populace on the importance of registering themselves with NHIF but this has not been very successful because of the fact that most of the residents are from a humble background. Additionally, some patients would cease contributing to the fund after treatment leading to challenges in settling bills should there be need for future treatment. This scenario results to credits and subsequent negatively affects cashflow. This shall be mitigated through involvement of neighboring Counties with the implementation of the Universal Health Care.

The Board of Management carried out its mandate diligently and with focus to steer MTRH to achieve its vision during the period under review. The Board held two Full Board in 23rd September 2021 and 30th November 2021 as well as the Board Retreat in 23rd to 28th May 2022.

In my capacity as Chairman of the Board, I wish to take this opportunity, on behalf of my fellow Board members, to most sincerely thank H.E The President of the Republic of Kenya, the National Government at large, our parent Ministry of Health, The National Treasury & Planning and The National Assembly for the support in providing guidance and leadership as we continue to discharge our core mandate.

I would also like to express my sincere gratitude to my fellow Board Members for their dedication and policy direction and the Chief Executive Officer for steering MTRH to greater achievement during this period. I wish also to thank all the Management and Staff for their tireless dedication in serving the hospital.

I am confident that as a team, our commitment and dedication will make MTRH the leading Multi-Speciality Hospital for Healthcare, Training and Research in Africa.



Mr. Sitoyo Lopokoiyit, MBS
BOARD CHAIRMAN

V. REPORT OF THE CHIEF EXECUTIVE OFFICER



DR. WILSON K. ARUASA, MBS, EBS

Introduction

During the period under review ending 30th June 2022, the Hospital achieved cumulative revenues of **Kshs. 11.59 billion** being **Kshs. 7.83 billion** GOK Recurrent Grants and **Kshs. 3.76 billion** from cost sharing fees.

Healthcare Delivery

Healthcare delivery being the core mandate of the Hospital, substantive resources was allocated towards this cause. In cognizance of the need for state of the art management of the various diseases that require

specialized treatment, the Hospital Management, through collaboration with a number of stakeholders has established and operationalized Centres of Excellence for management of the respective diseases. These centers include the Chandaria Cancer and Chronic Disease Centre for the management of non-communicable diseases, transition home for Mental Health Patients, Cardiac Care Unit (CCU), Academic Model Providing Access to Healthcare (AMPATH), Riley Mother and Baby Hospital (RMBH), Shoe4Africa Children's Hospital among others. To further improve on service delivery, plans are underway for the construction of a Paediatric Oncology Hospital and a Burns Hospital.

Universal Health Coverage

The Kenya Constitution 2010, through the Bill of Rights guarantees all the Kenyan citizens the right to emergency health care including reproductive health. The Hospital continued to render health care to patients notwithstanding their ability to pay for services received. In order to ensure access to healthcare, the Hospital management in collaboration with NHIF has been holding sensitization sessions to promote enrolment to the NHIF medical scheme.

To strengthen the healthcare system and implementation of referral strategy, MTRH has been at the forefront in mentoring county facilities at Level 1 to Level 5 Hospitals. This will enable the county facilities to manage common ailments at their level and only refer when necessary.

Operating Environment

The current operating environment is volatile, uncertain, complex and ambiguous and the unfavourable macroeconomic environment. However, MTRH has mitigated this by continuous investment in infrastructure upgrade a cross the hospital in order to meet the current and expected growth in current and emerging demand for quality healthcare services. As a Hospital, investment on new equipment and infrastructure is key service provision and innovations across the Hospital as informed by our Strategy. While we are yet to fully reap on these significant outlays, the Hospital remains well positioned to remain very competitive and the preferred hospital in the region. With the outbreak of Covid-19 pandemic, MTRH has constructed a new 37 Bed isolation unit fully equipped. Additionally, construction of a paediatric Oncology Centre of Excellence is on-going.

MTRH has continued to adhere to the Ministry of Health protocols on the management and control of COVID-19. During the period under review, the Hospital successfully managed to administer the first and second AstraZeneca Inoculation. The Hospital utilized all COVID-19 funds as per Government of Kenya Guidelines.

Performance Management

MTRH has been implementing Performance Contracting since FY 2004/2005 and is currently on the 19th Cycle. Over these years, MTRH has seen tremendous progress and growth on all performance

measures and has maintained excellent performance as evaluated annually by Public Service Performance Management and Monitoring Unit (PSPMMU). During FY 2020/21, MTRH achieved a composite score of 2.5757 (121.22%); a 6.06% improvement from the FY 2019/2020 achievement of 115.16%. An Internal Assessment for the period places MTRH's Performance at 128.05% during FY 2021/2022.

MTRH 2023 – 2028 STRATEGY

During the 2017-2022 Strategy period, MTRH saw accelerated growth in infrastructure and multi-speciality service disciplines. Consequently, the new 2023- 2028 Strategy will enable MTRH to be a thriving Hospital in the Region. We adopted a combination of Red Ocean and Blue Ocean strategies to ensure MTRH continues to be the leading Multi-Specialty Hospital in a competitive world occasioned by an increase in private sector Hospitals and the establishment of new services by the County Governments.

The infrastructure focus in the next strategy period will support Government Agenda in health care and the realization of the Kenya Vision 2030. MTRH 's approach to service delivery is through Centres of Excellence (CoE) with the delivery of specialist and sub-specialized services continuing to be a strategic approach. The focus will also be on the growth of multi-speciality medical disciplines supported by a robust deployment of Information Communication & Technology to enhance the efficiency of operations to ensure clients have the best customer experience at MTRH.

Investments

During the period under review, the Hospital continued with the implementation of other on-going key multi-year projects. The Hospital received total disbursement of capital grants for the FY 2021/22 of **Kshs.269 Million..** The key multi-year projects are as listed below:

- Equipping of Radiotherapy Unit
- Equipping of ICUs
- Equipping of Shoe4Africa Children Hospital (Supply and Delivery of Medical Equipment)
- Establishment of an MRI Centre

The Development Vote allocation during the period under review was as follows:

i) Development Grants	Kshs 269 Million
ii) Development Grants (Re-budgeted from previous financial year)	Kshs. 509 million
iii) Appropriation in Aid	Kshs 229 Million

Human Resources

MTRH being a service sector institution, Human Resource remains the greatest asset, hence the budgetary allocation of 69.3% for personnel emoluments and benefits. It has been the intention of the Hospital Board and Management to ensure that MTRH retains well-trained and skilled employees. This has been done through trainings that ensure continuous exposure of the various cadres of staff to the latest developments in the Industry and providing non-cash benefits such as Comprehensive Staff Medical Insurance, Group Life Insurance Cover, Group Personal Accident Cover and a Contributory Staff Pension Scheme and Doctors indemnity cover. A total of 751 members of staff pursued various technical trainings funded during the period under review as follows:

- Long term Trainings 33
- Short Term Trainings 718

*Moi Teaching and Referral Hospital
Annual Report and Financial Statements
For the Year ended June 30th 2022*

During the period under review, the Hospital allocated budgetary support towards various staff related costs as follows:

- i) **Ksh. 44.9 Million** for Staff Training and Development
- ii) **Ksh. 15.3 Million** for Post Graduate Training for medical officers and employment of additional Medical Specialists.
- iii) **Ksh. 269.8 Million** for staff medical cover
- iv) **Ksh. 19.8 Million** for Group life insurance cover
- v) **Kshs 4.1 Million** for Doctors Indemnity Insurance Cover
- vi) **Kshs 45.4 Million** for Group Life Insurance Cover

In addition to the above, timely payment of salaries has been instrumental in increasing output and efficiency among employees.

Financial Highlights

The Hospital Management ensures adherence to laid down financial procedures as stipulated in The Public Finance Management (PFM), Act 2012 and The Public Procurement and Asset Disposal Act, 2015. During the period under review, the Hospital generated revenue totalling to **Kshs 11.6 Billion** with a deficit of **Kshs 486 Million**.

Partnerships & Collaborations

The Hospital Board and Management are cognizant of the fact that collaboration during the 21st century is inevitable as this is expected to leverage on the available scarce resources.

During the period under review, the Hospital continued engaging its strategic partners that include:

- USAID and Indiana University.
- AMPATH
- County Governments in the region

Appreciation

I would like to appreciate the selfless contribution from all stakeholders that made the period under review a successful one. The excellent service delivery achieved and infrastructural growth reported during the period could not have been achieved had it not been for the contribution of the Government of Kenya, our Development Partners, Hospital Board, Hospital Management Team and dedicated Members of Staff.

Arusa 11/04/2023
DR. WILSON K. ARUASA, MBS, EBS.
CHIEF EXECUTIVE OFFICER



VI. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

Section 81 Subsection 2(f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the national government entity's performance against predetermined objectives. MTRH has four (4) Strategic Pillars within the current Strategic Plan for the FY 2017- FY 2022. These Strategic Pillars are Customer Focus, Operational and Clinical Excellence, Strategic Partnership & Alliances and Sustainability. The Strategic Pillars are broken down into Development Goals that have been linked to Key Performance Indicators.

MTRH develops Annual Work Plans based on the Strategic Pillars and Developmental Goals. The assessment of the Performance against the Annual Work Plan is done every quarter and tied with the MTRH Board Annual Performance Contract which is cascaded to the Directorates, Departments and Individual Staff. The Hospital achieved its performance targets set for the FY 2021/2022 period as summarized below: -

No	Strategic Pillar	Developmental Goals	Key Performance Indicators	Activities	Achievements
1	Customer Focus	1.1 Improve Customer Experience	Implementation Index (%) recommendations from the survey.	Undertake the Annual Customer Satisfaction Survey and implement recommendations from the Satisfaction Survey.	<p>a) Assessment of the quality of healthcare services at MTRH was carried out reflecting on the five dimensions of quality which include Tangibles, Reliability, Responsiveness, Assurance and Empathy – Service Quality Model (SERVQUAL). All five (5) dimensions had a positive quality gap score of 0.65 indicating that patient expectations were met.</p> <p>b) All recommendations from the Survey were implemented which include strategies for reducing waiting time at the Outpatient Department, Queue Management, promptness in the communication of patients results, strategies to address delays in discharge and National Health Insurance Fund (NHIF) processes and the culture of continual improvement.</p>
2	Operational Excellence.	2.1 Institutionalize Treatment Protocols.	100% implementation of Treatment Protocols.	Institutionalize Treatment Protocols.	<p>a) All Clinical Departments developed and implements Patient Management Protocols. The implementation of the Protocols is continually checked through Criterion Based Clinical Audits, Internal Quality Audits, Performance Contracts, Management Supervisory Rounds and Review Meetings.</p> <p>b) Key Specialized Healthcare Services provided: 18 Kidney Transplants, 14 Corneal Transplants, 48 Open Heart Surgeries, 17,236 Oncology Consultations, 2,524 Children Haemodialysis sessions, 3,118 Minimally Invasive Surgeries, 12,004 External Beam Radiotherapy Services, 141 Brachytherapy Sessions, 1.03 per 1,000 Deliveries achievement in reduction of Maternal Mortality Rate, 1.22% achievement in reduction of Neonatal Mortality Rate amongst other Hospital Key Performance Indicators.</p>
		2.2 Implement Universal Health Coverage (UHC) Interventions	UHC Interventions implemented	Implement UHC Interventions.	<p>a) MTRH provided access to quality and highly specialized healthcare services. During the period, MTRH conducted multi-disciplinary outreaches to all the 22 Counties in Western Kenya.</p> <p>b) Over 47,000 patients were sensitized on NHIF and over 3,000 clients enrolled.</p>

*Moi Teaching and Referral Hospital
Annual Report and Financial Statements
For the Year ended June 30th 2022*

No	Strategic Pillar	Developmental Goals	Key Performance Indicators	Activities	Achievements
					<p>c) Implementation of Population Health / Primary Health Programmes to address HIV and Chronic Disease Management (Diabetes, Cancer and Hypertension). This is aimed at integrating prevention, diagnosis, and control at the lowest level of care particularly in the community while strengthening the referral process from the dispensaries to the National Referral Hospitals. It also addresses the costs to take care of patients with these conditions.</p>
		2.3 To Maintain Effective, Dynamic and Transformational Leadership	<p>Implementation Index (%) of the Mwingozo Code of Conduct.</p> <p>Number of Approved MTRH Policies.</p> <p>Number of Policy Papers developed.</p>	<p>Implementation of Mwingozo Code of Conduct.</p> <p>Hold Annual Reviews of MTRH Policies.</p> <p>Develop briefs to inform the National Policy</p>	<p>a) All Board Members were inducted on the Mwingozo Code of Conduct and Board Meetings held as per the Calendar of Board Meetings. Board Evaluations have consistently been carried out.</p> <p>a) The MTRH Board has approved 46 Policies, all of which are fully implemented and embedded into the Hospital Operations.</p> <p>a) In line with the MTRH Mandate, Policy Briefs to inform National Health Planning are documented. During the year, the following Briefs were documented and shared with the Ministry of Health: Implementation of Weekly Hospital Management Rounds led by the Chief Executive Officer, Implementation of Advanced Practice Nurse (APN) for Quality Improvement, Implementation of Patient Safety Practices, Establishment of MTRH Nawiri and Skills Recovery Centre; novel approach in the management of mentally ill patients.</p>
		2.4 To Improve Processes and Management Systems.	<p>Performance-Based Management System implemented.</p> <p>Implementation Index of ISO Standards.</p>	<p>Implement Performance-Based Management System.</p> <p>Implement ISO Standards.</p>	<p>a) Moi Teaching and Referral Hospital (MTRH) has been implementing Performance Contracting since FY 2004/2005 and is currently on the 19th Cycle. Over these years, MTRH has seen tremendous progress and growth on all performance measures and has maintained excellent performance as evaluated annually by Public Service Performance Management and Monitoring Unit (PSPMMU). During FY 2020/21, MTRH achieved a composite score of 2.5757 (121.22%); a 6.06% improvement from the FY 2019/2020 achievement of 115.16%. An Internal Assessment for the period places MTRH's Performance at 128.05% during FY 2021/2022.</p> <p>a) MTRH is certified to ISO 9001:2015 Standard and accredited by Kenya National Accreditation Service (KENAS) to ISO 15189: 2012 Medical Laboratory Standard.</p> <p>b) Other Standards at advanced stages towards Certification include ISO 27001:2013 Standard (Information Security Management System); ISO 45001:2018 (Occupational Health and Safety).</p>
			<p>Implementation of MTRH Enterprise Resource Planning System and Telemedicine.</p>	<p>Enhance efficiency through the Implementation of the MTRH Enterprise Resource Planning (ERP) System and Telemedicine.</p>	<p>a) ERP Modules being implemented include Electronic Medical Records System (EMRS), Procurement, Human Resource, Pharmacy and Finance Modules to enhance efficiency and effectiveness in service delivery.</p> <p>b) The Telemedicine and Telepathology Centre provides medical care virtually to patients in the Communities, saving on transportation costs and time that come with patients travelling to the Hospital.</p>

*Moi Teaching and Referral Hospital
Annual Report and Financial Statements
For the Year ended June 30th 2022*

No	Strategic Pillar	Developmental Goals	Key Performance Indicators	Activities	Achievements
		2.5 To Strengthen Human Resource Capacity.	Implementation Index of MTRH Staff Capacity Development Guidelines.	100% implementation of MTRH Staff Capacity Development Guidelines.	a) Human Resource Management Advisory Committee sits to deliberate staff trainings. During FY 2021/2022, 33 Staff were released for Long Term Training (66 cumulatively) and 736 Staff attended Short Term Training. 3-Year (2020/21FY - 2022/23FY) Training Needs Assessment (TNA) developed and continually being implemented. a) MTRH has a total of 3,736 staff (2,481 Technical Staff and 1,255 Corporate Staff)
			Number of Staff in the MTRH Establishment.	Attract and retain Competent Human Resources for Health.	
			Implementation Index of the MTRH Staff Promotion based on the Career Guidelines.	100% implementation of the MTRH Staff Promotions.	a) Promotions were done as guided by the MTRH Career Guidelines and MTRH Human Resource Policy and Procedures Manual.
		2.6 To Create Enabling Environment for Healthcare Training, Research, Development and Innovation (RDI)	Number of Research Published. Number of Research Projects conducted.	Publish Research Projects. Enhance local research capacity by ensuring the involvement of local PIs in research.	a) 73 Research Studies carried out and published including AMPATH Research Publications presented in semi-annual compendiums. b) All Research conducted by International Experts is led by Local Principal Investigators (PIs). 377 Research Projects conducted in MTRH.
			Number of Market-Driven Courses and student enrollments at the MTRH CHS.	Introduce market-driven short courses at the MTRH College of Health Sciences (CHS).	a) Courses provided at the MTRH College of Health Sciences include Higher Diploma in Chronic Disease Management, Mental Health, Paediatrics & Child Health and Oncology; Higher National Diploma in Health Informatics, Higher National Diploma in Perioperative Nursing, Cardiology, Oncology, Critical Care and Nephrology; Post Graduate Diploma in Clinical Pharmacy amongst others. The College also offer short tailor-made specialized courses including Wounds and Ostomy Care, Health Service Management, Medical-Legal Issues in Health, Cervical Cancer Screening, Emergency Obstetrics Care, Morbidity & Mortality Coding, HIV Management in Children, Research Methodology and other tailor-made and market-driven courses.
3	Strategic Partnership and Alliances	3.1 To Strengthen Strategic Partnership and Alliances.	100% implementation of Public-Public/Private Partnership Agreements.	Foster Public-Public/Private Partnership for Specialized Health Services. Create and sustain Collaborative Partnerships.	a) To improve the learning environment, MTRH is in the process to establish a modern college through Public-Private Partnership. The PPP project has been approved by The National Treasury and Planning to be implemented at a cost of Kshs 947 million. Currently, procurement of Transaction Advisor (TA) is ongoing. a) MTRH has continued to sustain Strategic Partnerships with International and Local Partners including the Consortium of North American Universities led by Indiana University and other Academic Medical Centers in the United States, Canada and Europe; Shoe4Africa Foundation; Side-Kick International; University of Alexandria-Egypt; Eli Lilly Drug Manufacturing Company; World Bank, Linköping University & Östergötland County Council,

*Moi Teaching and Referral Hospital
Annual Report and Financial Statements
For the Year ended June 30th 2022*

No	Strategic Pillar	Developmental Goals	Key Performance Indicators	Activities	Achievements
4	Sustainability	4.1 To Improve Revenue Generation	% compliance with the Debt Management Policy.	100% implementation of the Debt Management Policy.	a) Credit Control and Evaluation Committee assesses Individual Debtors' Creditworthiness. NHIF sensitization and registration are incorporated as part of the Client Credit Assessment Process. Over 47,000 patients were sensitized with over 2,300 clients enrolled on NHIF.
			% compliance with the Approved Budget and Procurement Plan.	Implement Annual Budget and Procurement Plan.	a) MTRH complied fully with the Approved Procurement Plan and Budget for FY 2021/2022.
		4.2 Enhance Environmental Sustainability.	Number of Concept Papers/Papers developed.	Concept Papers/Proposals developed.	a) The proposals developed during FY2021/2022 include the Paediatric Neuro-Developmental Centre of Excellence, In Vitro Fertilization (IVF) Centre, MTRH Kidney Hospital and MTRH Eye Health Hospital.
			Environmental Sustainability Interventions implemented.	Implement Environmental Sustainability Interventions	a) Construction and Operationalization of MTRH Waste Transfer Station to enhance effective and efficient management of Hospital Wastes. b) Procurement of <i>Usafi</i> Van to transfer Wastes from various collection points to waste transfer station and Incineration. c) Installation of Solar Water Heating Panels in the Wards and Solar Powered Flood Lights. Energy Management Guidelines developed and shared with all Staff. d) Planting of over 5,000 trees within and outside MTRH as part of its corporate commitments.

VII. CORPORATE GOVERNANCE

MTRH Board Charter

The MTRH Board of Management has a Board Charter that describes Board Members' responsibilities, the Board's functions & structures and ethical conduct. In addition to this, the Mwangozo Code of Governance for State Corporations governs Board operations.

Appointment and Induction of new Board Members

Appointment of Board members is as prescribed under the State Corporations Act CAP 446 vide Legal Notice No 78 of 1998 and 56 of 2002. The President appoints the Board Chair and the CEO. The Cabinet Secretary for Health appoints two (2) Independent Board Members while six (6) Board Members are appointed in representative capacity for the Principal Secretary Ministry of Health, Principal Secretary State Department of Higher Education, Principal Secretary the National Treasury and Planning, Principal Moi University College of Health Sciences and representative of Attorney-General. All appointed board members were inducted in November 2021.

The appointing authorities take into considerations skills mix in selection of Board Members to ensure persons with key specializations such as Finance, Legal, Health, etc are included in the Board.

Induction of new Board Members

During the period two new Board members were inducted . On 14th April 2022, the Representative to Attorney General was inducted while on 30th June 2022, Alternate to CS, The National Treasury & Planning was inducted.

One Director underwent a week Corporate Governance Training in Mombasa from 21-25th February facilitated by the Centre for Corporate Governance.

A Skills matrix is currently being carried out to determine the skills the Board Directors have in order plan for requisite trainings that shall have been identified.

Board Performance Evaluation:

The Inspectorate of State Corporations conducts the MTRH Board evaluation on annual basis. The Board conducted the negotiation and signing of the Board Performance Contract for FY 2021/22 with the Cabinet Secretary, Ministry of Health.

Conflict of Interest:

Declaration of Conflict of Interest is a standing agenda in all meetings of the Board and its Committees. A register is maintained by the Institution to record all declarations made by board members.

Board Remuneration:

Remuneration of Board Members is as prescribed by the State Corporations Advisory Committee. Additionally, Medical and Accident Insurance Cover is provided to Independent Board Members only. Benefits and allowances payable to Members of the Board are as outlined below;

*Moi Teaching and Referral Hospital
Annual Report and Financial Statements
For the Year ended June 30th 2022*

Type of payment	Chairman	Member
Honoraria (per month)	Ksh. 80,000 (Gross)	-
Sitting allowance	Ksh. 20,000 (Gross)	Ksh. 20,000 (Gross)
Telephone allowance	Ksh. 7,000 (Gross)	-
Transport allowance/ mileage	AA rates	AA rates
Taxi Allowance (as necessary, per meeting)	Ksh. 4,000	Ksh. 4,000
Accommodation (as necessary, per meeting)	Ksh. 18,200	Ksh. 18,200

Board Meetings Attendance.

During the period under review, all the scheduled Board meetings were held being a Full Board and six Committee Meetings as detailed below:

BOARD MEETINGS	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4
Finance & Strategy Committee	None	None	21 st January 2022	22 nd April 2022
People Management Committee	None	9 th December 2021	20 th January 2022	21 st April 2022
Audit Risk & Compliance	None	None	13 th January 2022	28 th April 2022
Hospital Operations & Standards	None	None	14 th January 2022	29 th April 2022
Full Board	30 th September, 2021	30 th November 2021	28 th January 2022	6 th May 2022
Special People Management Committee	None	None	None	2& 3 rd June 2022
Special Audit Risk & Compliance	None	None	None	10 th June 2022

The Board held its annual retreat from 23rd - 27th May 2022 in Nakuru City

Board Committees

The Board had four standing committees during the period, which met as per the Board almanac under the terms of reference set out by the Board.

i) Finance and Strategy Committee

The Finance and Strategy committee is responsible for the Financial policies of the Hospital and also reviews the Hospital Annual Budget. The committee met regularly as per the board almanac and the members were;

- | | | |
|--|---|-------------|
| 1. Mr. Alois Nderi | - | Chairperson |
| 2. Dr. Michael Gichangi | - | Member |
| 3. Mr. Mark Lugwisa | - | Member |
| 4. Dr. Wilson K. Aruasa, <i>MBS, EBS</i> | - | CEO |

ii) People Management Committee

The people management committee is responsible for reviewing Human resources requirements for the Hospital and formulating human resource policies. The committee met regularly as per the board almanac and the members were;

- | | | |
|--|---|-------------|
| 1. Mr. James Muchiri | - | Chairperson |
| 2. Prof. Kuremu Tenge | - | Member |
| 3. Dr. Michael Gichangi | - | Member |
| 4. Mr. Jeremy Oloo | - | Member |
| 5. Dr. Wilson K. Aruasa, <i>MBS, EBS</i> | - | CEO |

iii) Audit, Risk and Compliance Committee

The committee is responsible for compliance with relevant laws, procedures and standards, quality of financial reporting, oversight in internal control systems and reviewing audit reports. The committee met regularly as per the board almanac and the members were;

- | | | |
|----------------------|---|-------------|
| 1. Mrs. Sharon Sang | - | Chairperson |
| 2. Mr. Mark Lugwisa | - | Member |
| 3. Mr. Jeremy Oloo | - | Member |
| 4. Mr. Patrick Kurui | - | Secretary |

iv) Hospital Operations and Standards Committee.

The Hospital Operations and Standards committee is responsible for reviewing Hospital operations and Standards, oversight the implementation of the strategic plans and quality standards of the Hospital. The committee met regularly as per the Board almanac and the members were;

- | | | |
|--|---|-------------|
| 1. Prof. Kuremu Tenge | - | Chairperson |
| 2. Mr. Alois Nderi | - | Member |
| 3. Mrs. Sharon Sang | - | Member |
| 4. Mr. James Muchiri | - | Member |
| 5. Dr. Wilson K. Aruasa, <i>MBS, EBS</i> | - | CEO |

VIII. MANAGEMENT DISCUSSIONS AND ANALYSIS

A) CLINICAL PERFORMANCE

CLINICAL MANAGEMENT

Despite the challenges that came with COVID-19 pandemic and the volatility in the macroeconomic environment such high inflationary pressure, resulting to an increase in consumer price index during the period, the Hospital continued carrying out its mandate as outlined in the Legal Notice No.78 of 12th June 1998 of the State Corporations Act (Cap 446). During the period under review, the Hospital overall performance improved, with an increase in the number of clients seeking medical services.

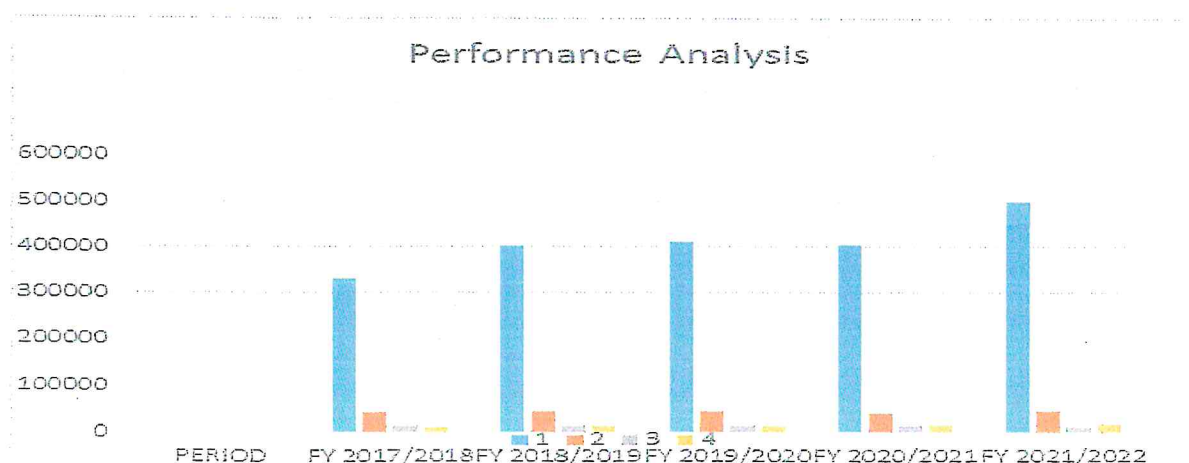
The Outpatient patient numbers slightly increased from 405,814 patients to 500,488 representing a 23% increase, Inpatient numbers increase from 40,717 to 45,267 representing 11% increase, deliveries reduced from 12,379 Mothers to 11,916 representing a 4% decline, Theatre procedures increased from 14,420 to 16,474 representing a marginal 14% increase

The overall performance achieved by the Hospital is as tabulated below:

Table 1: Quarterly Clinical Performance Analysis

	PERIOD	FY 2017/2018	FY 2018/2019	FY 2019/2020	FY 2020/2021	FY 2021/2022
1	Outpatient	332,810	404,138	412,971	405,814	500,488
2	Inpatient	43,144	46,536	45,050	40,717	45,267
3	Maternity Deliveries	12,976	13,185	12,793	12,379	11,916
4	Theatre Operation	10,865	13,433	14,104	14,420	16,474
	Total	399,795	477,292	484,918	473,330	574,145

Quarterly Clinical Performance Graphical Analysis



CURRENT TRENDS IN THE HEALTH SECTOR

The Health Sector is operating in a volatile and dynamic environment given the manner in which new diseases and infections are emerging. The ever mutating COVID-19 virus may require in-depth research since most of the new variants can be traced to a particular region in the world. The Hospital Board and management have been able to mitigate this situation through optimal use of limited resources namely; technology, Human Resource and Budgetary Support. The Hospital Board and Management has ensured implementation of various strategies aimed at cushioning the Institution against adverse effects

- **Automation**

- The Board and Management of the Hospital has over the years continued to improve the technological infrastructure to guarantee a robust system. The Hospital has a patient queuing system and Electronic Medical Records System (EMRS). Additionally, MTRH is at an advanced stage of rolling out Enterprise Resource Management computerized module that is web based and is expected to incorporate all services rendered in the Hospital hence reduction in turn-around time. Currently, the Supply Chain module has gone live while the finance module is live up to payment voucher processing stage and clinical modules is at development stage.

- **Specialized Units**

- The Hospital Board and Management has been keen on having Centres of Excellence within the facility with a view to improving service delivery to all patients. Such Hospitals include:

- A fully-fledged Radiography Unit
- Riley Mother and Baby Hospital
- Shoe for Africa Children Hospital
- Chandaria Chronic and Cancer Disease Center
- Bio-Safety Laboratory (*BSL II*) & Isolation Center.
- AMPATH Center for research
- Renal Unit
- Mental Health Centre

Other Upcoming Centers of Excellence

- MRI & Cath Lab Centre
- MTRH Financial Services

- **Telemedicine**

- Telemedicine is the latest revolution in the health sector that has tremendously changed how patients are managed. During the period under review, multi-disciplinary teams from across the globe managed several patients courtesy of Telemedicine.

Despite the benefits that accrue from the above, there are challenges that come with technological advancement. Some of these challenges are as outlined below:

- **Cyber Security**
 - Patient data stored in the system is prone to abuse through hacking and it is for this reason that the Hospital has continued to enhance the capacity (*through training and provision of the latest equipment in the market*) of the personnel charged with responsibility of ensuring integrity of patient data is intact.

- **Voluminous Data**
 - The number of patients that seek medical care at MTRH is largely drawn from the North Rift and Western region with a population of approximately **9.1 Million** people (KNBS, 2019) excluding those from the neighboring countries. This therefore means that the system may be overwhelmed in terms of capacity to handle incoming data. To mitigate this, the Hospital Board and Management have ensured that there is a robust system through continual upgrade of the infrastructure.

CHALLENGES AND OPPORTUNITIES

a) Physical infrastructure and Equipment

The current bed capacity of the Hospital is overstretched while most of the medical equipment used in the Hospital are ageing and of obsolete technology. The Hospital, through its Internally Generated Funds, GoK Grants and Development Partners, has continued to improve the Physical Structures and replacement of obsolete equipment. During the period under review, several equipment have been earmarked for replacement/ upgrade while some structures are being renovated e.g Private Wing I, water upgrade, oxygen piping, renovation of surgical wards, ICU unit and Private II inpatient.

b) Health Care Insurance Cover

The uptake of Medical Insurance in the region is very low hence the diminished capacity of the general population to access medical services. The immediate impact of this gap is that most patients end up seeking treatment whilst not having the capacity to cater for services rendered. This situation has resulted in crediting thus negatively affecting the Hospitals' ability to offer services to other patients.

MTRH through the AMPATH Program in partnership with NHIP has rolled out a UHC Pilot Initiative in Busia County. The model constitutes a holistic approach to healthcare and the need for multi-sectoral collaboration to address the social determinants of health.

c) Linda Mama Programme

The Government implemented Free Maternity programme with effect from May 2013, where a package of Ksh. 17,000 is reimbursed per maternal delivery. Often the costs incurred in MTRH for this service exceed the reimbursable amount because most referred cases have related complications that require specialized treatment including Intensive Care Unit (ICU) both for Mothers and Neonates. It is appropriate to reimburse ICU admissions at cost.

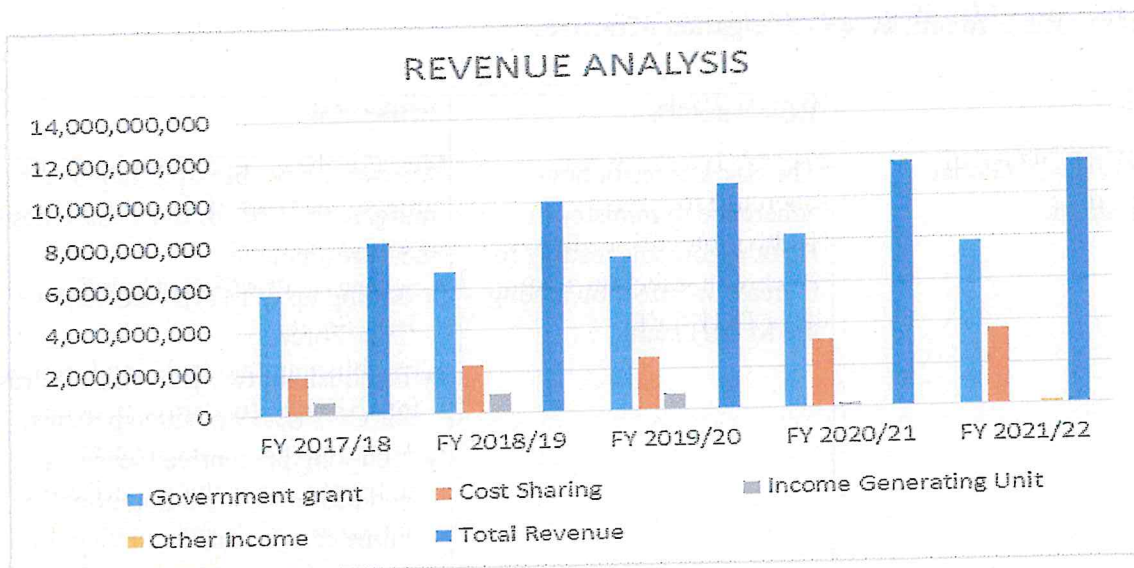
B) FINANCIAL PERFORMANCE

i) Revenue

The Revenue for the Financial Year ended 30 June, 2022 was **Kshs. 11.6 Billion** compared to **Kshs 11.6 Billion** in the last financial year. Below is a 5-year trend analysis on revenue growth realized;

Revenue Analysis

Source	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22
Government grant	5,701,240,405	6,773,680,571	7,320,147,670	8,213,266,926	7,827,739,990
Cost Sharing	1,809,177,096	2,294,367,752	2,512,062,987	3,220,812,901	3,700,787,273
Income Generating Unit	632,574,416	895,774,966	767,261,210	178,082,064	16,780,267
Other Income	22,719,205	22,951,161	75,696,779	24,500,212	43,870,701
Total Revenue	8,165,711,122	9,986,774,450	10,675,168,646	11,636,662,103	11,589,178,230



ii) Statutory Payments

The Hospital is in good standing with Institutions that expect periodic payments for monies deducted from members of staff. These deductions include; PAYE, Pension, NHIF, HELB, NITA among others. It is important to note that the Hospital has complied with all statutory payments despite a long outstanding June 2016 salary grant from MoH totaling **Kshs 444 Million** being **Kshs.350 Million** and **Kshs.94 Million** for June 2018.

iii) Preparation of Annual Report and Financial Statements

The Hospital prepared and submitted all statutory reports as per the Laws of Kenya. During the period under review, fourth Quarter Report and Financial Statements were prepared and submitted to the Ministry of Health and The National Treasury in conformance with the laid down format and adherence to the statutory timelines. Additionally, the Office of the Auditor General conducted an audit on the Draft Annual Report and Financial Statements FY 2020/2021.

C) MAJOR RISKS FACING THE MTRH

The Board of Management is committed to mitigate risks. It has put in place the Board Audit and Risk Committee, which monitors the risk management process and systems of internal control of the MTRH and standing agenda in all full board meetings.

The main objective of risk management in MTRH is to establish an integrated and effective Risk Management Framework where important risks are identified, quantified and managed. Risk management is implemented across the Hospital and supports the risk management culture in all the directorates. The Hospital performs risk identification and puts in place key measures to mitigate these risks, as listed below.

Some of the Risks Identified and Mitigation Measures

#	Risk	Risk Analysis	Mitigation
1.	COVID-19 Global Pandemic	The risk is a result non-adherence to ministry of Health protocols leading to increase in infection among the MTRH staff.	Measures have been put in place to mitigate the risks of the virus. These measures include; <ul style="list-style-type: none"> • Setting up of MTRH COVID-19 Task Force, • Establishing two Isolation Centres for COVID-19 positive patients, • Adopting preventive measures and protocols including effective home care treatment, setting up hand washing points in all the entry points, restructured office sittings space, office aeration, provision of adequate PPEs, • Sensitisation on adherence on MoH and MTRH protocols. • Vaccination of all staff and staff will receiving the 3rd vaccination cycle in January 2022.
2.	Clinical risks	Risks in increase in mortalities due to delays in surgeries, needle pricks, misdiagnosis and increase in infections and equipment breakdown.	<ul style="list-style-type: none"> • Extension of theatre space, • Sensitisation of safe disposal of sharps • Improvement of diagnostic service by of BSL II lab and consultant. Reviews • Procuring maintenance for all the machines.
3.	Poor Health Services	The risk relates to incidents of poor service or failure to respond effectively to	<ul style="list-style-type: none"> • Patient customer satisfaction surveys, • Complaints monitoring,

#	Risk	Risk Analysis	Mitigation
		complaints.	<ul style="list-style-type: none"> • Quality management systems and • Continuous Training on capacity buildings of Human resources.
4.	Human Resources Risks	Shortage of skilled labour, particularly qualified and experienced doctors and nursing staff and employee turnover.	<ul style="list-style-type: none"> • Recruitment and retention strategies are in place. • Extensive training and skills development programme.
5.	Credit and Market Risks	Increase in bad Debts and increase in competitions. Suppliers and industry stakeholders.	<ul style="list-style-type: none"> • Signing of service level agreement with corporate clients. • Partnerships with stakeholders such as NHIF, Insurance providers, county Governments. • Holding stakeholders with suppliers.
6.	Legal and regulatory Compliance	Increase in operational cost due increase in court cases cost and penalties due to delay in remitting statutory obligations.	<ul style="list-style-type: none"> • Implementation of out of court settlement by use ADR (alternative dispute resolution) • Payment of statutory obligation on time.
7.	Technological Risks	Risk on intrusion of ICT network and manipulation of data, network downtime and business continuity plan	<ul style="list-style-type: none"> • Automate system logs to create audit trail and install alarm alert • Network upgrade and construction of Data Centre. • Develop business continuity plan.
8.	Business Continuity Risks	Risk of Fire and allied perils, disease or pandemic outbreak or terror attacks may severely affect operations	<ul style="list-style-type: none"> • Fire marshal across the Hospital, Fire extinguishers and water hydrant in place • Infection, Prevention and control committee and unit in place. • MTRH Police patrol base in place.

D) MATERIAL ARREARS IN STATUTORY/FINANCIAL OBLIGATIONS

1. Physical infrastructure and Equipment

The current bed capacity of the Hospital is overstretched whilst most of the medical equipment used in the Hospital are ageing and of obsolete technology. There is need for continuous investment to improve the physical infrastructure and modernization of equipment.

E) FINANCIAL PROBITY AND SERIOUS GOVERNANCE ISSUES

MTRH Board of Management recognizes the importance of corporate governance and as such, it carries out its mandate with Honesty, Integrity and Accountability.

The Board is responsible for overseeing the management of the Hospital and provides guidance and direction in order to attain corporate objectives. To achieve its objectives, the Board has constituted four committees, namely:

- i) Hospital Standards and Operations Committee;
- ii) Finance and Strategy Committee;
- iii) Audit, Risk and Compliance Committee
- iv) People Management Committee.

Each of the above committees handles matters relating to their areas and report back to the main board on status and necessary actionable recommendations.

There are no financial improbity or governance issues in the Hospital reported by Internal Audit Department, Board Audit Committee, Office of the Auditor General or any other National Government Agency providing oversight

IX. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

Moi Teaching and Referral Hospital (MTRH) is committed to providing timely, cost-effective and patient-centred specialized healthcare services; fostering learning and growth through training and research, utilization of new technologies, continuous improvement and participation in National Health Planning. MTRH exists to sustainably transform lives through service excellence built on Honesty and Integrity, Customer Focus, Teamwork, Operational and Clinical Excellence, Employee Empowerment, Security and Safety, Organizational Learning & Growth, Environmental Sustainability and Continual Improvement.

MTRH's policies and activities that promote sustainability are as outlined below;

1. Sustainability Strategy and Profile

MTRH continues to look for ways to improve efficiency and reduce overall costs and at the same time improve the overall patient experience given the constrained macro-economy. During the period under review, sustainability strategies were implemented to ensure programmes and activities are realized perpetually as part of our Core Mandate. These include:

a) Provision of specialized and quality Multi-Specialty Services

Provision of specialized and quality health care services that has been made possible by the richness in Human Resources for Health (HRH), consistent supply of Health Products and Technologies (HPTs)

b) Investment and Modernization of Health Infrastructure.

The new investments accomplished during the financial year under review include: Strategic Hospital Projects commissioned by the Cabinet Secretary, Ministry of Health Hon Senator Mutahi Kagwe, *EGH* on 26th August, 2021; the biggest Hospital-based Pressure Swing Absorption (PSA) Oxygen Generating Plant (OGP) in East & Central Africa, generating 2,000 litres per minute of oxygen; Modern Data Centre, Network Upgrade and High Definition CCTV; MTRH Chandaria Cancer and Chronic Diseases Centre (CCCCDC, MTRH Radiotherapy Equipment; Nawiri Recovery & Skills Centre amongst other projects.

c) Cashless System

The introduction of a cashless system provided opportunities to improve operations and customer-related processes. MTRH Clients conveniently undertake payment for services through mobile money transfer (M-Pesa Services), direct cash banking and agency banking. NHIF Satellite Unit is also established at MTRH to enhance accessibility by patients. Construction of MTRH Financial Services Centre of Excellence is on-going; through this project, MTRH NHIF offices will be elevated to a full branch thereby ensuring efficiency of NHIF services to clients and timely payments of rebates.

d) Performance –Based Management System

Institutionalized Performance-Based Management System (PBMS) that has enabled measuring, reporting and managing progress to improve performance, both at Individual Level and Corporate Level.

During the year under review, the Hospital implemented 18th Cycle of Performance Based Management System. MTRH continued to excel attaining 121.22% in FY 2020/2021 and 115.14% in FY 2019/2020; an improvement by 6.06% over the 2 years; effectively making the Hospital the best in the Ministry of Health.

- e) **Corruption Prevention**
Corruption Prevention premised on Zero Tolerance to Corruption and Corrupt Practices, MTRH Core Values of Personal & Institutional Integrity, Honesty, Transparency, Accountability, Evenness and Ethical Conduct at all times. MTRH was recognized for Best Practices as per the EACC report awarded on the implementation of the corruption prevention indicator during the 18th cycle (FY 2021-2022) performance contracting period.

 - f) **Business Process Re-engineering Solutions**
Implementation of Business Process Re-engineering (BPR), Business Continuity Plans (BCPs), Risk Management System and deployment of Rapid Results Initiatives (RRIIs).

 - g) **Quality Management Systems**
MTRH has deployed Quality Management Systems (ISO 9001:2015 Quality Management System, ISO 45001:2018 Occupational Health and Safety Management System and ISO/IEC 27001:2013 Information Security Management System) towards creating delight to the Clients.

 - h) **Patient Safety**
MTRH Recognition as a Centre for Excellence for Patient safety by Ministry of Labour and Social Protection, Directorate of Occupational Safety and Health Services on 28th April, 2022.
2. **Promote Research in Healthcare**
- a) **Integrated Management of NCDs**
Integrated Management of Non-Communicable Diseases (NCDs) through the Primary Integrated Care for 4 Chronic Diseases (PIC4C) Project in Busia & Trans Nzoia Counties. The integrated comprehensive primary care program for prevention & control of diabetes, hypertension, breast & cervical cancer advised the Ministry of Health, as part of Policy formulation and National Health Planning, national NCDS Control & Management to scaling up and scaling out the work in Busia and Trans- Nzoia to other Counties across the Country.

 - b) **Advanced Practice Nurse**
Implementation of Advanced Practice Nurse (APN) Practice is a novel project in East Africa. The practice evolved from business process re-engineering which demonstrated better healthcare outcomes including reduced inpatient length of stay, improved turn-around time for consultation/treatment, reduced mortality rate, cost savings and optimized patient experience in the MTRH.

 - c) **Hospital Management Team (HMT) Rounds**
MTRH Leadership adopted weekly HMT Rounds as an effective tool of management. HMT comprises; Directors, Heads of Department/Section and Health Administrative Officers (HAOs). The Rounds have since improved decision-making translating to Excellence in Healthcare Service Delivery and Operations, Policy and Strategic Issues are all handled accordingly.
3. **Exemplary Service Delivery**
- a) **Best Outpatient Services Award**
MTRH recognized for most Affordable Outpatient Services provider category by Jubilee Health Insurance, Kenya. MTRH received the award for "Best in affordability outpatient services". The recognition was announced during Jubilee Insurance North Rift Chapter awards held at the Eka Hotel, Eldoret on Wednesday 25th May, 2022.

b) Occupational Health & Safety (OHS) Award

MTRH received the Occupational Health & Safety (OHS) Award on 28th April, 2022 for being the Best Institution in the Health Sector in the implementation of OHS Best Practices. The best practices included listening to Staff and addressing any issues proactively and preventively; and for the provision of good, decent and safe workplaces and environment.

c) MTRH awarded best Public Procurement Project of the year-2021

MTRH was awarded best Public Procurement Project of the year where the Hospital emerged top among thirty-three (33) Government Agencies in the adoption of Best Public Procurement Practices, for the year 2021. In an elaborate function which took place on 16th December, 2021 in Mombasa, that focused at celebrating Supply Chain Best Practices in Kenya dubbed 'KISM Spurs SCM Excellence Awards 2021', MTRH took lead in the category of Best Public Procurement Project of the year award 2021; MTRH Pressure Swing Adsorption (PSA) Oxygen Generation Plant.

d) MTRH, The Best Health Care Brand

MTRH was recognized in July 2021 by AJUA as the top most brand nationally in Healthcare under an independent Net Promoter Score Industry Benchmark report. This demonstrated that the Patients have a positive experience of the services, are satisfied and delighted demonstrating a huge pillar for the Institutional success.

4. Environmental Performance

Recognizing the linkage between environmental health and public health, the Hospital is committed to responsible environmental protection practices to benefit the health of our patients, staff, and community.

Some of the sustainable approaches to environmental stewardship that have been implemented include:

- a) Management of Medical Wastes through the installation of Modern AMB 250 Ecosteryl Microwave Clinical Waste Equipment. This is the first modern Clinical Waste Management Plant to adopt microwaving as a sterilization method.
- b) Installation of Solar Water Heating Panels in the Wards and Solar Powered Flood Lights in strategic locations in the Hospital;
- c) Through the efforts of the Institutional Energy Conservation Committee and Departmental Energy Champions, the Hospital has taken concise steps to inspire staff to “think green” in their practices at work through the use of natural lighting during the day and continued implementation of the Energy Management Conservation Guidelines overseen by the Energy Management Committee;
- d) The Hospital has continuously supported tree-planting culture as part of its corporate commitments. MTRH staff have planted over 5,000 trees within and out of the Hospital – Kapseret Forest in Uasin Gishu County.
- e) Through joint initiatives with the County Government of Uasin Gishu, MTRH has continuously participated in environment clean-up exercises to encourage the community to maintain clean and healthy surroundings.
- f) Environmental Sustainability Audits conducted annually by National Environmental Management Authority (NEMA). The Hospital fully implements the recommendations from the Audit.
- g) MTRH has put in place a Waste Transfer station and is Procuring a 150kg Incinerator plant to ensure proper waste classification and disposal.

5. Employee welfare

MTRH is an equal opportunity employer and has put in place, through the approved Human Resource Instruments, policies that guide the hiring process cognizant of gender and ethnic ratios and opportunities for people living with disabilities and those coming from marginalized areas.

- a) Staff retention strategies are in place with competitive and timely remuneration, training opportunities and non-cash benefits including Comprehensive Staff Medical Scheme, Group Life Insurance Cover and Group Personal Accident Cover / WIBA. Staff safety is also paramount in compliance with Occupational Safety and Health Act of 2007, (OSHA). MTRH also has a Defined Contribution Retirement Plan for its permanent employees.
- b) Management of careers is guided by the Career Progression Guidelines approved by State Corporations Advisory Committee. The Departments of Clinical Pharmacy & Practice, Health Products & Technologies were recently created in fulfilment of these guidelines.

6. Market place practices-

a) Responsible Competition Practice.

MTRH is an Open and Equal Opportunity Environment. Supplier Contracts are awarded based on open tendering process as per article 227 (1) of the Constitution of Kenya, 2010 that requires public Institutions to contract goods and services through a system that is fair, equitable, transparent, competitive and cost effective. Further, MTRH adheres to Section 157 (10) of the Constitution of the Public Procurement and Assets Disposal Act of 2015 on ensuring that at least thirty percent (30%) of the procurement budget is allocated to Youth, Women and Persons with Disabilities.

Towards Zero Tolerance to Corruption and Corrupt Practices, MTRH develops Corruption Risk Assessments (CRA) and implement Corruption Mitigation Plans (CMP) under the Chairmanship of the Chief Executive Officer. Reports are generated quarterly and submitted to the Ethics and Anti-Corruption Commission (EACC).

b) Responsible Supply Chain and Supplier Relations

MTRH Suppliers are paid as scheduled per Accounts Payable Aging Analysis and within 90 days of completion of supply and invoicing. Annually, MTRH conducts Suppliers Forum as a way of supplier engagements towards ensuring cordial contractual relations.

c) Responsible Marketing and Advertisement

MTRH provides information to the public on access to specialized and quality healthcare services available. This is done through Medical Outreaches/Camps, Local Radio and TV Stations.

d) Product Stewardship

MTRH maintains Patient Charters to inform the patients of their rights and responsibilities. The Charters are displayed prominently across all the service delivery points. Further, consumer rights and responsibilities are documented in the MTRH 2017-2022 Strategy as part of the Stakeholder Analysis. Service Delivery Charters displayed prominently at Service Delivery Points and customized to meet the unique needs and convenient access by the Clients through Braille, providing mechanisms for sign language, providing audio recordings and uploading the charter on the Hospital online platforms.

7. CORPORATE SOCIAL RESPONSIBILITY / COMMUNITY

Clinical Outreaches during the period

MTRH embraces Population Health through conducting Clinical Outreaches and Medical Camps as a strategy towards increasing awareness in local communities about various diseases (both communicable and non-communicable). Such interventions have all along been financed by the Hospital using internally generated funds and where possible leverage on similar activities initiated by partners with interests in local communities.

The outreach programmes may either be done through physical visits to the communities or Radio Shows that have a wide customer base. Through this medium of intervention, the Hospital was able to achieve the following:

Early diagnosis of ailments hence timely intervention and a guarantee of healthy populace with a consequent increase in productivity.

An enlightened Community since it is expected that those that received the information would disseminate the same information to other members of the community through quasi-formal community meetings.

MTRH also supports needy patients through the Corporate Social Responsibility (CSR) Kitty, paying up NHIF remittances, Hospital bills and providing emergency services during disasters like landslides.

During the period under review, the Hospital engaged itself in the following;

a) Clinical Outreach programmes:

S/NO	ACTIVITY	DATE
1	Outreach at Karimba Dispensary, Maara Sub-County, Tharaka Nithi County.	05-07/07/2021
2	Outreach at Homabay & Baringo Counties: MTRH sensitized the population on Infection Prevention & best practices and offered primary Healthcare interventions to community Health workers at Baringo & Ndhiwa Sub-County.	23-08-21
3	MTRH, NTSA and Traffic Police led the World day of remembrance for Road Accident victims; where awareness was created on Road Safety Measures.	23-11-21
4	Reproductive Health outreach in the following Counties: Trans Nzoia, West Pokot and Bungoma.	08-12-21
5	MTRH CEO led Hospital staff in marking the World AIDS Day.	01-12-21

*Moi Teaching and Referral Hospital
Annual Report and Financial Statements
For the Year ended June 30th 2022*

S/NO	ACTIVITY	DATE
6	MTRH partners with Lions Club to ramp up eye surgeries, a total of 3,200 patients screened and over 300 operated.	07-12-21
7	MTRH held a Medical Camp in Ndhiwa, Homabay County.	09-12-21
8	MTRH team participated in Eldoret City Marathon-Tree planting and offered emergency services during the Marathon.	17-03-22
9	Celebrated World Kidney Day where free medical check was offered at Memorial grounds.	10-03-22
10	MTRH CEO led Multiple Myeloma Awareness Commemoration where free screening was offered at Hemato- Oncology Directorate.	14-03-22
11	The Hospital supported Homabay County health facilities where a multi-disciplinary team visited Ratanga , in Ndhiwa Constituency. The facilities visited were given drug supplies to supplement their stocks as requested.	12-04-22
12	The Hospital approved donation of consumables and drugs for the two Corporate Social Responsibility activities to Kericho.	11-06-22

b) Activities and Needy patients supported through the Corporate Social Responsibility (CSR) Kitty;

S/NO	ACTIVITY	DATES CONDUCTED
1	MTRH procured a motorized wheelchair for a needy patient, handed over by the CEO on 13 th September 2021.	13-09-21
2	Donations of office items for Moi University-SOM Reproductive Health Department.	03-11-21
3	MTRH made an annual NHIF payment to Eunice Kipkore Sang and Medical treatment of Ksh.5, 600.	07-12-21
4	Annual NHIF payment to Mercy Jerotich and three months donation of drugs.	07-12-21
5	MTRH catered for treatment and Annual NHIF payment to Judy Wangare from Uasin Gishu County (Langas).	08-02-22
6	MTRH Waived Hospital Medical expenses for patient Joseph Ochola Amount Ksh. 41,845.50 from Kisumu.	07-02-22
7	MTRH Waived Hospital Medical expenses for patient Haron Ekirapa Papa Amount Ksh. 965,913.68 from Teso North.	02-03-22
8	The Hospital paid NHIF premiums (Ksh. 6,000) for Hilda Cherotich, IP NO. 0138521 a patient in Kenya Ward.	05-05-22
9	The Hospital approved review on maxillofacial therapy for Patient Sarah Chelangat Korir ID 10658902, a patient from Njoro. Head Oral and Maxillofacial Surgery facilitated the review.	17-05-22

c) Radio Talk Shows– Upendo Radio Station 8.00 Pm-10.00 Pm;

S/NO	TOPIC	DATE
1	NHIF Services	07-07-21
2	Mental Illnesses	28-07-21
3	Breast Feeding	04-08-21
4	Epilepsy Disease	18-08-21
5	Diabetes	01-09-21
6	Pediatric Cancers	08-09-21
7	Patient Safety (*World Patient Safety Day)	15-09-21
8	Healthy Eating	29-09-21
9	World Mental Health Day	06-10-21
10	Gender Based Violence	13-10-21
11	Nutrition in managing Gastritis	27-10-21
12	Diabetes	10-11-21
13	World Antimicrobial Awareness; 18 th -24 th November, 2021	17-11-21
14	Eye Services- MTRH Free Eye Camp 28 th November-6 th December, 2021	01-12-21
15	16 Days of Activism against Gender Based Violence	08-12-21
16	COVID-19 (Omicron Wave); Preventive Measures	22-12-21
17	COVID-19; Preventive Measures	29-12-21
18	Diabetes	05-01-22
19	Gender Based Violence	19-01-22
20	Asthma	02-02-22
21	Nutrition in pregnancy	16-02-22
22	Cancer Awareness; Screening Services	23-02-22
23	First Aid	02-03-22
24	Multiple Myeloma	09-03-22
25	Sexual and Gender Based Violence among Adolescents, Counselling Perspective	16-03-22
26	Plastic Surgery, Reconstructive Surgeries.	23-03-22
27	Autism and down syndrome	30-03-22
28	Radiotherapy services in MTRH	13-04-22
29	Burkitts Lymphoma	08-06-22
30	Radiology & Imaging Services	15-06-22

*Moi Teaching and Referral Hospital
Annual Report and Financial Statements
For the Year ended June 30th 2022*

d) Strategic activities/ meetings for the Period;

S/NO	ACTIVITY	DATES
1	MTRH-CHS held its 10 th graduation ceremony	13-07-21
2	The Cabinet Secretary, Ministry of Health commissioned MTRH Strategic Projects	26-08-21
3	The Hospital participated in the 3 rd Primary Integrated Care for 4 Chronic Diseases(PIC4C)Project Advisory Committee meeting and MoU signing	02-09-21
4	NCPB and MTRH celebrated Customer Service Week	08-10-21
5	CS Health Inaugurated MTRH Board, commended Hospital for exemplary performance	15-12-21
6	MTRH held its New Year Prayers	09-02-22
7	Celebrated World Day for the sick	15-02-22
8	MTRH adopted s 5-year strategic direction in its quest to better healthcare service delivery. The new Strategy document was deliberated upon during a 5-day board retreat held at the Alps hotel, Nakuru. MTRH strategy will be premised on; Purpose, The True North, Vision, Mission, Core Values, Objectives and the right organizational culture.	23/05/2022-26/05/ 2022
9	The Hospital participated in the Integrated Care for 4 Chronic Diseases (PIC4C) Stakeholder Conference targeting Primary Integrated Care for 4 Chronic Diseases at Ciala Resort in Kisumu	9/05/2022-11/05/2022

X. REPORT OF THE DIRECTORS

The Directors submit this report together with the financial statements for the period ending 30th June 2022, which show the state of the Hospital's affairs.

Principal activities

The principal activities of the Hospital include;

- i) Receive patients on Referral from other Hospitals or Institutions within or outside Kenya for specialized health care;
- ii) Provide facilities for Medical education for the Moi University, and for research either directly or through other co-operating health institutions;
- iii) Provide facilities for education and training in Nursing and other health and allied professions;
- iv) Participate as a National Referral Hospital in National Health Planning.

Results

The results of the Hospital for the period ended June 30th 2022 are set out on page 1 to page 40.


Directors

The members of the Board of Directors who served during the year are shown on page (v) to page (viii) of this report. During the year, Chairman of the Board director retired and new Chairman of the board appointed in the period.

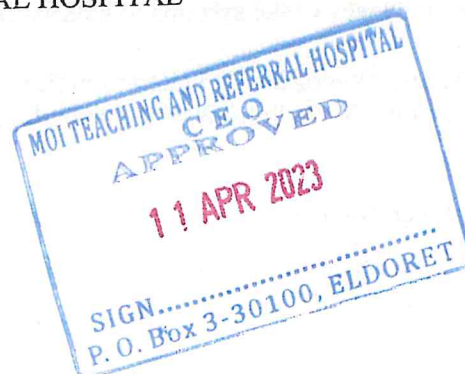
Auditors

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

By Order of the Board


DR. WILSON K. ARUASA, *MBS, EBS*
CHIEF EXECUTIVE OFFICER/SECRETARY TO THE BOARD
MOI TEACHING AND REFERRAL HOSPITAL
P.O. BOX 3 - 30100
ELDORET

DATE: 11/04/2023



XI. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and Section 14 of the State Corporations Act, require the Directors to prepare financial statements in respect of Moi Teaching and Referral Hospital (MTRH), which give a true and fair view of the state of affairs of the Hospital at the end of the financial year/period and the operating results of the Hospital for that year/period. The Directors are also required to ensure that the Hospital keeps proper accounting records, which disclose with reasonable accuracy the financial position of the Hospital. The Directors are also responsible for safeguarding the assets of MTRH.

The Directors are responsible for the preparation and presentation of MTRH's financial statements, which give a true and fair view of the state of affairs of MTRH for and as at the end of the financial period ended on June 30th 2022. This responsibility includes:

- (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of MTRH;
- (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 MTRH;
- (v) selecting and applying appropriate accounting policies; and
- (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for MTRH'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 PFM Act, 2012 and the State Corporations Act. The Directors are of the opinion that the Hospital's financial statements give a true and fair view of the state of MTRH's transactions during the period ended June 30th 2022, and of MTRH's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for MTRH, which have been relied upon in the preparation of MTRH's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

MTRH's Annual Report and Financial Statement approved by the Board of Directors on August 18th 2022 and signed on its behalf by;


.....
MR. SITOYO LOPOKOIYIT, *MBS*

BOARD CHAIRMAN

DATE 11/09/2023.....


.....
DR. WILSON K. ARUASA, *MBS, EBS*

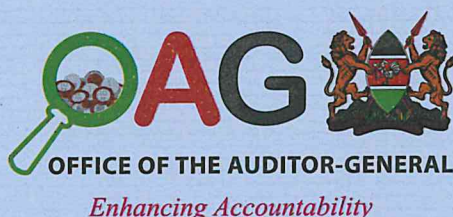
CHIEF EXECUTIVE OFFICER

DATE 11/04/2023.....



REPUBLIC OF KENYA

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HEADQUARTERS
Anniversary Towers
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON MOI TEACHING AND REFERRAL HOSPITAL (MTRH) FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Moi Teaching and Referral Hospital (MTRH) set out on pages 1 to 50, which comprise of the statement of financial

position as at 30 June, 2022, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Moi Teaching and Referral Hospital (MTRH) as at 30 June, 2022, 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 State Corporations Act, Cap 446 of 1998 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Misclassified Covid - 19 Emergency Response Fund Expenses

The statement of financial performance reflects use of goods and services amount of Kshs.2,880,713,838 which includes Covid - 19 emergency response fund expenditure of Kshs.30,679,168 as disclosed in Note 10 to the financial statements. Included in Kshs.30,679,168 is an amount paid to a firm, of Kshs.11,273,460 for supply, delivery, installation/testing and commissioning of two (2) echocardiogram machines. The payment, which is already classified as addition in property, plant and equipment, was also reported under Covid-19 emergency response fund.

In the circumstances, the use of goods and services amount of Kshs.2,880,713,838 is misstated since the expenditure is of capital nature and should not be expensed.

2. Lack of Policy on Provision for Doubtful Debts

The statement of financial performance reflects impairment allowance on receivables amounting to Kshs.211,253,330 as disclosed in Note 17(a) to the financial statements. Review of the summary of significant accounting policies however, revealed that the Management has not developed a policy on the provision for doubtful debts, with specific rates and which is approved.

In the circumstance, the adequacy, accuracy and completeness of the provision for doubtful debts of Kshs.211,253,330 could not be confirmed.

3. Failure to Assess Net Realizable Value of Inventory

The statement of financial position reflects inventories balance of Kshs.408,503,755 comprising of drugs, dressings and theatre supplies, lab reagents, X-ray supplies, food and ration, cleansing materials, hospital linen, maintenance materials, operational and maintenance stores and stationery as disclosed in Note 22 to the financial statements. Review of stock taking report provided for audit indicates that the inventories were valued

at cost instead of the lower of cost and net realizable value. The management did not however provide report on assessment of inventories to determine their net realizable value, as required in Paragraph 42 of International Public Sector Accounting Standards (IPSAS 12).

In the circumstance the accuracy, valuation and carrying amount of inventories balance of Kshs.408,503,755 could not be confirmed.

4. Unconfirmed National Hospital Insurance Loan

The statement of financial position reflects NHIF Loan of Kshs.202,360,922 as disclosed in Note 28 to the financial statements. According to documents and correspondences provided, the Ministry of Health in collaboration with International Atomic Energy Agency (IAEA) letter (reference (IAEA) KEN/6/020 project) and Ministry of Health letter (ref. No MOH/MED/11/2/2VOL11 dated 28 January, 2017), IAEA offered a grant to Kenya towards procurement of radiotherapy equipment for Moi Teaching and Referral Hospital on cost sharing basis with IAEA contributing 25% of cost and Kenya Government 75%.

The Ministry of Health through letter reference MOH MED/11/2/2 Vol. II dated 1 December, 2016 made a request to the CEO, NHIF to consider supporting establishment of Radio Therapy treatment centers at Moi Teaching and Referral and Kenyatta National Hospitals and proposed specifications for the equipment. Moi Teaching and Referral Hospital (MTRH) requested the National Hospital Insurance Fund (NHIF) through letter reference ELD/MTRH/BCM/5/28/VOL.II/2007 of 02 February, 2017 for funding to equip MTRH Radiation Oncology unit in two phases of Kshs.592,000,000 and Kshs.360,500,000. Further, the Hospital, through letter reference ELD/MTRH/ADMN/1/VOL.IV/2015 of 12 July, 2017 made another funding proposal of Kshs.1,762,000,000. However, no contract/agreement either between NHIF and IAEA or between the Hospital and NHIF and loan schedules were provided for audit review.

In addition, the financial statements of NHIF reflects an investment in loan advanced to MTRH of Kshs.256,692,640 resulting to a difference of Kshs.54,331,718 between the amounts reported by the two entities, which has not been explained.

In the circumstances the accuracy and completeness of the long-term loan of Kshs.202,360,922 could not be confirmed.

5. Inventories

5.1 Unexplained Stock in Stores

The statement of financial position reflects inventories amount of Kshs.408,503,755 as disclosed in Note 22 to the financial statements. Scrutiny of the records provided for audit revealed that there were stocks in the stores valued at Kshs.10,242,438 that could not be accounted for as the source and date of delivery were not disclosed. Lack of proper stores records exposes the stores to risk of losses which will have a negative impact on service delivery.

5.2 Loss of Stock in Stores

The statement of the financial position reflects inventories amount of Kshs.408,503,755 as disclosed in Note 22 to the financial statements. Comparison of the stock in the general ledger and physical stock as counted during stock take at the end of the financial year revealed that stock items valued at Kshs.23,381,677 were missing from the store and could not be accounted for.

In the circumstance, the accuracy of the stores balance of Kshs.408,503,755 could not be confirmed. Further, the Hospital incurred a loss of Kshs.23,381,677 due to missing stock.

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

Key Audit Matters

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

Other Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.11,815,445,814 and Kshs.11,815,445,814 respectively resulting to 100% funding. Similarly, the Hospital expended Kshs.12,530,902,763 against an approved budget of Kshs.12,134,755,988 resulting to an over-expenditure of Kshs.396,146,775 or 3% of the budget. No explanation was provided for the over expenditure. Further, no evidence was provided to confirm that the over expenditure was authorized. In addition, it was noted that the Hospital had an imbalanced budget by Kshs.319,310,174 with total receipt budget of Kshs.11,815,445,814 and total expenditure budget of Kshs. 12,134,755,988.

The over expenditure and imbalanced budget is an indication of improper planning process of the entity's activities which is likely to affect performance of the Hospital.

2. Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the report on Qualified opinion, Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However,

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Acquisition of Property, Plant and Equipment

1.1 Proposed Fencing of Perimeter Wall to Secure AMB Microwave Plant

The statement of financial position reflects property plant and equipment balance of Kshs.3,364,274,912 whose cost amount is Kshs.5,284,365,120 as disclosed in Note 23 to the financial statements. Included in Kshs.5,284,365,120 is Kshs.6,883,210 paid on 12 April, 2022 vide payment voucher number 142021 to a local contractor in respect of fencing of perimeter wall to secure AMB microwave plant. The tender No.MTRH/T/25/2021-2022, for the project was competitively procured and the contract awarded on 7 January, 2022. Review of the procurement process and contracts for the works revealed following unsatisfactory matters:

- i. The Management notified the unsuccessful bidders in writing and also indicated the successful bidder, and the tender price in December, 2021. However, management did not state the reason why the successful bidder won the tender as required by Regulation 82(3) of Public Procurement and Asset Disposal Regulations, 2020.
- ii. The professional opinion indicated that the head of procurement provided his/her recommendation to the Accounting Officer on 30 December, 2021. However, the Accounting Officer approved the award of the contract on 6 December, 2021 and the successful bidder was notified on 24 December, 2021. No reason or justification was provided as to why the management notified the successful bidder before the professional opinion was issued.
- iii. The comparison of quantities in the bill of quantity and payment certificate and summary statement for payment on account reflects instances where the variation is more than 20% of original contract quantity as summarized below, contrary to Section 139 (4)(c) of Public Procurement and Assets Disposal Act, 2015;

Item	Description	Payment certificate	Bills of Quantities	Variation	Variation (%)
B	Perimeter Wall	4,886,760	3,871,225	1,015,535	26%
C	Guard house	600,833	812,578	(211,745)	-26%
D	Provisional sums	100,000	900,000	(800,000)	-89%

1.2 Supply, Delivery, Installation and Commissioning of Medical Equipment

The statement of financial position reflects property plant and equipment balance of Kshs.3,364,274,912 whose cost amount was Kshs.5,284,365,120 as disclosed in Note 23 to the financial statements. Included in the amount of Kshs.5,284,365,120 is Kshs.107,171,911 paid to four (4) suppliers for supply, delivery, installation and commissioning of medical equipment and Electro-hydro mechanical neuro table through tender No. MTRH/T/54/2021-2022 and MTRH/T/130/2021-2022. The tenders were advertised in local dailies during the month of October, 2020 and May, 2021 respectively. The successful bidders were notified on 15 February, 2021 and 6 July, 2021 and the suppliers accepted the offers as indicated in the unreferenced letters of acceptance. The contracts were signed between 8 June, 2021 and 26 August 2021. According to letters of regret ref No. ELD/MTRH/SSE/7/4/VOL.XII/2017 dated 15 February 2021, the management notified the unsuccessful bidders in writing and also indicated the successful bidder. The Management did not however, state tender prices and the reason the bids submitted by the other supplier were unsuccessful, as required by Regulation 82(3) of Public Procurement and Asset Disposal Regulations, 2020.

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

2. Covid - 19 Emergency Response Fund

The statement of financial performance reflects use of goods and services amount of Kshs.2,880,713,838 which includes Covid emergency response fund expenditure of Kshs.30,679,168 as disclosed in Note 10 to the financial statements. Included in the expenditure of Kshs.30,679,168, is Kshs.14,273,460 paid to two (2) suppliers for supply, delivery, installation/testing and commissioning of medical equipment.

The tender No.MTRH/T/3/2020-2021 was competitively awarded on 2 October, 2020 at Kshs.11,273,460 and Kshs.3,000,000 to the two suppliers. Both suppliers accepted the offers as indicated in the letter of acceptance and the resulting contracts were signed on 27 November, 2020 and 30 November, 2020.

The signed contracts indicates that the Management was required to make payment in two (2) instalments as detailed below for two (2) echocardiogram machines.

No	%	Supplier 1 (Kshs.)	Supplier 2 (Kshs)	Total (Kshs)	Conditions for payments
1	85	9,582,441	2,550,000	12,132,441	Shall be payable within 90 days after successful delivery, inspection and acceptance of the items

No	%	Supplier 1 (Kshs.)	Supplier 2 (Kshs)	Total (Kshs)	Conditions for payments
2	15	1,691,019	450,000	2,141,019	Shall be payable after 5 months of satisfactory performance of the equipment from commissioning date.
Total	100	11,273,460	3,000,000	14,273,460	

The inspection and acceptance report and goods receipt note dated 28 September, 2021, indicated that the equipment was received in good condition and as per the signed contract. However, review of the procurement process and contracts for the works revealed that, the management notified the 57 unsuccessful bidders in writing and also indicated the successful bidders. However, management did not state the tender price and reason the successful bidder was awarded the contract, as required by Regulation 82(3) of Public Procurement and Asset Disposal Regulations, 2020.

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

3. Cash and Cash Equivalents

3.1 Failure to Submit Bank Reconciliation Statements

The statement of financial position reflects cash and cash equivalents of Kshs.855,973,503 held in six (6) bank accounts and two (2) mobile pay point accounts for the Hospital as disclosed in Note 20 to the financial statements. However, there was no documentary evidence provided by the management indicating that monthly bank reconciliation statements were submitted to The National Treasury with a copy to the office of the Auditor-General contrary to Regulation 90(1) of Public Finance Management (National Government) Regulations, 2015 which requires the accounting officer to ensure that monthly bank reconciliations for each bank account are completed and submitted to The National Treasury and a copy to the Auditor-General.

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

4. Implementation of Procurement Work Plan

The Hospital prepared a procurement plan for each activity to be undertaken, showing expected start and completion dates during the financial year 2021-2022. The Hospital contracted work totalling to Kshs.3,466,132,133 against the approved budget of Kshs.3,308,584,801, resulting in a variance of Kshs.157,547,332. Further, the management did not provided quarterly reports on the implementation of the annual procurement plan submitted to the Cabinet Secretary, contrary to Sections 45 and 53 of Public Procurement and Asset Disposal Act, 2015 and Regulation 40(6) of Public Procurement and Asset Disposal Regulations, 2020.

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

5. Board Expenses

5.1 Single Sourcing of Hotel Accommodation Services

The statement of financial performance reflects board expenses amount of Kshs.10,078,699 as disclosed in Note 12 to the financial statements. Examination of the board expenditure records revealed a payment of Kshs.1,773,500 to a hotel vide payment voucher numbers 102500 and 139796 of Kshs.1,749,000 and Kshs.24,077 respectively being half board accommodation. The expenditure relate to board retreat held in Nakuru from 22 May to 28 May, 2022. However, the following observations were made;

- i. There were no quotations or evaluation minutes for the hotel identification.
- ii. The professional opinion indicated that the quotations were non-responsive but they were not provided for review.
- iii. The professional opinion indicated that the sourcing of the hotel was urgent yet the Board retreat was in the Board Work Plan for the financial year 2021/2022 to take place from the 23 May, 2022 to 28 May, 2022, to review and approve the 2023-2028 MTRH Strategic plan.
- iv. There was an advance payment to the Hotel of Kshs.1,749,000 vide payment voucher number 102500 against a proforma invoice which is contrary to the Law.
- v. The Hotel was not in the hospital's list of registered suppliers.

5.2 Composition of Board Committees

The statement of financial performance reflects board expenses totalling to Kshs.10,078,699 as disclosed in Note 12 to the financial statements. Examination of records provided for review revealed that three committees (Audit, Risk and Compliance Committee, People Management Committee and Hospital Standards & Operations Committee) had a composition of four (4) members contrary to Paragraph B (4) of circular No. OP/CAB.9/1A which requires that the number of members to any committee should not be more than one third (1/3) of the full Board. The full Board has nine (9) directors and thus, the committees should have three (3) members.

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

6. Employee Costs

6.1 Failure to Deduct Service Charge for Processing Payroll Deductions for Third-Party Institutions

The statement of financial performance reflects total expenditure of Kshs.12,072,431,900 which includes compensation of employee's expenditure of Kshs.8,590,238,075 as detailed in Note 11 to the financial statements. Review of the employee expenditure records revealed that Management did not levy a service charge on the various third-party (non-statutory) deductions and thus failed to realize appropriation-in-aid contrary to

the Ministry of Public Service circular Ref. No. DPM 23/5A VOLC XII/ (53) dated 2 May, 2007, which stipulate charges to be paid by organizations which receive services from Ministries/Departments in form of payroll by-products and circular Ref. No. MPYG/DPSM/23/5A. VOL.V(5) dated 15 August, 2019 which carried out an upward review of the service charge rates for services rendered in processing payroll deductions for third-party organizations to allow the implementers to realize reasonable Appropriations-In-Aid.

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

6.2 Failure to Observe One-third Rule on Ethnicity

The statement of financial performance reflects compensation of employees' expenditure of Kshs.8,590,238,075. Review of the payroll database revealed that the Hospital had a total of three thousand seven hundred and forty-three (3743) employees out of which two thousand four hundred and seventy-nine (2479) or 66% of staff were from the dominant ethnic community. This is contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 that requires all public establishments to seek to represent the diversity of the people of Kenya in employment of staff and that no public establishment shall have more than one third of its establishment from the same ethnic community.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Failure to Tag Fixed Assets

The statement of financial position reflects property, plant, and equipment balance of Kshs.3,364,274,912 comprising of Land, Buildings, Property, Plant and Equipment, Furniture & Fittings, Computers, Telephones & TVs, Motor Vehicles, Heavy Earth Moving Machine and Project costs and infrastructure assets whose cost is Kshs.5,284,365,120

as disclosed in Note 23 to the financial statements. The Hospital management has however, not tagged the assets.

In the circumstance the hospital is likely to lose its assets due to weak controls.

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

Responsibilities of Management and the Board of Directors

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions

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

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

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

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

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

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

- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Hospital's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Hospital to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Hospital to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, SBS
AUDITOR-GENERAL

Nairobi


07 June, 2023

**XIII. STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30TH JUNE 2022**

	Notes	2021/2022 KSHS.	2020/2021 KSHS.
Revenue from Non-Exchange Transactions			
Government grant	6(a)	7,827,739,990	8,213,266,926
		7,827,739,990	8,213,266,926
Revenue from Exchange Transactions			
Sale of Goods and Services	7	3,700,787,273	3,220,812,901
Rental Revenue from Facilities and Equipment	8	13,559,008	24,500,212
Other Income	9	43,870,701	178,082,064
		3,758,216,981	3,423,395,177
		11,585,956,971	11,636,662,103
Total Revenue			
EXPENDITURE			
Use of Goods and Services	10	2,880,713,838	2,377,805,409
Employee Cost	11	8,590,238,075	8,298,230,854
Board Expenses	12	10,078,699	9,147,015
Depreciation and Amortization Expense	13	267,186,152	241,470,784
Repairs and Maintenance	14	72,700,812	69,152,584
Contracted Services	15	36,321,208	27,782,725
Corporate Social Responsibility	16	2,779,786	2,060,830
Impairment Allowance on Receivables	17	211,253,330	126,352,425
Waivers and Exemptions	18	-	211,185,290
Provision for Audit fee	19	1,160,000	1,160,000
		12,072,431,900	11,364,347,917
Net Surplus/ (Loss)		(486,474,929)	272,314,187
Revenue reserves b/f		712,096,629	439,782,442
Revenue reserves c/f		225,621,700	712,096,629

The notes set out on pages 8 to 60 form an integral part of the Financial Statements.

The Financial Statement set out on pages 1 to 7 we signed on behalf of the Board of Directors behalf by:


.....
DR. WILSON K. ARUASA, *MBS, EBS*
CHIEF EXECUTIVE OFFICER

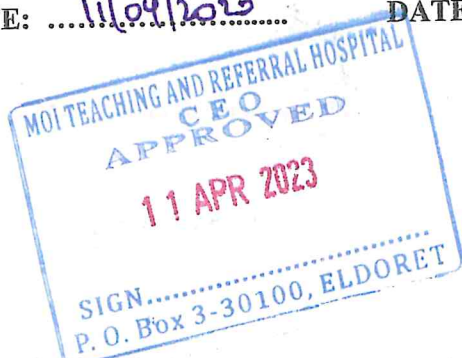

.....
MATHEWS BIRGEN
ICPAK NO, 3915
DIRECTOR, FINANCE


.....
MR. SITOYO LOPOKOIYIT, *MBS*
BOARD CHAIRMAN

DATE: *11/04/2023*

DATE: *11/04/2023*

DATE: *11/04/2023*

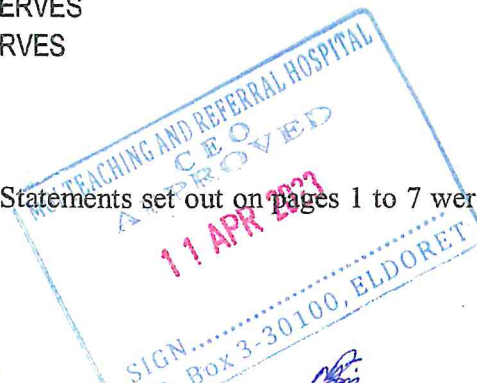


*Moi Teaching and Referral Hospital
Annual Report and Financial Statements
For the Year ended June 30th 2022*

**XIV. STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2022**

	Notes	2021/2022 KSHS.	2020/2021 KSHS.
CURRENT ASSETS			
Cash and Cash Equivalents	20	855,973,503	780,113,924
Current Receivables from Exchange Transactions	21(a)	2,263,118,842	1,712,470,275
Current Receivables from Non- Exchange Transactions	21(b)	-	703,951,799
Inventories	22	408,503,755	413,824,376
		3,527,596,100	3,610,360,374
Non-Current Assets			
Property, Plant and Equipment	23	3,364,274,912	3,148,197,575
		3,364,274,912	3,148,197,575
TOTAL ASSETS		6,891,871,012	6,758,557,950
CURRENT LIABILITIES			
Trade and Other Payables	24	1,147,374,997	640,049,544
Refundable Deposits and Prepayments from Customers	25	8,775,321	9,616,214
Finance Lease	26	1,684,796	4,240,316
Employee Benefit Obligations	27	547,781,374	665,335,560
NHIF Loan	28	202,360,922	238,547,781
TOTAL		1,907,977,411	1,557,789,415
NET ASSETS		4,983,893,601	5,200,768,535
FINANCED BY			
REVENUE RESERVES		225,621,700	712,096,629
CAPITAL RESERVES		4,758,271,906	4,488,671,906
TOTAL		4,983,893,606	5,200,768,535

The Financial Statements set out on pages 1 to 7 were signed on behalf of the Board of Directors by:




.....
DR. WILSON K. ARUASA, *MBS, EBS*
CHIEF EXECUTIVE OFFICER


.....
MATHEWS BIRGEN
ICPAK NO, 3915
DIRECTOR, FINANCE


.....
MR. SITOYO LOPOKOIYIT, *MBS*
BOARD CHAIRMAN

DATE: *11/04/2023*

DATE: *11/04/2023*

DATE: *11/04/2023*

**XV. STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30TH JUNE 2022**

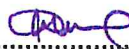
	CAPITAL RESERVES	REVENUE RESERVES	TOTAL
Balance as at 1st July 2020	3,564,740,441	439,782,439	4,004,522,880
Capital grants for the period	923,931,465	-	923,931,465
Donations	-	-	-
Surplus (Deficit) for the Period	-	272,314,187	272,314,187
BALANCE AS AT 30TH JUNE 2020	4,488,671,906	712,096,626	5,200,768,532
Balance as at 1st July 2021	4,488,671,906	712,096,626	5,200,768,532
Capital grants for the period	269,600,000	-	269,600,000
Donations	-	-	-
Surplus (Deficit) for the Period	-	(486,474,929)	(486,474,929)
BALANCE AS AT 30TH JUNE 2022	4,758,271,906	225,621,697	4,983,893,603

*Moi Teaching and Referral Hospital
Annual Report and Financial Statements
For the Year ended June 30th 2022*

**XVI. STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 30TH JUNE 2022**

1. CASH FLOW FROM OPERATING ACTIVITIES.	NOTE	2021-2022	2020-2021
Surplus/Deficit	1 S	(486,474,929)	272,314,187
Add:			
Depreciation of Assets	13	267,186,152	241,470,784
TOTAL		267,186,152	241,470,784
Operating Profit Before Working Capital Changes		(219,288,778)	513,784,971
Working capital changes:			
Change in Current Receivables from Exchange Transactions	21(a)	(550,648,567)	(409,920,656)
Change in Current Receivables from Non- Exchange Transactions	21(c)	703,951,799	(703,951,799)
Change in Stock	22	5,320,622	(57,601,721)
NHIF Loan Prepayments (Assets)		-	87,557,456
Change in Trade and other Payables	24	507,325,454	57,855,955
Prepaid Fees	25	(840,893)	3,554,145
KCB Finance Lease	26	(2,555,520)	(2,555,520)
Unremitted Salary Obligations	27	(117,554,186)	299,623,129
NHIF Loan (Liability)	28	(36,186,859)	238,547,781
TOTAL		508,811,850	(486,891,231)
Net Cash In/Outflow from Operating Activities.		289,523,072	26,893,740
2. CASH FLOW FROM INVESTING ACTIVITIES.			
Purchase of Fixed Assets	23	(483,263,489)	(879,101,239)
Net Cash used in investing activities		(483,263,489)	(879,101,239)
3. CASH FLOW FROM FINANCING ACTIVITIES			
Government Grants- Capital	6(b)	269,600,000	923,931,465
Donations		-	-
		269,600,000	923,931,465
Change in Cash and Cash Equivalents.(i)		75,859,584	71,723,966
Cash and Cash Equivalent at the beginning of the year (ii)		780,113,925	708,389,959
Cash and Cash Equivalent (i)+(ii)		855,973,509	780,113,925

The Financial Statements set out on pages 1 to 7 were signed on behalf of the Board of Directors behalf by:


DR. WILSON K. ARUASA, *MBS, EBS*
CHIEF EXECUTIVE OFFICER


MATHEWS BIRGEN
ICPAK NO, 3915
DIRECTOR, FINANCE


MR. SITOYO LOPOKOIYIT, *MBS*
BOARD CHAIRMAN

DATE: 11/04/2023

DATE 11/04/2023

DATE 11/04/2023

*Moi Teaching and Referral Hospital
Annual Report and Financial Statements
For the Year ended June 30th 2022*

**XVII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE YEAR ENDING 30TH JUNE 2022**

		a	b	c	d	c-d	d/c
CODE	REVENUE	Original Budget 2021/22	Adjustment	Final Budget	Actual on Comparable Basis	Performance Difference	% of utilizat ion
	GOK GRANTS						
01	Recurrent Grant	7,771,000,000	-	7,770,999,990	7,770,999,990	-	100%
	TOTAL	7,771,000,000	-	7,770,999,990	7,770,999,990	-	100%
03'	Development						
	Capital Grant	269,600,000	-	269,600,000	269,600,000	-	100%
	TOTAL	269,600,000	-	269,600,000	269,600,000	-	100%
	TOTAL GOK GRANTS	8,040,600,000	-	8,040,599,990	8,040,599,990	-	100%
04'	Appropriation - In-Aid(AIA)						
	Cost Sharing	3,561,849,443	-	3,717,567,539	3,717,567,539	-	100%
	Other Income	23,150,557		57,278,285	57,278,285	-	100%
	TOTAL AIA	3,585,000,000	-	3,774,845,824	3,774,845,824	-	100%
	GRAND TOTAL INCOME	11,625,600,000	-	11,815,445,814	11,815,445,814	-	100%

Code	Expenditure Item	Original Budget 2021/22	Adjustment	Final Budget	Actual on Comparable Basis	Performance Difference	% of utiliza tion
010	Personnel Emoluments	7,741,000,000	363,720,772	8,104,720,772	8,556,323,991	(451,603,219)	106%
020	Purchase of Drugs	812,361,956	38,692,424	851,054,380	850,341,277	713,103	100%
025	Renal Consumables	40,150,685	(25,000,000)	15,150,685	16,514,350	(1,363,665)	109%
035	Disaster/ Emergency Response	30,000,000	-	30,000,000	3,161,345	26,838,655	11%
036	Disaster/ Emergency Response(Internal Funds)	30,000,000	(30,000,000)	-	-	-	0%
040	Dressings/theatre supplies	430,694,076	13,730,872	444,424,948	443,077,639	1,347,309	100%
045	Dental Supplies	13,445,308	(7,500,000)	5,945,308	5,754,185	191,123	97%
050	Food & Ration	225,356,397	(19,500,000)	205,856,397	205,218,687	637,710	100%
060	Doctors' Fees	284,547,174	(118,751,644)	165,795,530	165,697,622	97,908	100%
070	Lab reagents/chemica ls	179,530,970	(16,000,000)	163,530,970	163,185,311	345,659	100%
090	Cleansing materials	66,829,232	20,500,000	87,329,232	87,074,033	255,199	100%
095	Admission Packs	12,418,052	(7,000,000)	5,418,052	5,122,442	295,610	95%

*Mol Teaching and Referral Hospital
Annual Report and Financial Statements
For the Year ended June 30th 2022*

Code	Expenditure Item	Original Budget 2021/22	Adjustment	Final Budget	Actual on Comparable Basis	Performance Difference	% of utiliza tion
100	Hospital Linen	4,692,838	1,500,000	6,192,838	6,126,900	65,938	99%
110	X-ray/ Radiology supplies	59,266,472	5,000,000	64,266,472	63,897,180	369,292	99%
120	Oxygen	86,435,576	(72,500,000)	13,935,576	13,585,896	349,680	97%
140	Fuel & Gas	19,558,716	(1,000,000)	18,558,716	18,554,881	3,835	100%
150	Uniforms for patients	10,418,717	(7,500,000)	2,918,717	2,731,800	186,917	94%
160	Materials for Specialized units	28,150,048	(2,500,000)	25,650,048	24,655,487	994,561	96%
170	Mortuary supplies	3,034,356	(2,000,000)	1,034,356	988,900	45,456	96%
180	Course Administration and subscription fees	12,177,326	(7,750,000)	4,427,326	4,388,770	38,556	99%
190	Cafeteria supplies	6,897,613	2,000,000	8,897,613	8,838,545	59,068	99%
200	Library services	6,168,202	(2,000,000)	4,168,202	4,155,315	12,887	100%
210	Maintenance of Plants and Buildings	59,963,840	(5,000,000)	54,963,840	54,060,135	903,705	98%
220	Maintenance of Biomedical Equipment	45,833,772	30,000,000	75,833,772	77,342,699	(1,508,927)	102%
230	Electricity Expenses	85,175,746	21,000,000	106,175,746	107,721,151	(1,545,405)	101%
240	Stationery	18,205,999	-	18,205,999	17,772,676	433,324	98%
250	Water & Conservancy	45,604,563	-	45,604,563	45,922,433	(317,870)	101%
260	Transport Operating Expenses	14,678,975	-	14,678,975	14,630,970	48,005	100%
270	Printing of Accountable documents, Medical Records and HRIS and stationery	28,525,573	(14,500,000)	14,025,573	13,551,295	474,278	97%
280	Telephone expenses	8,493,485	7,200,000	15,693,485	15,365,826	327,659	98%
290	Plant and Equipment Insurance policy	7,192,424	(7,192,424)	-	-	-	0%
300	Rents & Rates	2,623,900	(1,950,000)	673,900	643,572	30,328	95%
310	Bank charges	15,610,241	-	15,610,241	14,904,222	706,020	95%
320	Postal Charges	1,228,625	-	1,228,625	668,115	560,510	54%
330	Motor Vehicle Insurance	3,777,821	(1,000,000)	2,777,821	2,619,908	157,913	94%
340	Patient Traveling Expenses	461,007	-	461,007	347,710	113,297	75%
345	Issue Based Committees	3,176,654	-	3,176,654	2,715,230	461,424	85%
350	Staff uniforms & protective gear	8,355,655	(5,500,000)	2,855,655	2,569,349	286,306	90%

*Mol Teaching and Referral Hospital
Annual Report and Financial Statements
For the Year ended June 30th 2022*

Code	Expenditure Item	Original Budget 2021/22	Adjustment	Final Budget	Actual on Comparable Basis	Performance Difference	% of utiliza tion
355	Occupational Health Safety	7,695,098	(1,000,000)	6,695,098	6,553,266	141,832	98%
360	Traveling and Accommodation	45,115,484	(2,000,000)	43,115,484	42,809,513	305,971	99%
365	Universal Health Coverage (UHC) Outreach	30,000,000	(30,000,000)	-	-	-	0%
370	Board of Management Expenses	22,785,835	(11,500,000)	11,285,835	11,198,118	87,717	99%
380	Computerization - Maintenance	10,145,365	3,000,000	13,145,365	12,913,012	232,353	98%
390	Comprehensive Group Personal accident cover	12,112,876	(5,500,000)	6,612,876	6,529,624	83,252	99%
392	Doctor's Indemnity Insurance Cover	5,448,806	(1,000,000)	4,448,806	4,081,525	367,281	92%
395	Group Life Insurance Cover	29,263,859	15,500,000	44,763,859	44,648,354	115,505	100%
400	Staff development & training	46,783,528	3,500,000	50,283,528	50,805,675	(522,147)	101%
401	Medical Officers Post-Graduate Training	15,000,000	2,000,000	17,000,000	16,950,092	49,908	100%
405	Health Research, Development & Innovation	5,000,000	(2,800,000)	2,200,000	2,168,505	31,495	99%
410	Advertising & Publicity	10,266,597	(5,400,000)	4,866,597	4,791,010	75,587	98%
415	Hospital Security services	1,311,206	-	1,311,206	1,027,964	283,242	78%
420	Contracted Professional Services	18,330,195	12,000,000	30,330,195	29,807,328	522,867	98%
430	ISO	11,804,467	(7,000,000)	4,804,467	4,741,225	63,242	99%
460	External Traveling & Allowance	8,107,628	(7,000,000)	1,107,628	759,288	348,340	69%
470	Internet Expenses	7,400,483	1,200,000	8,600,483	8,116,752	483,731	94%
480	Staff Medical Scheme	274,235,545	(4,300,000)	269,935,545	269,426,220	509,325	100%
490	Corporate Social Responsibility	3,609,761	-	3,609,761	3,795,484	(185,723)	105%
500	IREC	1,000,000	(1,000,000)	-	-	-	0%
520	Continuous Professional Development	923,028	(900,000)	23,028	-	23,028	0%
550	C. A.R.E.	1,204,930	-	1,204,930	834,550	370,380	69%
	TOTAL RECURRENT EXPENDITURE	11,019,586,685	107,000,000	11,126,586,685	11,542,187,350	(415,600,665)	104%

*Moi Teaching and Referral Hospital
Annual Report and Financial Statements
For the Year ended June 30th 2022*

Code	Expenditure Item	Original Budget 2021/22	Adjustment	Final Budget	Actual on Comparable Basis	Performance Difference	% of utiliza tion
	DEVELOPMENT EXPENDITURE						
	GOK						
560	Capital Expenditure	269,600,000	-	269,600,000	252,330,250	17,269,750	94%
	SUB-TOTAL	269,600,000	-	269,600,000	252,330,250	17,269,750	94%
	OTHER DEVELOPMENT FUNDS - REBUDGETED FROM FY 2020/21						
560	Capital Expenditure	183,060,000	-	183,060,000	183,060,000	-	100%
555	COVID-19 Emergency Response	176,095,988	-	176,095,988	176,095,988	-	100%
565	Purchase of MRI Equipment(GOK Funded)	150,000,000	-	150,000,000	150,000,000	-	100%
	SUB-TOTAL	509,155,988	-	509,155,988	509,155,988	-	100%
	AIA CONTRIBUTION						
380	Computerization	100,000,000	(70,000,000)	30,000,000	28,691,249	1,308,751	96%
440	Office Equipment	16,413,315	(8,000,000)	8,413,315	8,014,895	398,420	95%
530	Hospital Equipment	200,000,000	(19,000,000)	181,000,000	180,988,771	11,229	100%
545	Purchase of Medical Appliances	20,000,000	(10,000,000)	10,000,000	9,534,260	465,740	95%
	SUB-TOTAL	336,413,315	(107,000,000)	229,413,315	227,229,175	2,184,140	99%
	TOTAL DEVELOPMENT EXPENDITURE	1,115,169,303	(107,000,000)	1,008,169,303	988,715,413	19,453,890	98%
	TOTAL	12,134,755,988	-	12,134,755,988	12,530,902,763	(396,146,775)	103%

XVIII. NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Moi Teaching and Referral Hospital was established under Legal Notice No.78 of 12th June 1998 of the State Corporations Act (Cap 446). MTRH is wholly owned by the Government of Kenya and is domiciled in Kenya.

Principal activities

The Hospital mandate is to:

- Receive patients on Referral from other Hospitals or Institutions within or outside Kenya for specialized health care;
- Provide facilities for Medical education for the Moi University, and for research either directly or through other co-operating health institutions;
- Provide facilities for education and training in Nursing and other health and allied professions;
- Participate as a National Referral Hospital in National Health Planning.

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the *entity's* accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements are always disclosed in a separate note.

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

The financial statements have been prepared in accordance with the PFM Act 2012, the State Corporations Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

*Moi Teaching and Referral Hospital
Annual Report and Financial Statements
For the Year ended June 30th 2022*

3 Adoption of New and Revised Standards

- i.* New and amended standards and interpretations in issue effective in the year ended 30 June 2022.
IPSASB deferred the application date of standards from 1st January 2022 owing to Covid-19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.
- ii.* **New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.**
- iii.* **Early adoption of standards**

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

New and amended standards and interpretation in issue but not yet effective in the year ended 30th June 2022

Standard	Effective Date and impact
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2023: The objective IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by;</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held. • Applying a single forward looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangement in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. • This standard will would not have any impact since MTRH does not have transaction that results to Financial Instruments.
Standard IPSAS 42: Social Benefits	<p>Effective Date and Impact Applicable: 1st January 2023 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assets:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity (b) The key features of the operations of those social benefit schemes; and

*Moi Teaching and Referral Hospital
Annual Report and Financial Statements
For the Year ended June 30th 2022*

	<p>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows;</p> <p>MTRH will have to disclose information to explain the characteristic of its social benefit scheme and explain the demographic, economic and other external factors that will affect its social benefit scheme.</p>
<p>Amendments to other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>(a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>(b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>(c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPASAS 41 was issued.</p> <p>Amendment to other IPSAS resulting from IPSAS 41, Financial instruments will would not have any impact since MTRH does not have transaction that results to Financial Instruments.</p>
<p>Other Improvement to IPSAS</p>	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 23 Disclosure of Financial Information about the General Government Sector</i> <p>MTRH reporting framework comply IPSAS 23 hence reporting would be Change.</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>MTRH reporting framework is not affected by IPSAS 39 hence reports would not Change.</p>
<p>Standard</p>	<p>Effective date and impact</p> <ul style="list-style-type: none"> • IPSAS 29: Financial Instruments: Recognition and Measurement <p>Standard no longer included no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p> <p>Amendment to other IPSAS 39 resulting from IPSAS 41, Financial instruments will would not have any impact since MTRH does not have transaction that results to Financial Instruments.</p> <p>MTRH reporting framework is not affected by IPSAS 29 hence reports would not Change</p>
<p>IPSAS 43</p>	<p>Applicable 1st January 2025</p> <p>The Standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity</p>

*Moi Teaching and Referral Hospital
Annual Report and Financial Statements
For the Year ended June 30th 2022*

	<p>The new Standard requires entities to recognize, measure and present information on right of use assets and lease liabilities MTRH reporting framework is not affected by IPSAS 43 hence reports would not Change</p>
<p>IPSAS 44: Non-Current Assets Held for Sale and Discontinued operations</p>	<p>Applicable 1st January 2025 The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p>IPSAS 44 will affect the reporting framework of MTRH which includes additional public sector requirements, in particular, the disclosure of the fair value of assets held for sale that are measured at their carrying amounts, when the carrying amount is materially lower than their fair value.</p>

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

Moi Teaching and Referral Hospital recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realized in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

Rendering of services

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

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

Sale of goods

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

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying

amount. The method applies this yield to the principal outstanding to determine interest income each period.

ii) Revenue from exchange transactions

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the entity's right to receive payments is established.

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 original budget for FY 2020-2021 was approved by the National Assembly and subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations of Kshs. 1,107,000,000 on the 2020-2021 budget following the governing body's approval.

MTRH budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section XVI of these financial statements.

c) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where MTRH operates and generates taxable income. Current income tax relating to items recognized directly in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Sales tax

Expenses and assets are recognized net of the amount of sales tax, except:

- i) When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- ii) When receivables and payables are stated with the amount of sales tax included
The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

d) Investment property

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 over a 30-year period.

Investment properties are derecognized either when they have been disposed of 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, MTRH 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.

Depreciation and impairment of property, plant and equipment

Freehold land and capital work in progress are not depreciated. Capital work in progress relates mainly to the cost of ongoing but incomplete works on buildings and other civil works and installations.

Depreciation on property, plant and equipment is recognized in the income statement on a reducing balance basis to write down the cost of each asset or the re-valued amount to its residual value over its estimated useful life. The annual rates in use are:

Freehold Land	Nil
Buildings and civil works	2.5 %
Plant and machinery	12.5 %
Motor vehicles, including motor cycles	25 %
Computers and related equipment	30.0 %
Office equipment, furniture and fittings	12.5 %
Heavy earth moving machines	37.5 %

A full year's depreciation charge is recognized in the year of asset purchase and non in the year of asset disposal.

Items of property, plant and equipment are reviewed annually for impairment. Where the carrying amount of an asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognized so that the asset is written down immediately to its estimated recoverable amount.

f) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to MTRH. 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. MTRH 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 Entity 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 Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line 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 either finite or indefinite.

h) Research and development costs

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

- i) The technical feasibility of completing the asset so that the asset will be available for use or sale
- ii) Its intention to complete and its ability to use or sell the asset
- iii) How the asset will generate future economic benefits or service potential
- iv) The availability of resources to complete the asset
- v) 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) Financial instruments

a) Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Held-to-maturity.

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

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

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

b) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition., All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

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

j) 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 conditions are accounted for, as follows:

- i) Raw materials: purchase cost using the weighted average cost method.
- ii) 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 Entity.

k) Provisions

Provisions are recognized when MTRH 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 Entity 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.

l) Contingent liabilities

MTRH 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.

m) Contingent assets

MTRH 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 Entity 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.

n) Nature and purpose of reserves

MTRH has not created nor maintains any reserves for specific purposes.

o) Changes in accounting policies and estimates

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

p) Employee benefits

Retirement benefit plans

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

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

MTRH operates a defined contribution scheme for all full-time employees from 1st July, 2002. The scheme is administered by MTRH pension scheme management team and is funded by contributions from both the company and its employees. The company also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act.

The company's obligation under the scheme is limited to specific contributions legislated from time to time being equal to employee's contribution per month for NSSF and 14% of basic salary per month for MTRH Staff Pension Scheme.

q) 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.

r) 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.

s) Related parties

MTRH 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. Related parties to MTRH include Ministry of Health, The National Treasury, AMPATH, Indiana University, Moi University. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

t) Service concession arrangements

MTRH analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Entity recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price.

In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, MTRH also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

u) Cash and cash equivalents

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

v) Comparative figures

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

w) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2021.

5 Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in **Note 40**. 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.

*Wol Teaching and Referral Hospital
Annual Report and Financial Statements
For the Year ended June 30th 2022*

6 Revenue

a) Transfers from Other Government Entities

Description	2021-2022		2020-2021	
	Kshs		Kshs	
Unconditional Grants				
Operational Grant		7,770,999,990		8,154,680,000
Other Grants		56,740,000		58,586,926
Total Unconditional Grants		7,827,739,990		8,213,266,926

b) Transfers from Ministries, Departments and Agencies (MDAs)

Name of the Entity sending the grant	Amount recognized to Statement of Financial performance	Amount deferred under deferred income	Amount recognized in capital fund.	Total Grant Income during the year	Total transfers 2021/22	Prior year 2020/2021
Ministry of Health	7,770,999,990	-	269,600,000	7,770,999,990	8,040,599,990	9,078,611,465
Ministry of Health (Donation)	56,740,000	-	-	56,740,000	56,740,000	58,586,926
Total	7,827,739,990	-	269,600,000	7,827,739,990	8,097,339,990	9,137,198,391

7 Sale of Goods and Services

Description	2021-2022		2020-2021	
	Kshs		Kshs	
Sale of goods				
Cost Sharing Income		3,552,026,687		3,220,812,901
College Students Fees		92,408,380		69,754,494
Mortuary Fees		56,352,206		53,871,289
Total revenue from the sale of goods		3,700,787,273		3,344,438,684

*Moi Teaching and Referral Hospital
Annual Report and Financial Statements
For the Year ended June 30th 2022*

8 Rental Revenue from Facilities and Equipment

Description	2021-2022	2020-2021
	Kshs	Kshs
Staff houses	13,559,008	24,500,212
Total rentals	13,559,008	24,500,212

9 Other Income

Description	2021-2022	2020-2021
	Kshs	Kshs
Group Insurance Refunds Received	33,059,842	46,413,671
Surcharge	831,263	953,982
Salary Recovery	1,000,457	629,081
Administrative fees	6,809,139	6,459,547
Service Bond	2,170,000	-
Total other income	43,870,701	54,456,281

10 Use of Goods and Services

Description	2021-2022	2020-2021
	Kshs	Kshs
Consumables Goods	1,786,793,674	1,288,447,191
Transport Operating Expenses	9,768,590	8,815,379
Patient Travelling Expenses	328,110	513,144
Advertising and Publicity	2,738,223	3,870,341
Staff Development	44,928,887	17,623,054
Continuous Professional Development	-	52,600
Travelling and Accommodation	46,606,972	21,080,806
External Travelling	407,466	-
Centre for Assault Recovery of Eldoret	635,250	478,550
Doctors Indemnity Cover	4,081,525	-
Group Personal Accident Cover	12,284,679	10,705,185
Comprehensive Group Life Insurance Cover	29,049,786	27,893,799
Comprehensive Staff Medical Scheme	269,782,820	263,337,390
ISO Secretariat	5,768,963	2,463,760
Issue Based Committees	2,773,136	338,500
Occupational Health and Safety	5,079,654	3,105,504
Disaster Emergency Response 035	1,072,007	22,613,276
Disaster Emergency Response 036 (Internal Funds)	-	29,577,636
Medical Officers Post Graduate Training	15,340,745	7,672,487
Cleansing Materials	83,977,108	56,017,433
Stationery	24,788,014	17,774,476
Telephone Expenses	17,859,543	12,887,917
Universal Health Coverage(UHC)Outreach	100,800	221,600
Electricity	107,601,452	84,651,191
Medical Records and Accountable Documents	4,579,685	5,629,247
Water and Conservancy	45,924,361	44,952,215

*Moi Teaching and Referral Hospital
Annual Report and Financial Statements
For the Year ended June 30th 2022*

Description	2021-2022	2020-2021
	Kshs	Kshs
Computerization	4,003,250	6,634,894
Internet Expenses	4,198,074	781,684
Postal and Telegram	723,473	723,897
Library Services	3,296,870	3,569,370
Doctors' Fees	158,886,035	219,678,947
Patient Refunds/ Deposit Refunds	13,234,926	13,120,507
Group Insurance Compensation Refund	54,076,633	46,603,204
Course Admin & Subscription Fee	7,284,824	5,252,743
Rent and Rates	319,209	892,914
Staff Uniforms	7,287,236	5,660,493
Hospital Linen	5,940,000	2,860,971
Patients Uniforms	7,250,574	850,000
Hospital Security services	-	3,803,876
Health Research and Innovation	3,556,744	2,054,023
Institutional Research Expenses	-	1,000,000
Motor Vehicle Insurance Expenses	2,244,958	1,360,464
Bank Charges	14,934,494	15,546,281
NCD Project	40,525,921	112,537,681
Covid Emergency Response Fund	30,679,168	4,150,780
Total	2,880,713,838	2,377,805,409

11 Employee Costs

Description	2021-2022	2020-2021
	Kshs	Kshs
Basic Pay	4,171,936,287	3,931,700,783
House Allowance	800,567,015	789,439,818
Call Allowance	197,460,000	190,961,334
Risk Allowance	176,287,365	173,981,279
Private Wing Executive Committee	11,342,747	11,449,891
Private Wing Administrative Committee	701,108	563,764
Training Centre Allowance	18,238,959	15,407,848
RCO Call Allowance	18,973,333	19,205,000
Health Workers Service Allowance	330,376,667	319,926,588
Non Practice Allowance	120,456,732	115,354,138
Extraneous Allowance	951,984,332	932,435,540
Mortuary Allowance	23,292,670	16,081,398
Locum Allowance	8,547,002	13,610,515
Uniform Allowance	24,489,075	23,879,167
Taskforce Allowance/Meal	19,555,000	11,507,000
Responsibility Allowance	48,575,731	46,268,273
Registrars Stipend Covid-19	5,785,028	123,141,366
Doctors Equipment Allowance	8,122,500	-

*Moi Teaching and Referral Hospital
Annual Report and Financial Statements
For the Year ended June 30th 2022*

Description	2021-2022	2020-2021
	Kshs	Kshs
Entertainment Allowance	4,607,987	4,228,998
Acting Allowance	6,863,643	4,935,357
Telephone Allowance	427,400	120,000
Special Duty Allowance	14,826,314	14,591,415
Medical Board Allowance	694,000	846,354
Remunerative Allowance	720,000	720,000
Commuter Allowance	303,651,932	299,988,978
Amenity Allowance	22,184,222	20,104,629
Memorial Allowance	57,458,547	58,669,407
Salary refund	-	66,227
Salary Arrears	4,886,614	18,678,021
Nursing Service Allowances	352,634,000	349,339,667
Annual Leave Allowance	233,154,439	228,066,791
NSSF company	16,309,360	9,019,400
Pension Company	563,899,595	530,291,795
TAX Arrears-PAYE on Excess pension Contribution	19,401,082	-
Gratuity	43,081,973	12,458,458
Casual wages	8,745,417	11,191,656
Total	8,590,238,075	8,298,230,854

12 Board Expenses

Description	2021-2022	2020-2021
	Kshs	Kshs
Chairman Honoraria	960,000	960,000
Telephone Allowances	84,000	84,000
Sitting allowances	3,200,000	4,610,000
Travel and Accommodation and Taxi/Mileage/Air Ticket	5,832,699	3,375,015
Airtime	2,000	118,000
Total	10,078,699	9,147,015

13 Depreciation and Amortization Expense

Description	2021-2022	2020-2021
	Kshs	Kshs
Property, plant and equipment	267,186,152	241,470,784
Total depreciation and amortization	267,186,152	241,470,784

14 Repairs and Maintenance

Description	2021-2022	2020-2021
	Kshs	Kshs
Maintenance of Plant and Buildings	37,513,326	48,377,455
Maintenance of Biomedical Equipment	35,187,486	20,775,129
Total repairs and maintenance	72,700,812	69,152,584

*Moi Teaching and Referral Hospital
Annual Report and Financial Statements
For the Year ended June 30th 2022*

15 Contracted Services

Description	2021-2022		2020-2021
	Kshs		Kshs
Contracted Professional Services and Legal Fees	36,321,208		27,782,725
Total contracted services	36,321,208		27,782,725

16 Corporate Social Responsibility

Description	2021-2022		2020-2021
	Kshs		Kshs
Social development	2,779,786		2,060,830
Total grants and subsidies	2,779,786		2,060,830

17 Impairment Allowance on Receivables

(a) Reconciliation for Impairment Allowance on Receivables from Exchange Transactions

Impairment Allowance/ Provision	2021-2022		2020-2021
	KShs		KShs
At the beginning of the year	573,306,794		446,954,369
Additional provisions during the year	211,253,330		126,352,425
At the end of the year	784,560,124		573,306,794

(b) Reconciliation for Impairment Allowance on Receivables from Non-Exchange Transactions

Impairment Allowance/ Provision	2021-2022		2020-2021
	KShs		KShs
At the beginning of the year	444,609,989		444,609,989
Additional provisions during the year	-		-
At the end of the year	444,609,989		444,609,989

18 Waivers and Exemption

Description	2021-2022		2020-2021
	Kshs		Kshs
Waivers and Exemption on Sale of Goods and Services	-		211,185,290
Total	-		211,185,290

19 Provision for Audit Fees

Description	2021-2022		2020-2021
	Kshs		Kshs
Audit Fees	1,160,000		1,160,000
Total	1,160,000		1,160,000

*Moi Teaching and Referral Hospital
Annual Report and Financial Statements
For the Year ended June 30th 2022*

20 (a) Cash and Cash Equivalents

Description	2021-2022	2020-2021
	Kshs	Kshs
Current account	851,715,373	776,348,158
Cash in Hand	3,433,833	224,538
Mpesa Utility Accounts	824,297	3,541,228
Total cash and cash equivalents	855,973,503	780,113,924

(b) Detailed Analysis of the Cash and Cash Equivalents

Description	Account number	2021-2022	2020-2021
		Kshs	Kshs
Mortuary account	1103031457	1,021,691	789,896
Private wing	1103464396	71,020,193	792,717
Main account	1103464329	221,626,131	36,640,647
Training Centre	1151682268	558,036,517	638,650,742
MTRH NCD Project	1225719356	10,842	76,856,173
MTRH EAPHLN Project	1216421927	-	22,617,984
Sub- total		851,715,379	776,348,158
Cash in Hand			
Main account		1,568,561	24,712
Private wing Account		1,440,428	80,000
Farewell Home Account		211,124	-
Petty cash		213,720	119,826
Sub- total		3,433,833	224,538
Mobile money accounts			
M-pesa Collection Account	175599	-	1,792,615
M-pesa Utility Account	951253	824,297	1,748,613
Sub- total		824,297	3,541,228
Grand total		855,973,509	780,113,924

21 (a) Current Receivables from Exchange Transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
Institutions		
NHIF	1,619,562,919	1,152,168,823
Corporate Clients	202,720,829	191,395,578
AMPATH	78,719,653	75,736,375
Sub Totals	1,901,003,401	1,419,300,777
Individuals		
Individual Clients	408,218,159	292,226,351
Student Fees (MTRH College of Health Sciences)	8,666,192	13,809,824
Staff Guarantors	2,204,892	2,774,768
Salary advance	2,601,890	5,388,197

*Moi Teaching and Referral Hospital
Annual Report and Financial Statements
For the Year ended June 30th 2022*

Description	2021-2022		2020-2021
	Kshs		Kshs
Imprests	11,818,553		3,884,027
TAX Arrears - PAYE on Doctors Fees	159,075,490		-
Farewell Home	2,327,043		879,202
Rent	7,902,129		8,605,862
Prepayments	20,311,676		15,358,520
Legal Deposit	1,503,380		1,503,380
Proposed for write-off	522,046,162		522,046,162
Sub Total	1,146,675,565		866,476,293
Grand Total	3,047,678,966		2,285,777,069
Less; Accumulated provision	784,560,124		573,306,794
Net Debtors	2,263,118,842		1,712,470,275

(b) Receivables from Non-Exchange Transactions

Description	2021-2022		2020-2021
	KShs		KShs
MOH Grant	444,609,990		1,148,561,788
Total current receivables	444,609,990		1,148,561,788
Less; Accumulated provision	444,609,989		444,609,989
Net Debtors	-		703,951,799

22 Inventories

Description	2021-2022		2020-2021
	Kshs		Kshs
Drugs	180,688,211		251,435,194
Dressings and Theatre Supplies	176,069,857		128,466,592
Lab Reagents	8,425,997		7,753,050
X-Ray Supplies	4,784,632		6,110,284
Food and Ration	3,331,313		3,963,358
Cleansing Materials	3,542,876		2,540,908
Hospital Linen	1,145,000		2,704,000
Maintenance Materials	7,325,796		5,948,313
Operational and Maintenance Stores	13,260,950		3,734,389
Stationery	9,929,122		1,168,289
Total inventories at the lower of cost and net realizable value	408,503,755	-	413,824,376

*Moi Teaching and Referral Hospital
Annual Report and Financial Statements
For the Year ended June 30th 2022*

23 PROPERTY PLANT & EQUIPMENT MOVEMENT SCHEDULE FOR THE PERIOD ENDING 30TH JUNE 2022

Assets	Land	Buildings	Plant, Equipments, Furniture & Fittings	Computers, Telephones & TV's	Motor Vehicles	Heavy Earth Moving Machine	Project Cost	TOTAL
	0.00%	2.50%	12.50%	30.00%	25.00%	37.50%		
Cost/Valuation	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
As at 1 st July 2020	101,577,820	1,797,946,958	1,566,007,330	210,779,176	86,107,492	1,850,000	157,731,616	3,922,000,392
Additions:	-	987,760	629,984,333	12,119,125	-	-	236,010,022	879,101,239
Disposal								-
Donations							(203,748,923)	-
Project Cost Capitalized		184,924,423	18,824,500					-
As at 30 th June 2021	101,577,820	1,983,859,141	2,214,816,163	222,898,301	86,107,492	1,850,000	189,992,715	4,801,101,631
Additions:	-	43,837,240	330,441,517	19,626,028	28,218,928		61,139,775	483,263,489
Disposal								-
Donations								-
Project Cost Capitalized								-
As at 30 th JUNE 2022	101,577,820	2,027,696,381	2,545,257,680	242,524,329	114,326,420	1,850,000	251,132,490	5,284,365,120
Depreciation:								
As at 1 st July 2020	-	408,027,425	767,443,744	177,188,603	58,079,750	693,750		1,411,433,272
Charge for the period	-	39,395,793	180,921,552	13,712,909	7,006,936	433,594		241,470,784
Disposal								-
As at 30 th June 2021	-	447,423,218	948,365,296	190,901,512	65,086,686	1,127,344		1,652,904,056
As at 1 st July 2021	-	447,423,218	948,365,296	190,901,512	65,086,686	1,127,344		1,652,904,056
Charge for the period	-	39,506,829	199,611,548	15,486,845	12,309,934	270,996		267,186,152
Disposal								-
As at 30 th JUNE 2022	-	486,930,047	1,147,976,844	206,388,357	77,396,619	1,398,340		1,920,090,207
NBVs as at 30 th JUNE 2022	101,577,820	1,540,766,334	1,397,280,835	36,135,971	36,929,801	451,660	251,132,490	3,364,274,912
NBV As at 30 th June 2021	101,577,820	1,536,435,923	1,266,450,867	31,996,788	21,020,807	722,656	189,992,715	3,148,197,575

Valuation

Land and buildings/ Equipment (be specific) were valued by in line with the National Assets and Liabilities Management Policy and Guidelines (Issued 30th June 2020). These amounts were adopted

23 (b) Property, Plant and Equipment at Cost

If the freehold land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

Description	Cost		Accumulated Depreciation	NBV
	Kshs			
Land	101,577,820		-	101,577,820
Buildings	2,027,696,381		486,930,047	1,540,766,334
Plant, Equipment and office Equipment	2,545,257,680		1,147,976,844	1,4397,280,835
Motor Vehicles, Including Motorcycles	114,326,420		77,396,619	36,929,801
Computers and Related Equipment	242,524,329		206,388,357	36,135,971
Heavy Earth Moving Machines	1,850,000		1,398,340	451,660
Total	5,033,232,630		1,920,090,207	3,113,142,422

23 (C) Fully Depreciated Assets

MTRH uses reducing balance method of depreciation hence its Property plant and Equipment cannot be fully be depreciated.

Description	Cost or valuation	Normal annual depreciation charge
Plant and Machinery	-	-
Motor Vehicles including Motorcycles	-	-
Computers and Related Equipment	-	-
Office Equipment, Furniture and Fittings	-	-
Total	-	-

23 (d) Fully Depreciated Assets

MTRH as at 30th June 2022 had no intangible assets

24. Trade and Other Payables

Description	2021-2022		2020-2021
	Kshs		Kshs
Trade payables	1,056,493,465		543,531,933
NCD Project	-		93,037,611
Audit Fees	4,640,000		3,480,000
KRA Tax Arrears	86,241,532		
Total trade and other payables	1,147,374,997		640,049,544

25. Refundable Deposits and Prepayments from Customers

Description	2021-2022		2020-2021
	Kshs		Kshs
Prepayments	8,775,321		9,616,214
Total deposits	8,775,321	-	9,616,214

26. Finance Lease Obligation

Description	2021-2022		2020-2021
	Kshs		Kshs
At the start of the year	4,240,316		6,795,836
Paid during the year	2,555,520		2,555,520
At end of the year	1,684,796		4,240,316

Maturity Analysis			Amount
Period			Kshs
Year 1			1,684,796
Analyzed as:			Amount
			Kshs
Current			1,684,796
Total			1,684,796

27. . Employee Benefit Obligations

Description	Defined benefit plan	Post-employment medical benefits	Other Benefits	2021-2022	2020-2021
	KShs	KShs	KShs	KShs	KShs
Current benefit obligation	141,327,171	-	406,454,204	547,781,374	665,335,560
Non-current benefit obligation	-	-	-	-	-
Total employee benefits obligation	141,327,171	-	406,454,204	547,781,374	665,335,560

*Moi Teaching and Referral Hospital
Annual Report and Financial Statements
For the Year ended June 30th 2022*

28. Long Term Loans

Description	2021-2022	2020-2021
	KShs	KShs
NHIF Loan	202,360,922	238,547,781
Total	202,360,922	238,547,781

29. Employee Benefit Obligations

Retirement benefit Asset/ Liability

Moi Teaching and referral hospital does not operate a defined benefit scheme for all full-time employees but contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The Entity's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at KShs. 720 per employee per month. Other than NSSF the Entity also has a defined contribution scheme operated by MTRH Pension Scheme. Employees contribute 7% while employers contribute 14% of basic salary. Employer contributions are recognised as expenses in the statement of financial performance within the period they are incurred.

30. Cash Generated from Operations

Description	2021-2022	2020-2021
	Kshs	Kshs
Surplus for the year before tax	(486,474,929)	272,314,187
Adjusted for:		
Depreciation	267,186,152	241,470,784
Working Capital adjustments		
Increase in inventory	5,320,622	(57,601,721)
Change in Current Receivables from Exchange Transactions	(550,648,567)	(409,920,656)
Change in Current Receivables from Non- Exchange Transactions	703,951,799	(703,951,799)
NHIF Loan Prepayments (Assets)	-	87,557,456
NHIF Loan (Liability)	(36,186,859)	238,547,781
Increase in payables	507,325,454	57,855,955
Employee Benefit Obligations	(117,554,186)	299,623,129
Increase in payments received in advance	(840,893)	3,554,145
KCB Finance Lease	(2,555,520)	(2,555,520)
Sub Totals	508,811,850	(486,891,230)
Net cash flow from operating activities	289,523,072	26,893,741

31. Financial Risk Management

The Hospital activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Hospital overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse

effect of such risks on its performance by setting acceptable levels of risk. The Hospital does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The Hospital financial risk management objectives and policies are detailed below:

i) Credit risk

The entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. 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 or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment.

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

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Hospital has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Hospital has significant concentration of credit risk on amounts due from Ministry of Health and Clients.

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

Financial Risk management

As at 30 June 2021	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
Receivables from exchange transactions	3,047,678,966	2,263,118,842	2,263,118,842	784,560,124
Receivables from non-exchange transactions	-	-	-	444,609,989
Bank balances	851,715,373	851,715,373	-	-
Total	3,899,394,340	3,114,834,215	2,263,118,842	1,229,170,113

ii) Liquidity risk management

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

The table below represents cash flows payable by the Hospital under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Liquidity Risk management

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
As at 30 June 2022				
Trade payables	-	1,147,374,997	-	1,147,374,997
Prepaid Fees	-	8,775,321	-	8,775,321
NHIF Loan	-	202,360,922	-	202,360,922
KCB Finance Lease	-	1,684,796	-	1,684,796
Employee benefit obligation	-	547,781,374	-	547,781,374
Total	-	1,907,977,411	-	1,907,977,411
As at 30 June 2021				
Trade payables	-	641,788,102	-	641,788,102
Prepaid Fees	-	9,616,214	-	9,616,214
KCB Finance Lease	-	4,240,316	-	4,240,316
Employee benefit obligation	-	665,335,560	-	665,335,560
Total	-	1,320,980,192	-	5,136,935,014

iii) Market risk

MTRH has put in place an internal audit function to assist it in assessing the risk faced by MTRH on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, MTRH prices and foreign exchange rates which will affect the MTRH income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

MTRH Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the

day-to-day implementation of those policies. There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

a) Foreign currency risk

MTRH has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

MTRH manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments

The carrying amount of MTRH foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period was nil:

iv) Capital Risk Management

The objective of the MTRH capital risk management is to safeguard MTRH ability to continue as a going concern. The entity capital structure comprises of the following funds:

Description	2021-2022	2020-2021
	Kshs	Kshs
Retained earnings	225,621,697	712,096,626
Capital reserve	4,758,271,906	4,488,671,906
Total funds	4,983,893,603	5,200,768,532
Total borrowings	-	-
NHIF Loan	202,360,922	238,547,781
Less: cash and bank balances	855,973,503	780,113,924
Net debt/(excess cash and cash equivalents)	3,925,559,177	4,182,106,827
Gearing	79%	80%

32. Related Party Disclosures

Nature of related party relationships

MTRH and other parties related to the entity include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

Government of Kenya

The Government of Kenya is the principal shareholder of MTRH, holding 100% of MTRH equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the MTRH, both domestic and external.

*Moi Teaching and Referral Hospital
Annual Report and Financial Statements
For the Year ended June 30th 2022*

Other related parties include:

Ministry of Health, County Governments, Moi University, AMPATH, Indiana University, Key management, Board of directors;

i) Ministry of Health

In the period ended 30 June 2021 the Ministry of Health transaction with the MTRH is as per the table below

Description	2021-2022	2020-2021
	Kshs	Kshs
Transactions with related parties		
Grants /Transfers from the Government		
Recurrent Grants from National Government	7,770,999,990	8,154,680,000
Donations in kind	56,740,000	58,586,926
Capital Grant	269,600,000	923,931,465
Total	8,097,339,990	9,137,198,391

ii) Moi University

In the period ended 30 June 2022 no transaction was done between Moi University and Moi Teaching and Referral Hospital

iii) AMPATH

The transaction with AMPATH in the period ending 30 June 2022 amounted to Kshs **56,962,659.00** in relation to NCD project.

iv) Key management;

The key management transactions in the period ending 30 June 20122 amounted to Kshs **172,605,988.00** in relation to salary payments.

v) Board of directors;

Expenditure relating to board of directors being Sitting Allowance, Honoraria, Telephone Allowance and travel expenses in the period ending 30th June 2022 amounted to Kshs **10,078,699.00**

33. Events after the Reporting Period

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

34. Ultimate And Holding Entity

MTRH is a State Corporation under the Ministry of Health. Its ultimate parent is the Government of Kenya.

35. Currency

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

XIX. APPENDICES

APPENDIX I: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is a progress report on follow-up of Auditor's Recommendations;

i) Basis for Qualified Opinion

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
			(Resolved / Not Resolved)	(Put a date when you expect the issue to be resolved)
1	Variance in Revenue Collection and Invoicing	<p>The failure by the Funsoft HMIS was as a result of isolated cases of system errors.</p> <p>Management has put in place measures to prevent these errors from recurring. These measures include; Bill verification before patients are discharged, Prompt charging/billing of services by service providers immediately service is rendered, Addressing system related issues by the System Developer, Modernization of system infrastructure including network and server upgrade and Migration to a more robust Enterprise Resource Planning (ERP) System which was fully implemented from 1st February 2023</p>	Resolved	By June 2023
1.1	Undisclosed Revenue from Doctors' Fees	<p>Management wish to clarify that the Policy Guidelines on the Operation of the Private Wings, 4th Edition approved on 3rd August 2016 (10 note 16.7) stipulate the rate of facility fees to be retained by the Hospital.</p> <p>The revenue from doctors' fees is reported together with other revenue and reporting the 5% facility fees would amount to double reporting of revenue already reported.</p>	Resolved	June 2022
1.2	Unsupported Telephone Expenses	<p>Due to dynamics of flow of supplies to MTRH from various sources, we appoint Inspection and Acceptance Committee (IAC) as per law. We have put it as a policy that membership of IAC is an assigned role for a short while and they</p>	Resolved	June 2022

*Moi Teaching and Referral Hospital
Annual Report and Financial Statements
For the Year ended June 30th 2022*

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
			(Resolved / Not Resolved)	(Put a date when you expect the issue to be resolved)
		are rotated to oversee deliveries.		
1.3	Unsupported Virtual Refresher Training	The trainings were done virtually, the Trainers SGS being the hosts shared the link with MTRH for Also, the eight staff having satisfied the course requirements were issued with certificates.	Resolved	June 2022
1,4	Unsupported Institutional Research	Institutional Research and Ethics Committee (IREC) is jointly funded by MTRH and Moi University to enable it undertake regulation of research conducted at MTRH. Each institution therefore contributes Kshs. 1,000,000 each year to enable IREC undertake its activities. Going forward, MTRH will support IREC by directly processing approved expenditure from MTRH accounts.	Resolved	June 2022
1,5	Unsupported Patient Refunds	The Patient/Deposit Refunds of Kshs. 11,985,797 made during the year where properly supported and authorized. Billing of medical care is a unique process because the final costs/bills depends on the nature of services rendered and consumables used upto the date of discharge. On discharge, the amount deposited will be factored in the final bill and any outstanding amounts will be cleared before discharge and any excess balances refunded to patients.	Resolved	June 2022
1.5	Invoicing against Local purchase order/service order	This normally happen for monthly orders for perishable goods in which deliveries are done over a period of time e.g for fresh vegetables. In some cases, the suppliers issue full invoice and accompanying Credit Note where deliveries are not equal to LPO value.	Partly resolved	30 th June 2022

*Moi Teaching and Referral Hospital
Annual Report and Financial Statements
For the Year ended June 30th 2022*

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
			(Resolved / Not Resolved)	(Put a date when you expect the issue to be resolved)
1.6	Payment of arrears to doctors on contract	The Medical Officers were appointed on a two months contract and reported for duties with effect from 24 th of December 2020. At this particular point the payroll had been closed hence paid for days worked in December 2010 through January 2021 payroll.	resolved	30 th June 2022
1.7	Contract Services	Based on the importance of MTRH as a Government Establishment and following the need to strengthen security in the face of global terrorism threats, MTRH requested establishment of a police post the Inspector General through the County Commissioner uniformed police officers were deployed to the Hospital for 24/7 coverage and MTRH established a police Base. Given the work environment as a hospital with potential exposure to communicable diseases/ hospital acquired infections like TB, Hepatitis B and other diseases including COVID-19 and Hospital Management found it fit to pay a monthly stipend to the officers.	Resolved	June 2022
1.8	Avoidable Tax Paid and Understated Inventories	MTRH Requested for tax exemption which was not possible, this mask was urgently as pert crucial personal protective equipment (PPEs) use to combat COVID-19 in Western half of Kenya.	Resolved	June 2022
1.9	Unsupported legal Expense Debts	The Advocates firm was among the law firms prequalified to offer legal services for the year 2020 to 2022. The rationale for selecting the firm was based on the excellent past performance exhibited by the firm in previous years. The amount paid corresponds with the amount chargeable under the ARO based on the subject matter.	Resolved	30 th June 2022

*Moi Teaching and Referral Hospital
Annual Report and Financial Statements
For the Year ended June 30th 2022*

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
			(Resolved / Not Resolved)	(Put a date when you expect the issue to be resolved)
1.10	Unsupported Allowances to Police Officers	Based on the importance of MTRH as a Government Establishment and following the need to strengthen security in the face of global terrorism threats, MTRH requested establishment of a police post the Inspector General through the County Commissioner uniformed police officers were deployed to the Hospital for 24/7 coverage and MTRH established a police Base. Given the work environment as a hospital with potential exposure to communicable diseases/ hospital acquired infections like TB, Hepatitis B and other diseases including COVID-19 and Hospital Management found it fit to pay a monthly stipend to the officers.	Resolved	30 th June 2022
1.11	Payment of national Industrial Training Levy Arrears	MTRH and NITA signed an agreement in 2007 on NITA fees in arrears. The fees were not recognized in prior years because NITA did not submit any invoices for payment and was not possible to provide provision amounts.	Resolved	
1.12	Accounting for board Expense	Board members allowances are prepared ahead of the board meeting for the members who have confirmed that they will attend the meeting. Cheques encashment is done in readiness to pay the allowances upon conclusion of the board meeting. Where a member does not earn any part of the allowance, the same is receipted back as a refund.	Resolved	30 th June 2023
1.23	Unsupported Trade and Other Payables	Trade and other payables included post balance sheet items in the FY 2019/2020 and reported in the FY 2020/201 To recognize the expenditure.	Resolved	30 th June 2022
1..24	Disputed Loan Advanced by the National Insurance Fund	National Hospital Insurance Fund (NHIF) extended asset financing facility to Moi Teaching and Referral Hospital. The assets financed costed a total of Kshs 362,292,095.60 (Three Hundred and Sixty Two Million, Two Hundred and Ninety Two Thousand and Ninety	Resolved	30 th June 2022

*Moi Teaching and Referral Hospital
Annual Report and Financial Statements
For the Year ended June 30th 2022*

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
			(Resolved / Not Resolved)	(Put a date when you expect the issue to be resolved)
		Five Shillings only) being loan duration of 10 years, monthly recovery of Kshs 3,011,633.50 and interest rate of 3%.		
1.25	Inaccuracy in Budget Information	MTRH management have correctly presented the Budgetary information.	Resolved	30 th June 2022
1.26	Inaccuracies in Opening Balances	MTRH have submitted proposal to parent ministry to forward to The National Treasury and planning for approval of bad debts proposed for write off and once approved it will be remove from books of accounts.	Resolved	30 th June 2022
1.27	Updated Assets Register	MTRH have avail details of missing information	Resolved	30 th June 2022
1.28	Unsupported Rent Receivables	This matter is resolved between Moi University and MTRH	Resolved	30 th June 2022
1.29	Unrecoverable Individual Clients Receivables	Access to Medical care is a Constitutional right to every Kenyan Citizen, and the Government's commitment that Public Hospitals offer Medical care to patients regardless of their ability to pay, in its pursuit of affordable Health Care as one of the key Agenda under Universal Health Coverage (UHC). The Hospital has put in place extra stringent measures to manage its debts and active follow ups through the Credit Control Unit, without resorting to extreme measures such detaining patient for non-payment of bills.	Resolved	30 th June 2022
1.30	Anomalies in Receivables	MTRH Management has implemented the Credit Policy as a framework for debt management	Resolved	30 th June 2022

*Moi Teaching and Referral Hospital
Annual Report and Financial Statements
For the Year ended June 30th 2022*

ii) Other Matter

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
2	Unresolved Prior Year matters	MTRH will present the status to the oversight bodies when it is invited as per the requirements of the Public Finance Management Act	Unresolved	30 th June 2024

iii) Report on Lawfulness and Effective use of Public Resources

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
			(Resolved / Not Resolved)	(Put a date when you expect the issue to be resolved)
3.1	Unsupported Framework Agreements	The duration of the resulting contracts was provided for in the advertisement (Guided by provisions under sections 114 and 141 of the Public Procurement and Asset Disposal Act (PPADA), 2015, Details of terms of engagement are contained in the standard bidding document under Invitation to Tender (ITT). Guided by the provision of Regulations 103(2) (a), framework contracts are enforced through raising and issuing call-off orders.	Resolved	30 th June 2022
3.2	No-Existing Contracts for Supply and Delivery of Food Staffs	MTRH management relied on the provision of section 141 of the PPADA, 2015 and Regulations 103(2) (a) while processing the resulting contracts. it is not practicably possible to determine quantities that shall be required hence costing the resulting contract sum was not possible. This method of procurement is used in circumstances where contract quantities or delivery requirements cannot be ascertained . The Regulations provide that contracts resulting from frameworks are	Resolved	30 th June 2022

*Moi Teaching and Referral Hospital
Annual Report and Financial Statements
For the Year ended June 30th 2022*

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
			(Resolved / Not Resolved)	(Put a date when you expect the issue to be resolved)
		done by raising call-off orders and this is to confirm that we adhered to these provisions.		
3,3	Supply and Delivery of Admission Packs for Private Wings	MTRH awarded a framework contract for the Supply and Delivery of Admission Packs under tender No. MTRH/T/52/2016-2018 guided by the provision of section 84(1)(2), in accordance with the provisions of Section 3(h) of the Public Procurement and Asset Disposal Act, 2015.	Resolved	June 2022
3.4	Procurement of Face Masks under Disaster Emergency Response	Face masks is a standard item that must conform to some international quality standard and upon satisfying the requirement of eligibility as provided for under section 55 of the Public Procurement and Asset Disposal Act (PPADA), 2015, and with the presentation of evidence of previous contracts executed, the MTRH was able to make a recommendation.	Resolved	June 2022
3.5	Procurement of Oxygen Generating Plant and Medical Gas Piping	Having duplex (two similar) mode of plant installation is preferred because one (1) plant cannot run continuously but to complement each other since the compressors need time to cool down for effective performance. The determination of capacity of 2 x 1000 LPM was based on volume of Oxygen required per minute and the fact that MTRH was using a 575 LPM plant that was not adequate to serve all the areas in need of oxygen which necessitated procurement of additional oxygen.. The 575 LPM Oxygen Generating Plant (OGP) is obsolete and is due for disposal. MTRH has planned to procure additional OGP's to the tune of upto 6,000 Litres Per Minute (LPM) capacity in the next seven (7) years as the Hospital grows.	Resolved	30 th June 2022

*Moi Teaching and Referral Hospital
Annual Report and Financial Statements
For the Year ended June 30th 2022*

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
			(Resolved / Not Resolved)	(Put a date when you expect the issue to be resolved)
3.6	Irregular Extension of Contract for Maintenance of Vacuum Contract	MTRH Guided by provision of section 103(2) (d) of the Public Procurement and Asset Disposal Act, 2015 which provides that the procuring entity having procured service from a contractor, determines that additional service is required taking with account effectiveness of the original procurement and reasonableness of the price.	Resolved	30 th June 2022
3.7	Single Sourcing of Motor Vehicle Insurance Covers	MTRH awarded a framework contract for the Supply and Delivery of Admission Packs under tender No. MTRH/T/52/2016-2018 guided by the provision of section 84(1)(2), in accordance with the provisions of Section 3(h) of the Public Procurement and Asset Disposal Act, 2015.	Resolved	30 th June 2022
3.8	Irregular Payments on Repairs and Maintenance	Section 91 of the Public Procurement and Asset Disposal Act, 2015 MTRH advertising procurement for supply and delivery of electrical and hardware items twice during the period. These tenders were processed and awarded to various entities; unfortunately the awarded companies were not able to fulfill requirements. Guided by provisions of Section 150 (1) of the Public Procurement and Asset Disposal Act (PPADA), 2015, and as guided under provisions of section 103 (2) (d); direct procurement	Resolved	June 2022
3.9	Irregular Employment of Staff	The Head of Public Service through the Principal Secretary Ministry of Health Letter Ref. No. MOH/ADM/1/1/VOL.I dated 19 th October 2017 approved employment of 70 additional staff. Medical Specialists were head hunted while Clinical Officers were taken from the existing interviewed list of 2017/2018 that had met the requirements.	Resolved	June 2022
3.10	Non-Compliance with Law on Ethnic Composition	Management is progressively working towards compliance to the law on Ethnic Composition through approved new recruitments.	Partly Resolved	Progressively

*Moi Teaching and Referral Hospital
Annual Report and Financial Statements
For the Year ended June 30th 2022*

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
			(Resolved / Not Resolved)	(Put a date when you expect the issue to be resolved)
3.11	Failure to Comply with a Third of Basic Pay Rule	MTRHt has put all measures in place to ensure staff meet the requirements of 1/3 rule. These include staff sensitizations and stringent approval process for new loan applications.	Resolved	June 2022
3.12	Unrecovered Imprest	MTRH complies with Public Financial Management Regulations, 2015 in Management of Imprest. Legal measures towards recovery from 9 former staff members who have left the services of institution. MTRH implements its imprest policy to ensure that proper imprest management is adhered to in the hospital. The six staff members were sanctioned through demand letters written to them and administrative recoveries done through payroll.	Resolved	June 2022
3.13	Composition and Rotation of Board Committee	MTRH Board Structure was governed by Legal Notice No. 78 of 1998 and LN No. 56 of 2002 under the State Corporation Act, Cap 446. Viide Legal Notice No. 40 membership of the Board was revised to reduce Independent The stipulated 1/3 rd of the Full Board is 4 and such, all Committee memberships are all within the parameters set out in the Circular. Guideline on annual rotation of Committee members as provided in the Circular on Management of State Corporations which took effect on 11 th March 2020 as explicitly indicated in the closing paragraph of the Circular.	Resolved	June 2022
3.14	Irregular Waivers and Exemption	MTRH is a Public Hospital and one of its core mandate is to Receive Patients on Referral from other Hospitals or Institutions within or outside Kenya for specialized health care. treats patients regardless of their economic status and they are accorded proper medical care, including highly specialized Surgeries However, some of the patients are unable to pay based on their economic status, but this does not deprive them of their right to	Resolved	June 2022

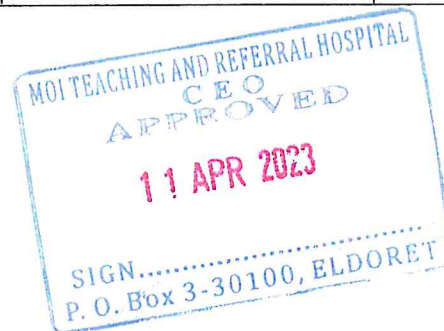
*Moi Teaching and Referral Hospital
Annual Report and Financial Statements
For the Year ended June 30th 2022*

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
			(Resolved / Not Resolved)	(Put a date when you expect the issue to be resolved)
		health which is a fundamental human right guaranteed in the Constitution of Kenya, Article 43 (1) (a) which provides that every person has the right to the highest attainable standard of health, which includes the right to health care services, including reproductive health care. The Government of Kenya, through the Universal Health Coverage (UHC) Programme being currently rolled out throughout the Country will help address some of the waiver and exemptions problems in the Hospital.		

iv) Report on Effectiveness of Internal Controls, Risk Management and Governance

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
4.1	Long Outstanding salary Advance	MTRH has put in place measures to ensure timely collection of all current salary advance debts through; timely account reconciliation and follow on salary advance for the staff who have left the service and intern doctors through writing to each to clear the outstaying amount.	Resolved	June 2022
4.2	Unrecoverable Staff Guarantors	MTRH always follow up on staff guarantors to fully pay the outstanding amount and in the event the staff left service before clearing the amount, the amount is followed up as individual debtor.	Resolved	June 2022

Wilson K. Aruasa 11/04/2023
Dr. Wilson K. Aruasa, MBS, EBS
CHIEF EXECUTIVE OFFICER



APPENDIX II: STATUS OF PROJECTS COMPLETION

The status of completion of projects as at 30th June 2022 was as follows;

No.	Project Name	Timelines		Project cost	Amount Paid	Current Status
		Start Date	End Date			
A GOK FUNDED PROJECTS						
1	Construction and Equipping of Radiotherapy Unit (Multi Year Project)	01/07/2013	30/06/2026	Kshs 1,843,000,000	1,192,000,000	Construction Phase completed for the Outpatient Building, Offices and 2 Radiotherapy Bunkers among other medical equipment. Fully equipped with 1 LINAC machine with supporting equipment which is operational and the 2 nd LINAC machine is currently under installation.
2	Equipping of Intensive Care Units (ICUs)	01/07/2015	30/06/2025	Kshs 484,000,000	213,600,000	Equipping is on-going through multi-year funding hence phased.
3	Equipping of Shoe4Africa Children Hospital (Supply and Delivery of Medical Equipment)	01/01/2014	30/06/2025	Kshs 1,080,000,000	436,000,000	Construction Phase completed for the Outpatient Building, Offices and equipping to commence services. Additional specialized equipping on-going through multi-year funding hence phased.
4	Equipping of Mother and Baby Hospital	01/07/2014	30/06/2025	Kshs 350,000,000	50,000,000	Equipping is on-going through multi-year funding hence phased.
5	Establishment of an MRI Centre	01/07/2021	30/06/2023	Kshs 81,280,130 US\$ 1,680,840	-	Construction commenced on 24 th March 2022. Awaiting supply, delivery and installation of the MRI machine once the construction works on the building is complete.
B APPROPRIATION-IN-AID PROJECTS						
1	Project for removal and disposal of Asbestos and replacement with Iron Sheets	01/07/2020	30/06/2022	Kshs 22,000,000	-	Contractor took possession of site on 23 rd May 2022. The works are ongoing.

*Moi Teaching and Referral Hospital
Annual Report and Financial Statements
For the Year ended June 30th 2022*

No.	Project Name	Timelines		Project cost	Amount Paid	Current Status
		Start Date	End Date			
2	Supply Delivery, installation and commissioning of Cardiac Monitors	01/07/2020	30/06/2022	Kshs 22,000,000	-	Awaiting delivery from the supplier
3	Installation of Oxygen Piping	01/07/2020	30/06/2022	Kshs 1,203,250	-	Works 100% completed and the service points are now served with oxygen at the bed points.
4	Supply, Delivery of Sternal Saw	01/07/2020	30/06/2022	(Estimated Cost) 1000000	-	Evaluation was not successful
5	Supply and Delivery of Cyto centrifuge Machine	01/07/2020	30/06/2022	Kshs 1,195,200	-	Order expired before delivery
6	Supply, Delivery, Installation and commissioning of Theatre Operating Table	01/07/2020	30/06/2022	Kshs 2,938,521	-	The Supplier has requested for extension of contract due to delays in equipment shipment
7	Supply, Delivery and Installation of ECHO machine	01/07/2020	30/06/2022	Kshs 4,524,000	-	The Supplier has requested for extension of contract to August 2022 due to delays in equipment shipment
8	Supply, Delivery, Installation, Testing and Commissioning of X-Ray Machine	01/07/2020	30/06/2022	Kshs 17,445,093	-	Equipment has been delivered and installation is ongoing as the 30 th June 2022.
9	Supply, Delivery, Commissioning of Defibrillator	01/07/2020	30/06/2022	Kshs. 408,100	-	Contract expired before delivery
10	Equipping of expanded Private Wing II Theatre	01/07/2020	30/06/2022	As per the awarded cost of each equipment	-	Delivery of the equipment is ongoing
11	Medical Waste Transfer Station Unit	01/07/2020	30/06/2022	Kshs 3,630,000	Kshs 3,630,000	100% completed and handed over in May 2022

*Moi Teaching and Referral Hospital
Annual Report and Financial Statements
For the Year ended June 30th 2022*

No.	Project Name	Timelines		Project cost	Amount Paid	Current Status
		Start Date	End Date			
12	Fencing of Waste Treatment and Disposal Site	01/07/2020	30/06/2022	K.shs 6,883,210.90	K.shs 6,883,210.90	100% completed and officially received by Management on 14th March 2022
C	DONOR SUPPORT PROJECTS					
1	Construction and equipping of MTRH Harry J Dyer Burns Hospital (Multi Year Project)	-	-	US\$ 2,000,000	-	Contract for design consultancy has been evaluated IMangement submitted a request through Ministry of Health to National Treasury and Planning on 16th June 2022 for Tax Exemption for the works, goods and Services
2	Construction and equipping of MTRH Julie Anne Perry Pediatric Oncology Hospital (Multi Year Project)	-	-	US\$ 2,375,000	-	Contract for design consultancy has been evaluated IMangement submitted a request through Ministry of Health to National Treasury and Planning on 16th June 2022 for Tax Exemption for the works, goods and Services
3	Construction and Equipping of Pediatric Neuro-Development Centre	-	-	US \$ 1,500,000 to 1,700,000	-	Grants Agreement being developed
4	Construction of MTRH Financial Services Centre of Excellence.	18.10.2021	Nov-22	57,952,355	-	Construction commenced on 18th October 2021 and Construction ongoing and currently at 50% as at 30th June 2022.
D	PROJECTS UNDER RESOURCE MOBILIZATION					
1	Establishment of Cardiac Catheterization Laboratory	-	-	200,000,000	-	Awaiting disbursement of funds to begin procurement of equipment.

*Moi Teaching and Referral Hospital
Annual Report and Financial Statements
For the Year ended June 30th 2022*

APPENDIX III: INTER-ENTITY TRANSFERS

Break down of Transfers from the State Department to Moi Teaching and Referral Hospital in the FY 2021/2022				
a.	Recurrent Grants			
	Bank Statement Date	Receipt number	Amount (KShs)	FY to which the amounts relate
	13/08/2021	4539042	645,083,333	FY 2021/2022
	06/09/2021	4590137	645,083,333	FY 2021/2022
	22/09/2021	4610549	645,083,333	FY 2021/2022
	23/09/2021	4622941	7,500,000	FY 2021/2022
	04/11/2021	4680747	645,083,333	FY 2021/2022
	08/12/2021	4736876	645,083,333	FY 2021/2022
	07/01/2022	4782536	645,083,333	FY 2021/2022
	10/02/2022	4840400	645,083,333	FY 2021/2022
	04/03/2022	4880745	645,083,333	FY 2021/2022
	04/03/2022	4880702	15,000,000	FY 2021/2022
	01/04/2022	4941023	645,083,333	FY 2021/2022
	10/05/2022	4990122	894,884,324	FY 2021/2022
	13/05/2022	4989691	7,500,000	FY 2021/2022
	20/06/2022	5044162	645,083,333	FY 2021/2022
	28/06/2022	5046443	395,282,333	FY 2021/2022
	Total		7,770,999,990	
b.	Development Grants			
	Bank Statement Date	Receipt number	Amount (KShs)	FY to which the amounts relate
	21/10/2021	4655210	134,800,000	FY 2021/2022
	22/04/2022	4990141	134,800,000	FY 2021/2022
	Total		269,600,000	
c	Donor Receipts			
	Bank Statement Date		Amount (KShs)	FY to which the amounts relate
				2020-2021
	02/03/2022	4872607	56,740,000	FY 2021/2022
	Total		56,740,000	
	GRAND TOTAL		8,097,339,990	