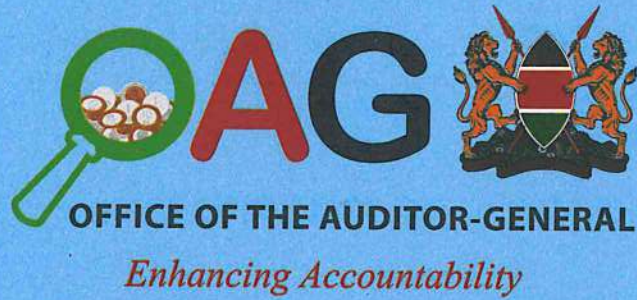


REPUBLIC OF KENYA



**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**MOI TEACHING AND REFERRAL  
HOSPITAL (MTRH)**

**FOR THE YEAR ENDED  
30 JUNE, 2023**





An ISO 9001:2015 Certified Hospital



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# MOI TEACHING AND REFERRAL HOSPITAL

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINACIAL YEAR ENDED

30<sup>TH</sup> JUNE 2023

OFFICE OF THE AUDITOR-GENERAL  
NORTH RIFT REGIONAL OFFICE

22 FEB 2024

RECEIVED

P O Box 2774-30100, ELDORET

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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 30<sup>th</sup> 2023*

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2023-2024

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## **I. ACRONYMS & GLOSSARY OF TERMS**

CARE-E	Centre for Assault Recovery - Eldoret
RBTS	Regional Blood Transfusion Services
HRH	Human Resource for Health
LINAC	Linear Accelerator
HDU	High Dependency Unit
MTRH	Moi Teaching and Referral Hospital
BETA	Bottom –Up economic transformation agenda
AMPATH	Academic Model Providing Access to Health Care
CCU	Cardiac care unit
VUCA	Volatile Uncertain Complex and Ambiguous
UHC	Universal health coverage
ICT	Information Communication Technology
KUCO	Kenya Union of Clinical Officers
KUDHEIHA A	Kenya Union of Domestic Hotels, Educational Institutions, Hospitals and Allied Workers
KNUN	Kenya National Union of Nurses
KMPDU	Kenya Medical Practitioners Dentist union
PFM	Public Finance Management
GOK	Government of Kenya
USAID	United States Aid
HMT	Hospital Management Team
ERP	Enterprise Resource Planning
EMRS	Electronic Medical Records System
PPP	Public-Private Partnership
MRI	Magnetic Resonant Imaging
KRI	Key Risk Indicators
BPR	Business Process Re-Engineering
BCPS	Business Continuity Plans
RRIS	Rapid results initiatives
KISM	Kenya Institute of Supplies Management
NCDs	Non-Communicable Diseases
APN	Advanced Practice Nurse
PIC4C	Primary Integrated Care for 4 Chronic Diseases
NEMA	National Environment Management Authority
CRA	Corruption Risk Assessments
EACC	Ethics and Anti-Corruption Commission
AGPO	Access to Government Procurement Opportunities

## **II. KEY INFORMATION AND MANAGEMENT**

### **a) Background Information**

Moi Teaching and Referral Hospital (MTRH) was established under Legal Notice No.78 of 12<sup>th</sup> 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).

#### **Purpose**

To be pro-Health and promote the Well-being of the People and the Planet where they live.

#### **True North**

Excellent Healthcare Delivery.

#### **Vision**

To be a Global Leader in the provision of Exceptional Multi-Specialty Healthcare, Training and Research.

#### **Mission**

Moi Teaching and Referral is dedicated to providing specialized healthcare services, training and research through efficient, excellent clinical and operational processes and contributing to National Development.

#### **Core Values**

Customer Focus, Professionalism, Integrity, Teamwork, Employee Empowerment, Security and Safety, Innovation and Creativity, Reliability and Environmental Sustainability.

### **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.

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c) **Key Management**

MTRH is managed under the following key organs:

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

d) **Fiduciary Management**

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

<b>Designation</b>	<b>Name</b>	<b>Professional Membership Number</b>	<b>Certification Body</b>
1. Ag. Chief Executive Officer (From 22/01/2024)	Dr. Philip Kirwa	A4215	KMPDC
2. Chief Executive Officer (upto 21/01/2024)	Dr. Wilson K. Aruasa, <i>MBS, EBS</i>	A4530	KMPDC
3. Senior Director - Administration & Finance	Dr. Tarus B. Kipchumba (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 K. Maina	1662	PPB
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 C. Tum	A01985	KMLTTB
10. Director, Diagnostic Services	Dr. Ezekiel Kimutai	A4510	KMPDC
11. Director, Health Administration	Ms. Christine Chuani	PHOTC/B896/PHO	PHOTC
12. Director, Reproductive Health	Dr. Wycliffe Kosgei	A6493	KMPDC
13. Director, Paediatrics & 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



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<b>Designation</b>	<b>Name</b>	<b>Professional Membership Number</b>	<b>Certification Body</b>
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. Chief Information Officer	Dr. Thomas Mwogi	A7000	KMPDC
20. Director, Audit & Risk Services	CPA Patrick K. Kirui	9904 & 1542419	ICPAK & IIA
21. Director, Commercial Services	CPA Kipchumba Kendagor Daniel	23795/2166806	ICPAK & IIA
22. Director Legal Services/ Corporation Secretary	Justus William Onchari Otiso	P105/4584/01/ LSK2023/12651	LSK& ICPSK
23. Manager, Finance	Mr. Thomas Ngetich	7617	ICPAK
24. Manager, Supply Chain	Mr. Bill Peter Saina	62672	KISM

**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](mailto:ceo@mtrh.go.ke)  
Web site: [www.mtrh.go.ke](http://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

### III. BOARD OF DIRECTORS

 <p><b>Mr. Sitoyo Lopokoiyit, MBS</b> <b>BOARD CHAIRMAN</b></p>	<p>Mr. Sitoyo Lopokoiyit, <b>MBS.</b>, 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 1<sup>st</sup> April 2021 to date; He has held various portfolios including; Chief Financial Services Officer– Safaricom Plc: (1<sup>st</sup> April 2018 – 31<sup>st</sup> March, 2021), Director M-Commerce &amp; Vodacom Foundation Board Member (1<sup>st</sup> Oct 2015 - 31<sup>st</sup> March 2018), Head of Department Strategy &amp; Business Development – Financial Services (M-PESA) (1<sup>st</sup> July 2011 - 30<sup>th</sup> 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 &amp; Industrial, Retailing Relationship &amp; Merchandise Manager, Field Trainer, East Africa - Chevron Kenya Ltd, (Jan 2008 - August 2009), Area Merchandising Executive Coordinator, East Africa &amp; 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><b>Mrs. Sharon Sang</b> <b>Non-Executive Director</b></p>	<p>Mrs. Sang holds a Masters degree in Public Administration, Villanova University, MSc. Nursing, Nurse Practitioner; Adult Acute Care, University of Alabama and Bachelor of Science Degree in Nursing, University of Alabama.</p> <p>She is 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><b>Mr. Alois Nderi</b> <b>Non-Executive Director</b></p>	<p>Mr. Alois Nderi is a financial expert with a Masters Degree in International Economics &amp; Finance, Rutgers University, U.S.A- 1981 and B.A Economics Jersey City State College, U.S.A- 1979.</p> <p>Managing Director, Triple Nine Associates Limited 1994 to date; Vice Chair Board, Kiamara Group of Companies Nov 2018 - August 2020; Board Member, Export Promotion Council 2007 to 2013; Financial &amp; Management Consultant, Kirimiri Coffee Estate 1994 - 2004; Operations Director, Tru - Fruits (K) Limited 1990 -1993; Financial Consultant, Quest Management Consultants 1988-1989; Senior Mortgage Officer, Housing Finance 1982-1988; Financial Analyst, Trust Company of New Jersey 1980-1981</p> <p><i>Independent Board Member, MTRH.</i></p>

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**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*



**Mr. Meshack Kibiwott Koima**  
**Alternate to Principal**  
**Secretary, The National**  
**Treasury.**

Meshack Kibiwott Koima is an Assistant Director of Information Communication and Technology, and currently attached to the Principal Secretary of the National Treasury.

Previously, Senior Assistant Secretary to the Principal Secretary at the Ministry of Environment and Forestry. Executive Assistant to the Principal Secretary at the State Department for Trade, Information Technology Officer at the Kenya Export Promotion and Branding Agency formerly known as Export Promotion Council.

He holds a Masters Degree in Information Technology Management from the University of Nairobi and a BSc in Computer Science from Moi University.

He is a creative IT expert and administrator with broad experience in the public sector spanning over ten years.

*Alternate to Principal Secretary, the National Treasury*



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

Prof. Robert Kuremu 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 (COSECSA) 1999.

*Ag. Principal Moi University College of Health Sciences.*



**Mr. James Muchiri Ngungu**  
**Alternate to Principal Secretary, State Department for Higher Education & Research**

Mr. James Muchiri Ngungu holds a Master's 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.

*Alternate to Principal Secretary, State Department for Higher Education & Research,*



**Mr Jeremy Oloo**  
**Alternate to Attorney General**

Mr Jeremy Oloo is the Chief State Counsel, North Rift region. He holds a Master Degree in Business Administration & Bachelor's degree in Law. He has work experience spanning 29 years in Administration & Legal expertise especially in Family law.



**Dr. Wilson K. Aruasa, MBS, EBS**  
**Chief Executive Officer/  
Secretary to the Board**

Dr. Wilson K. Aruasa *MBS, EBS.*, holds a Master's Degree in Obstetrics & 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.

Honorary lecturer, Moi University School of Medicine; Member AMPATH Executive Committee and AMPATH Board.

*Chief Executive Officer (Upto 21/01/2024)*

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**Dr. Philip K. Kirwa**  
*Ag. Chief Executive Officer  
/Secretary to the Board (From  
22/01/2024)*

Dr. Philip Kirwa holds a Master's degree in Obstetrics and Gynaecology(UON), MBChB (UON). A fellow of the East, Central and Southern Africa College of Obstetrics and Gynaecology (*ECSACOG*), Strategic Leadership Development Programme (KSG), Senior Management Course (KSG) and a Certified Mediator, (MTIP). Has work experience of over 20 years as a medical specialist in Senior Management positions.

**IV. MANAGEMENT TEAM**

NAME	AREA OF RESPONSIBILITY
 <b>Dr. Philip K. Kirwa</b> M.Med in Obs-Gynae (UON), MBChB, (UON)	<b>Ag. Chief Executive Officer (From 22/01/2024)</b>  <b>Senior Director-Clinical Services (Upto 21/01/2024)</b>
 <b>Dr. Wilson K. Aruasa, MBS, EBS</b> M.Med in Obs-Gynae (UON), (MBChB, (MU), MBA (USIU)	<b>Chief Executive Officer (Upto 21/01/2024)</b>
 <b>Dr. Tarus B. Kipchumba (PhD)</b> PhD Strategic Mgt, MSc. HRD, MBA, BBM, CPS(K), CPA(K) & CHRP(K).	<b>Senior Director – Administration &amp; Finance</b>
 <b>Mr. Mathews Birgen</b> MBA-Finance (MU), BCOM (UON), CPA(K)	<b>Director, Finance</b>

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NAME	AREA OF RESPONSIBILITY
 <p><b>Ms. Ann Chemworsio</b> MBA-Human Resource Management (MU), MBA-Health Management (USIU), B.ED (MU), PGD in HRM (KIM)</p>	<p><b>Director, Human Resource Management &amp; Development</b></p>
 <p><b>Dr. Victor Maina</b> MBA, Moi University, B. Pharm (UON)</p>	<p><b>Director, Pharmacy &amp; Nutrition</b></p>
 <p><b>Dr. Owen Menach</b> M.MED (UoN), MBChB (UoN), Ortho-AIIMS (India)</p>	<p><b>Director, Surgical Services</b></p>
 <p><b>Mr. Titus Tarus</b> MScN- Peadiatrics &amp; Child Health, BScN</p>	<p><b>Director, Nursing Services.</b></p>






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NAME	AREA OF RESPONSIBILITY
 <p><b>Ms. Florence C. Tum</b> BSC-Biochemistry, DMLT</p>	<p><b>Director Laboratory Services</b></p>
 <p><b>Dr. Ezekiel Kimutai</b> M.MED.(UoN), MBChB (Moi Univesity)</p>	<p><b>Director, Radiology and Imaging Services</b></p>
 <p><b>Mrs. Christine Wanjiku Tonui, CS(K)</b> MSC-Research Administration, MBA- Strategic Management, BSC. Public Health, CPS(K)</p>	<p><b>Director, Health Administration</b></p>
 <p><b>Dr. Wycliffe K. Kosgei</b> M.MED (MU), MBChB, (MU)</p>	<p><b>Director, Reproductive Health</b></p>





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NAME	AREA OF RESPONSIBILITY
 <p><b>Dr. Polycarp Mandi</b> MBChB, (Nairobi), MMed.- Peadiatrics (Nairobi), Pead Gastro (Cape Town, SA)</p>	<p><b>Director, Child Health &amp; Paediatrics</b></p>
 <p><b>Dr. Mwai George</b> B.D.S, M.D.S in Periodontology (KE), Dip - GBT (Switzerland)</p>	<p><b>Director, Dental Services</b></p>
 <p><b>Dr. Edith Kwobah</b> MBChB, M.Med Psychiatry, PhD</p>	<p><b>Director, Mental Health &amp; Rehabilitative Services</b></p>
 <p><b>Dr. Wilson Sugut</b> MBChB (UON) 1999, M.Med (Int.Med)2009</p>	<p><b>Director, Internal Medicine</b></p>

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NAME	AREA OF RESPONSIBILITY
 <p><b>Dr. Jesse Opakas</b> MBBS(Wuhan), FC(Rad Onc) (SA) Stellenbosch</p>	<p><b>Director, Hemato-Oncology</b></p>
 <p><b>Mr. Caleb Koech</b> Msc-Advanced Nursing Practice, Bsc-Nursing</p>	<p><b>Director, MTRH College of Health Sciences</b></p>
 <p><b>CPA Kipchumba Kendagor Daniel</b> MBA,-Finance, BCOM, CPA(K), IIA</p>	<p><b>Director, Commercial Services</b></p>
 <p><b>Dr. Thomas Mwogi</b> MBChB (UoN), MMed - Internal Medicine (MU), MS Health Informatics (Indiana University)</p>	<p><b>Chief Information Officer</b></p>

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NAME	AREA OF RESPONSIBILITY
 <p><b>CPA Patrick K. Kurui</b> MBA (Finance), B.A (Econs), CPA(K), IIA</p>	<p><b>Director, Audit &amp; Risk Services.</b></p>
 <p><b>Mr. Thomas Ngetich</b> MBA-Finance (MU), MBA-Health Leadership and Management (USIU), BA-Economics (UON), CPA(K)</p>	<p><b>Manager, Finance</b></p>
 <p><b>Mr. Bill Saina</b> MBA- Procurement, CIPS, B.COM (UON)</p>	<p><b>Manager, Supply Chain</b></p>
 <p><b>Justus William Onchari Otiso</b> LL.B(Hons) (Wolv), LL.M (Notts), Dip KSL, Certified Public Secretary, Accredited Mediator.</p>	<p><b>Director Legal Services/ Corporation Secretary</b></p>

## V. BOARD CHAIRMAN'S STATEMENT



MR. SITOYO LOPOKOIYIT, **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 year ended 30<sup>th</sup> June, 2023.

During the period under review, Moi Teaching and Referral Hospital (MTRH) continued to offer specialized medical services including 18 Kidney Transplants, 15 Corneal Transplants, 2502 Children Haemodialysis, 2896 Minimally Invasive Surgeries, 109 Open Heart Surgeries, 14,808 External Beam Radiotherapy, 283 Brachytherapy and 19,622 Oncology Services.

Despite return of normalcy following the two challenging years of COVID-19 Pandemic however, the war in Ukraine led to supply chain disruption causing demand-driven inflationary pressure and weakening of the Kenya shilling relative to the US Dollar and other World major currencies. This consequently

affected purchase price for commodities for hospital operations including Pharmaceutical & Non-Pharmaceutical supplies and Hospital Equipment.

### **Affirming MTRH True North and Strategic Goals**

Towards achievement of the Hospital's key mandate and meeting patients' healthcare needs, the MTRH Board has put in place structures for continuous investment in Human Resources for Health (HRH), Human Resource Capacity Development and adoption of best practices through Exchange Programmes; Research, Development & Innovation; Modernization of Medical Equipment; Infrastructure Upgrade as well as leveraging on Technology and Innovation. Among the key investments during the period include Expansion of MTRH Radiotherapy Centre with the second Linear Accelerator (LINAC) installed and commissioned, Construction of MTRH Financial Services Centre of Excellence, Construction of 1.5 Tesla MRI and Cathlab Centre, Extension of Mental Health Unit, Private Wing Unit Power Upgrade, the new 150 Kilogram/hr Incinerator, Equipping of Mother and Baby Hospital, Equipping of Shoe4Africa Children Hospital and Equipping of the Intensive Care Unit (ICU), High Dependency unit (HDU) and Medical Wards.

MTRH's upcoming projects include The Proposed Construction and Equipping of 2,000-Bed Multi-Specialty MTRH, The Proposed Construction and Equipping MTRH Harry J Dyer Burns Centre, The Proposed Construction and Equipping of Shoe4Africa Julie Anne Perry Children's Cancer Hospital and The Proposed Construction and Equipping of 250-Bed Inpatient Complex in the Private Wings.

### **MTRH Implementation of Bottom-Up Economic Transformation Agenda (BETA)**

MTRH is proud to be among the leading government entities in the implementation of Universal Health Care which is a key pillar in BETA. In partnership with NHIF and 23 County Government, MTRH continues to sensitize the general public on the importance of registering themselves for healthcare insurance cover towards improving access to quality healthcare. The uptake of healthcare insurance however has been low due to socio-economic factors and adverse selection where people only enroll when diagnosed with chronic conditions requiring long term medication. Additionally, some patients 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 that subsequent negatively affects cash flows. This scenario call for involvement of both National and County Governments in order to ensure access to healthcare and implementation of the Universal Health Care.

The Board of Directors displayed unwavering dedication in carrying out its mandate, with a steadfast commitment to steering MTRH towards the realization of its visionary goals throughout the period under review. During this time, the Board convened for a total of Four Full Board meetings, held on the 5<sup>th</sup> of August 2022, 18<sup>th</sup> November 2022, 10<sup>th</sup> February 2023, and 5<sup>th</sup> May 2023, as well as three Special meetings on the 19<sup>th</sup> of August 2022, 30<sup>th</sup> January 2023, and 30<sup>th</sup> March 2023.

Furthermore, a board retreat was convened from the 24<sup>th</sup> to the 26<sup>th</sup> of May 2023, serving as a pivotal platform for the comprehensive evaluation and endorsement of the MTRH Strategy for the years 2023 to 2028. This intensive review and approval process further underscored the Board's commitment to charting a strategic course for the institution's future success.

#### **Acknowledgments**

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, The National Treasury & Economic Planning, our parent Ministry of Health, and The National Assembly for the support in providing guidance, leadership and resources that has enabled MTRH discharge its mandate.

I would also like to express my sincere gratitude to my fellow Board Members for their dedication and policy direction and the outgoing Chief Executive Officer, Dr. Wilson K. Aruasa, **MBS, EBS.**, for steering MTRH to greater achievement during this period. I wish also to thank all the Management and Staff for their tireless dedication to service.

I am confident that as a team, our commitment and dedication will make MTRH to be a Global Leader in the provision of Exceptional Multi-Specialty Healthcare, Training and Research.



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

## **VI. REPORT OF THE CHIEF EXECUTIVE OFFICER**



**DR. PHILIP K. KIRWA**

### **Introduction**

During the year ended 30th June 2023, the Hospital achieved cumulative revenues of Kshs. 11.8 Billion being Kshs. 8.048 Billion GOK Recurrent Grants and Kshs. 3.756 Billion from cost sharing fees.

### **Specialized Healthcare Delivery**

In cognizance of the need for super-specialized management of the various diseases, the Hospital Management, through collaboration with a number of stakeholders and partners has established and

operationalized Centres of Excellence for management of the respective diseases. These centres include the Chandaria Cancer and Chronic Disease Centre for the management of non-communicable diseases, Nawiri 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, a Burns Hospital and New 250 Bed Private Wings inpatient complex.

### **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. MTRH continues 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**

Despite the Volatile, Uncertain, Complex and Ambiguous (VUCA) operating environment and unfavourable macroeconomic environment, MTRH continuous to leverage on its competent Human Resource for Health (HRH) and strategic investment in infrastructure and modern medical equipment to render quality healthcare services that meet current and emerging demand. Investment in new equipment and infrastructure is key to service provision with all investments aligned to the MTRH Strategy. With these investments including the just completed extension of the 22 beds Mental Unit (Alcohol and Drug Abuse Centre), MTRH is well positioned to remain competitive and the preferred Hospital in the region.

MTRH received medical equipment under the French Government Grant including two anaesthetic machines, Five Operating Tables, Two C-arm Machines, Four Operating Theatre Lights, 10 Landry Machines among others.

### **Performance Management**

MTRH has been implementing Performance Contracting since FY 2004/2005 and is currently on the 19<sup>th</sup> Cycle. Over these years, MTRH has seen tremendous progress on all performance measures and has consistently attained excellent performance making MTRH the top State Corporation in the Ministry of Health as evaluated by Public Service Performance Management and Monitoring Unit (PSPMMU). The Hospital achieved 102.70% (2017/18FY), 110.75% (2018/19FY), 115.16% (2019/20FY), 121.22% (2020/21FY) and 124.92 (2021/22FY); representing 22.22% improvement over a 5-year period.

### **MTRH 2023 – 2028 Strategy**

The new 2023-2028 Strategy will enable MTRH to be a thriving Hospital in the Region; adopting a combination of Red Ocean and Blue Ocean strategies to ensure the realization of its **True North** of “**Excellent Healthcare Delivery**” and **Purpose** of “**Being Pro Health and to promote the Well-being of the People and the Planet where they live**”.

The strategy is aligned to the Government’s Bottom-Up Economic Transformation Agenda (BETA) and the Kenya Vision 2030 with key focus on Universal Health Coverage (UHC). MTRH’s approach to service delivery is through Centres of Excellence (CoE) focusing on specialized and super-specialized services. The multi-speciality medical disciplines are supported by a robust deployment of Information Communication & Technology (ICT) to enhance operational efficiency and effectiveness towards patient-centred service delivery.

### **Investments**

During the period under review, the Hospital continued with the implementation of on-going multi-year projects. These projects include;

- MTRH Radiotherapy Centre – **Kshs. 151 Million**
- Construction of MTRH Financial Services Centre of Excellence – **Kshs. 58 Million**
- Construction and equipping of 1.5 Tesla MRI and Cathlab Centre – **Kshs. 374 Million**
- Extension of mental health unit – **Kshs. 9.9 million**
- Private wing unit power upgrade - **Kshs. 46 Million**
- New 150 Kg incinerator – **Kshs. 47 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. MTRH management sign the 2<sup>nd</sup> CBA circle with KMPDU, KNUN , KUDHEIHA and KUCO for the four-year period of 1<sup>st</sup> July 2022 to 30<sup>th</sup> June 2026.

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 and guideline by The National Treasury and Planning. During the period under review, the Hospital received GOK Recurrent Grants of **Kshs. 8.048 Billion** and generated **Kshs. 3.754 billion** from A.I.A sources. MTRH continues to ensure efficiency in resource management through implementation of the Enterprise Resource Planning (ERP) System, Internal Controls Measures and the expanded provision of specialized healthcare services.

## **Partnerships & Collaborations**


The Hospital Board and Management are cognizant of the fact that collaboration during the 21<sup>st</sup> 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 year 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.

 15-2-24

DR. PHILIP K. KIRWA  
Ag. CHIEF EXECUTIVE OFFICER

**VII. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES**

MTRH Purpose is to be pro-Health and promote the Well-being of the People and the Planet where they live guided by our True North of Excellent Healthcare Delivery. Our Vision is to be a Global Leader in the provision of Exceptional Multi-Specialty Healthcare, Training and Research. We are dedicated to providing specialized healthcare services, training and research through efficient, excellent clinical and operational processes and contributing to National Development founded on Core Values of Customer Focus, Professionalism, Integrity, Teamwork, Employee Empowerment, Security and Safety, Innovation and Creativity, Reliability and Environmental Sustainability.

The following five (5) Strategies are being deployed:

- (1) To Provide Responsive High Quality, Low-Cost<sup>1</sup> Multi-Specialty Healthcare and Management Systems;
- (2) To Create Enabling Environment for Healthcare Training, Research and Innovation;
- (3) To Strengthen Strategic Partnerships and Collaborations;
- (4) To Provide Excellent Care and Exceptional Customer Experience; and
- (5) To Create a Sustainable Revenue Base.

The assessment of the Performance against the Annual Work Plan is done every quarter and tied to 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 2022/2023 period as summarized below:

No	Strategy	Key Metrics	Performance Indicators	Activities	Achievements
1	Provide Responsive High Quality, Low-Cost Multi-Specialty Healthcare	1.1 Provision of specialized healthcare services	No. of Kidney Transplants (Target: 15) No. of Corneal Transplants (Target: 10) No. of Open Heart Surgeries	Provide Specialized Healthcare Services	18 Kidney Transplants, 15 Corneal Transplants, 109 Open Heart Surgeries, 16,816 Oncology Consultations,

<sup>1</sup> Affordable Healthcare Services that must be fully paid for.

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No	Strategy	Key Metrics	Performance Indicators	Activities	Achievements
0	and Management Systems;	1.2 Implement Universal Health Coverage/Car e (UHC) Interventions	(Target: 12) No. of Oncology Consultations (Target: 16,816) No. of Children Haemodialysis (Target: 2,200) No. of Minimally Invasive Surgeries (Target: 2,500) No. of External Beam Radiotherapy (Target: 10,200) No. of Brachytherapy Services (Target: 135) UHC Interventions implemented		<p>2,502 Children Haemodialysis Sessions,</p> <p>2,896 Minimally Invasive Surgeries</p> <p>14,808 External Beam Radiotherapy Services,</p> <p>283 Brachytherapy Sessions among other highly specialized healthcare services</p>
				Implement UHC Interventions.	<p>a) MTRH provided access to quality and highly specialized healthcare services. 463,231 Outpatients and 43,222 Inpatients attended. Over 12,000 Specialized Surgeries carried out and 1,354,563 laboratory examinations conducted.</p> <p>b) Conducted 69 Multi-Disciplinary Outreaches conducted.</p> <p>c) Building capacity of County Human Resources for Health through Exchange Programmes/ Preceptorships to improve service delivery.</p> <p>d) Over 59,503 patients sensitized on NHIF and over 4,700 clients enrolled.</p> <p>e) Implementation of Population Health / Primary Health Programmers to</p>

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No	Strategy	Key Metrics	Performance Indicators	Activities	Achievements
					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.
	1.3 Institutionalize Treatment Protocols.	100% implementation of Treatment Protocols.	Institutionalize Treatment Protocols.	a) All Departments developed and implemented Patient Management Protocols. The implementation of Protocols is continually checked through Hospital Management Team (HMT) Meetings/Rounds/Criterion Based Clinical Audits, Internal Quality Audits, Performance Contracts, Management Supervisory Rounds and Review Meetings.	
	1.4 Implement Patient Safety Policy	% Implementation of MTRH Patient Safety Policy & Protocols	Implement Patient Safety Policy	a) MTRH is a recognized Patient Safety Zone; Achieved through effective implementation, monitoring and evaluation of the Patient Safety Policy; b) Patient Safety Unit with a full-time Patient Safety Coordinator to strengthen Patient Safety Initiatives across all Departments in the Hospital; c) Patient Safety Policy and Guidelines developed, approved and circulated to staff for implementation	
	1.5 To Improve Processes and Management Systems.	Implementation Index of ISO Standards.	Implement ISO Standards.	a) ISO 9001:2015 Surveillance Audit carried out on 27 <sup>th</sup> - 30 <sup>th</sup> June 2023. Implementation of Corrective Action Plans undertaken. MTRH recommended for continued Certification. b) SO 15189:2012 Accreditation Certificate valid until 13 <sup>th</sup> December 2026. c) Certification Audit for ISMS (ISO/IEC 27001:2013) carried out on 27 <sup>th</sup> - 30 <sup>th</sup> June 2023. Implementation of Corrective Action Plans undertaken. MTRH recommended for Certification. d) ISO 45001:2018 Certification Audit for carried out on 27 <sup>th</sup> - 30 <sup>th</sup> June 2023. Implementation of Corrective Action Plans undertaken. MTRH recommended for Certification.	

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N	Strategy	Key Metrics	Performance Indicators	Activities	Achievements
0			Implementation of MTRH Enterprise Resource Planning System and Telemedicine.	Enhance efficiency through implementation of MTRH Enterprise Resource Planning (ERP) System and Telemedicine.	<p>a) ERP Modules 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) 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>
	1.6 Enhance Environmental Sustainability.	Environmental Sustainability Interventions implemented.	Implement Environmental Sustainability Interventions	<p>a) Environmental Sustainability Audit conducted on 8<sup>th</sup> June 2023. Implementation of recommendations ongoing. Trees planted within the Hospital on June 16, 2023. MTRH further participated in the 7<sup>th</sup> edition of Annual Kaptagat Tree Planting in Elgeyo Marakwet County led by H.E. The President of the Republic of Kenya on 30<sup>th</sup> June 2023.</p> <p>Energy Conservation Guidelines continually implemented. Solar Flood Lights Masts installed across Strategic Points in the Hospital as well as Water Heating Systems in the Wards.</p>	
	1.7 Implement MTP III/IV Flagship Projects	2 <sup>nd</sup> LINAC Equipment installed and operationalized	Expansion of MTRH Radiotherapy Services through procurement of 2 <sup>nd</sup> LINAC Machine.	True Beam Linear Accelerator installed and operationalized.	Works on-going: Carpentry, Welding/Fabrications and Painting.

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N	Strategy	Key Metrics	Performance Indicators	Activities	Achievements
0			Financial Services Centre of Excellence.	of MTRH Financial Services Centre of Excellence.	
			% Completion of 1.5 Tesla MRI/ Cathlab Centre.	Construction of 1.5 Tesla MRI/ Cathlab Centre	Works on-going: Rendering on Beams & Columns, Keying of External Walls, Laying of Terrazo, Gypsum Ceiling, Steel Works (Gutters), and Window Sills.
			% completion of installation works of 150kg/Hour Incinerator	Installation of 150kg/Hour Incinerator	Project Completed and Handed Over for use.
			% completion of MTRH Power Upgrade	MTRH Power Upgrade	Project Completed and Handed Over for use.
			% completion of extension works of MTRH Alcohol and Drug Abuse Rehabilitation Centre (Additional 22 Beds).	Extension of MTRH Alcohol and Drug Abuse Rehabilitation Centre (22 Beds)	Project Completed and Handed Over for use.

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No	Strategy	Key Metrics	Performance Indicators	Activities	Achievements
2	To Create Enabling Environment for Healthcare Training, Research and Innovation	2.1 To Strengthen Human Resource Capacity.	Implementation Index of MTRH Staff Capacity Development Guidelines.  Number of Staff in the MTRH Establishment.	100% implementation of MTRH Staff Capacity Development Guidelines.  Attract & retain Competent Human Resources for Health (HRH).	a) Training Needs Analysis for three FY 2022/2023, 2023/2024 & 2024/2025 approved by CEO on 24/08/2022. Staff trained in Post Graduate, Post Basic and Management Courses as per Approved TNA  a) MTRH has a total of 3,655 staff (2,425 Technical Staff and 1,230 Corporate Staff)
		2.2 To strengthen Research and Training	Implementation Index of the MTRH Staff Promotion based on the Career Guidelines.  Number of Research Published.	100% implementation of MTRH Staff Promotions.  Publish Research Projects.	a) Promotions done as guided by the MTRH Career Guidelines and MTRH Human Resource Policy and Procedures Manual.  a) 262 Protocols Approved. 203 Research carried out and published including AMPATH Research Publications presented in Semi-Annual Compendiums. b) Research conducted by International Experts is led by Local Principal Investigators (PIs).
			Number of Market-Driven Courses and student	Implement Collegiate Programmers for Post-	a) Implementation of Collegiate Programmes for Postgraduate Training at MTRH to bridge the gap for highly specialized staff; for example College of Surgeons of East, Central and Southern Africa (COSECSA) for General Surgery and Orthopedic & Trauma Surgery; East and Central Africa College of Physicians

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No	Strategy	Key Metrics	Performance Indicators	Activities	Achievements
			enrollments at the MTRH and MTRH College of Medicine.	Graduate Trainings at MTRH.  Introduce market-driven short courses at the MTRH College of Health Sciences (CHS).	<p>(ECSACOP) for Physicians Training; College of Ophthalmology of Eastern Central and Southern Africa (COECSA) for the training of Ophthalmologists and College of Anaesthesiologists of East, Central and Southern Africa (CANESCA) for the training of Anaesthesiologists amongst others.</p> <p>b) Courses provided at the MTRH College of Health Sciences include Higher Diploma in Chronic Disease Management, Mental Health, Paediatrics &amp; 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.</p>
	2.3 To Maintain Effective, Dynamic and Transformational Leadership	Performance-Based Management System implemented.	Implement Performance-Based Management System.	<p>a) 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). MTRH has sustained excellent performance over the years. Achieved 133.85% in FY. 2022/2023, 124.93% in FY. 2021/2022, 121.22% in FY. 2020/2021); 12.63% improvement in 3 years.</p> <p>b) Directorates, Departments and Individual Staff sign Performance Contracts. Evaluated monthly, quarterly and annually.</p>	
		Implementation Index (%) of the Mwongozo Code of Conduct.	Implementation of Mwongozo Code of Conduct.	<p>a) Mwongozo Code of Conduct circulated to all MTRH Board Members and implemented.</p> <p>b) Three (3) Board Members inducted on 17<sup>th</sup> – 27<sup>th</sup> April 2023.</p> <p>c) Board Meetings held as per Calendar of Board Meetings.</p> <p>d) Board Evaluation consistently carried out (annually) facilitated by State Corporations Advisory Committee (SCAC).</p>	
		Number of Approved MTRH Policies.	Hold Annual Reviews of MTRH Policies.	<p>a) Policies Approved on 7th June 2023: (1) Corporate Social Responsibility and (2) MTRH Workplace HIV and AIDS Prevention and Control.</p>	



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No	Strategy	Key Metrics	Performance Indicators	Activities	Achievements
					<p>b) Policies Approved on 24th March 2023: (1) MTRH Workplace Policy on Gender-Based Violence (2) MTRH Policy on Gender Mainstreaming and (3) MTRH Occupational Health &amp; Safety Policy.</p> <p>c) Policies Approved on 13th January 2023: (1) Standards and Guidelines for ICT (2) Corruption Prevention and Whistler Protection Policy and (3) ICT Disaster Recovery Plan.</p>
	2.4 Enhance harmonious working relationships with Trade Unions	Number of Meetings with Trade Unions	Undertake meetings with all Trade Unions	<p>a) Eight (8) Meetings held with Trade Unions (KMPDU: 26<sup>th</sup> July 2022 &amp; 20<sup>th</sup> September 2022; KUDHEIHA: 20<sup>th</sup> July 2022 &amp; 22<sup>nd</sup> July 2022; KNUN: 27<sup>th</sup> July 2022 &amp; 26<sup>th</sup> September 2022; KUCO: 19<sup>th</sup> July 2022 &amp; 30<sup>th</sup> September 2022).</p>	
3	Strengthen Strategic Partnership and Alliances	3.1 To Strengthen Strategic Partnership and Alliances.	Number of Strategic Partnerships sustained.	Create and sustain Collaborative Partnerships.	<p>a) MTRH continues to sustain Strategic Partnerships with International and Local Partners including Consortium of North American Universities led by Indiana University and other Academic Medical Centres 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 &amp; Östergötland County Council, Sweden; University of Amsterdam (Doctor-to-Doctor Foundation) Netherlands; Chandaria Foundation; Safaricom Foundation, Operation Eyesight Universal, Operation Smile International, Lions Club International.</p>
			100% implementation of Public-Private Partnership	Foster Public-Private Partnership for Specialized Health	<p>a) MTRH is in process of establishing Modern College of Medicine through Public-Private Partnership (PPP). It has been approved by The National Treasury and Economic Planning to be implemented at a cost of Kshs. 947 million.</p> <p>b) Technical and Financial Evaluations carried out for Technical Advisor (TA) to</p>

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N 0	Strategy	Key Metrics	Performance Indicators	Activities	Achievements
			Agreements.	Services.	conduct Feasibility Study for the establishment of the College.
4	Provide Excellent Care and Exceptional Customer Experience; and	4.1 Improve Customer Experience	Implementation Index (%) recommends 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 (SERQUAL). All five (5) dimensions had a positive quality gap score of 0.72 indicating that patient expectations were met.</p> <p>b) Recommendations from the Survey were implemented which include strategies for reducing waiting time at Outpatient Department, Queue Management, promptness in communication of patients results, addressing delays in discharge and National Health Insurance Fund (NHIF) processes and the culture of continual improvement.</p>
5	To Create a Sustainable Revenue Base.	4.2 To Improve Revenue Generation	<p>% compliance with Debt Management Policy.</p> <p>% compliance with the Approved Budget and Procurement Plan.</p>	<p>100% implementation of the Debt Management Policy.</p> <p>Implement Annual Budget and Procurement Plan.</p>	<p>a) Credit Control and Evaluation Committee assesses Individual Debtors' Creditworthiness. NHIF sensitization and registration are incorporated as part of the Client Credit Assessment Process.</p> <p>b) Over 59,503 patients were sensitized on NHIF and over 4,700 clients enrolled.</p> <p>a) MTRH complied fully with the Approved Procurement Plan and Budget for FY 2022/2023.</p>

## **VIII. 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 Mwongozo 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 & Research, Principal Secretary the National Treasury & Economic Planning, Principal Moi University College of Health Sciences and representative of Attorney-General. All appointed board members were inducted.

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**

Induction of new Board Members who include the Alternate to Principal Secretary, The National Treasury & Economic Planning and Alternate to the Attorney General, was held on 30<sup>th</sup> March 2023 & 6<sup>th</sup> July 2023 respectively.

One Director underwent a one-week Corporate Governance Training in Mombasa from 21<sup>st</sup> - 25<sup>th</sup> 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 State Corporations Advisory Committee facilitates annual evaluation of the MTRH Board. For the year ended June 30<sup>th</sup>, 2023, the evaluation was conducted on August 10<sup>th</sup>, with the outcomes officially submitted on August 11<sup>th</sup>, 2023.

#### **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;

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Type of payment	Chairman	Member
Honoraria (per month)	Ksh. 80,000 (Gross)	-
Telephone allowance (per month)	Ksh. 7,000 (Gross)	-
Sitting allowance (per sitting)	Ksh. 20,000 (Gross)	Ksh. 20,000 (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 Full Board and Committee Meetings as detailed below;

#	BOARD MEETING	DATE
	<b>QUARTER 1</b>	
1	People Management Committee	14th July, 2022
2	Audit Risk & Compliance Committee	15 <sup>th</sup> July 2022
3	Hospital Operations & Standards	21 <sup>st</sup> July 2022
4	Finance & Strategy Committee	22 <sup>nd</sup> July, 2022
5	Full Board	5 <sup>th</sup> August 2022
6	Special Meeting - Finance & Strategy Committee	18 <sup>th</sup> August 2022
7	Special Meeting - Full Board	19 <sup>th</sup> August 2022
	<b>QUARTER 2</b>	
1	Finance & Strategy	19 <sup>th</sup> October, 2022
2	People Management Committee	21 <sup>st</sup> October, 2022
3	Audit Risk & Compliance Committee	27 <sup>th</sup> October, 2022
4	Hospital Operations & Standards	28 <sup>th</sup> October, 2022
5	Full Board	18 <sup>th</sup> November, 2022
6	Special Meeting - People Management Committee	23 <sup>rd</sup> November, 2022
7	Special Meeting - People Management Committee	16 <sup>th</sup> December, 2022
	<b>QUARTER 3</b>	
1	Hospital Operations & Standards	19th January 2023
2	Audit Risk & Compliance	20th January 2023
3	Finance & Strategy Committee	26th January 2023
4	People Management Committee	27th January 2023
5	Special Meeting - Full Board	30th January 2023
6	Full Board	10 February 2023
7	Special People Management Committee	16 <sup>th</sup> March 2023
8	Special Meeting - Full Board	30 <sup>th</sup> March 2023
	<b>QUARTER 4</b>	
1	Finance & Strategy Committee	20 <sup>th</sup> April 2023
2	People Management Committee	26 <sup>th</sup> April 2023
3	Audit, Risk & Compliance Committee	27 <sup>th</sup> April 2023
4	Hospital Operations & Standards	28 <sup>th</sup> April 2023
5	Full Board	5 <sup>th</sup> May 2023
6	Board Retreat	24 <sup>th</sup> to 26 <sup>th</sup> May 2023

### **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. In accordance with Guidelines on the Management of State Corporations, the composition of Board Committee was reviewed in November 2022. The terms of reference and roster of members for the Committees is as follows.

#### **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. James Muchiri                        | - | Chairperson               |
| 2. Dr. Michael Gichangi                     | - | Member                    |
| 3. Mr. Meshack Koima                        | - | Member                    |
| 4. Dr. Wilson K. Aruasa, <b>MBS, EBS.</b> , | - | CEO (Upto 21/01/2024)     |
| 5. Dr. Philip K. Kirwa                      | - | Ag. CEO (From 22/01/2024) |

#### **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. Ms. Sharon Sang                          | - | Chairperson               |
| 2. Mr. James Muchiri                        | - | Member                    |
| 3. Mr. Alois Nderi                          | - | Member                    |
| 4. Mr. Jeremy Oloo                          | - | Member                    |
| 5. Dr. Wilson K. Aruasa, <b>MBS, EBS.</b> , | - | CEO (Upto 21/01/2024)     |
| 6. Dr. Philip K. Kirwa                      | - | Ag. CEO (From 22/01/2024) |

#### **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. Mr. Alois Nderi    | - | Chairperson |
| 2. Mr. Meshack Koima  | - | Member      |
| 3. Mr. Jeremy Oloo    | - | Member      |
| 4. Prof. Kuremu Tenge | - | Member      |
| 5. 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. Dr. Michael Gichangi                     | - | Chairperson               |
| 2. Prof. Kuremu Tenge                       | - | Member                    |
| 3. Mrs. Sharon Sang                         | - | Member                    |
| 4. Dr. Wilson K. Aruasa, <b>MBS, EBS.</b> , | - | CEO (Upto 21/01/2024)     |
| 5. Dr. Philip K. Kirwa                      | - | Ag. CEO (From 22/01/2024) |

## IX. MANAGEMENT DISCUSSIONS AND ANALYSIS

### A) CLINICAL PERFORMANCE

#### CLINICAL MANAGEMENT

During the year ended 30<sup>th</sup> June 2023, MTRH continued to offer specialized medical care by attending to **462,122** outpatients compared to **500,488** in the last financial year representing **8%** decrease. It also attended to **44,685** inpatients in the period under review compared to **45,267** in the last financial year registering **1%** decrease on admissions. The number of maternal deliveries for the period was **11,098** compared to **11,916** in the year ended 30<sup>th</sup> June 2022 representing a **7%** decrease. Theatre procedures decreased from **16,474** in the year ended 30<sup>th</sup> June 2022 to **16,255** in the year ending 30<sup>th</sup> June 2023 representing **1%** decrease.

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

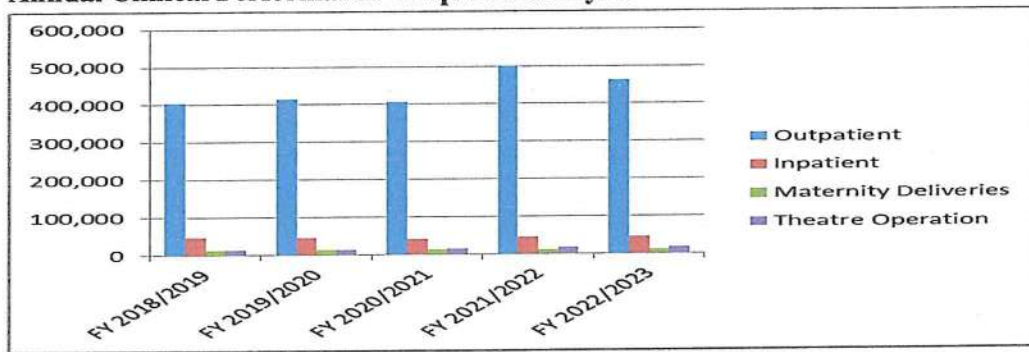
**Table 1: Comparative Annual Clinical Performance Analysis**

#	PERIOD	FY 2018/2019	FY 2019/2020	FY 2020/2021	FY 2021/2022	FY 2022/2023
1	Outpatient	404,138	412,971	405,814	500,488	462,122
2	Inpatient	46,536	45,050	40,717	45,267	44,685
3	Maternity Deliveries	13,185	12,793	12,379	11,916	11,098
4	Theatre Operation	13,433	14,104	14,420	16,474	16,255
	<b>Total</b>	<b>477,292</b>	<b>484,918</b>	<b>473,330</b>	<b>574,145</b>	<b>534,160</b>

Despite the decrease in the overall number of patients seen, it's noteworthy that the majority of patients seeking medical attention were specifically seeking specialized services rather than primary care services. This shift in patient demographics underscores the growing recognition of MTRH's excellence in delivering specialized healthcare.

Furthermore, it's important to highlight that MTRH's concerted efforts in conducting outreaches and in-reaches have yielded significant positive outcomes. As a direct result of these initiatives, County healthcare facilities both in Uasin Gishu and in neighbouring counties have markedly improved their capacity to provide effective primary care services. This collaborative approach has not only enhanced the overall healthcare landscape in the region but has also substantially reduced the burden on MTRH, allowing us to focus our resources and expertise on the delivery of specialized care to those in need.

### Annual 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. 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.

The Hospital Board and Management have been able to facilities 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 Centers 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
  - MTRH upcoming New Multi-Specialty MTRH Project
  - The MTRH Harry J Dyer Burns Centre
  - Construction and Equipping of Shoe4Africa Julie Anne Perry Children's Cancer Hospital.
  - New 200 Bed Private Wing II inpatient
- 
- **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:

- **Cybersecurity**  
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 and extension of Private Wing II OPD, MRI & Cath Lab Centre, MTRH Financial Services, MTRH upcoming New Multi-Specialty MTRH Project, The MTRH Harry J Dyer Burns Centre, Contraction and Equipping of Shoe4Africa Julie Anne Perry Children's Cancer Hospital and Construction of Private II Inpatient Block Hospital and Equipping.



**b) HealthCare 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-sectorial collaboration to address the social determinants of health.

**c) Linda Mama Programme**

The Government implemented Linda Mama Maternity programme with effect from May 2013, where a package of **Ksh. 17,500.00** is reimbursed per maternal delivery. Often the costs incurred in MTRH for this service exceed the reimbursable amount because most referred cases are emergencies and 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**

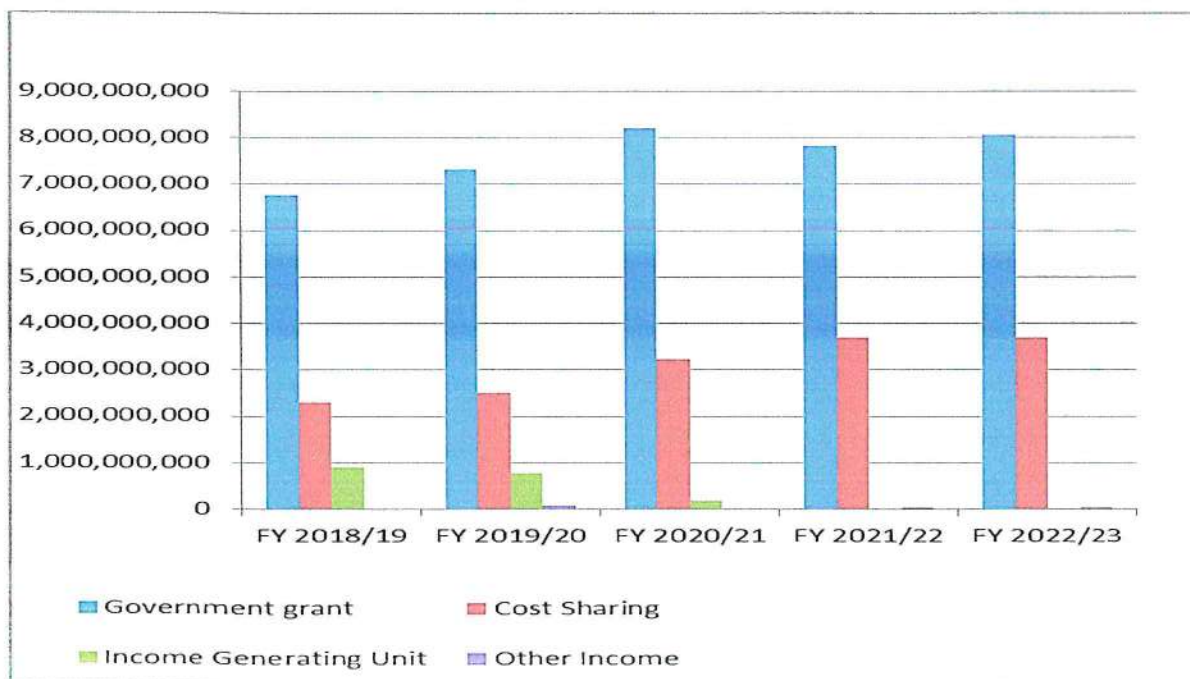
**i) Revenue**

The Revenue for the Financial Year ended 30 June, 2023 was **Kshs. 11.8 Billion** compared to **Kshs 11.6 Billion** in the last financial year. Below is a 5-year trend analysis on revenue growth realized;

**Table 2: Revenue Analysis**

Source	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23
Government grant	6,773,680,571	7,320,147,670	8,213,266,926	7,827,739,990	8,048,000,000
Cost Sharing	2,294,367,752	2,512,062,987	3,220,812,901	3,700,787,273	3,705,726,905
Income Generating Unit	895,774,966	767,261,210	178,082,064	16,780,267	14,644,172
Other Income	22,951,161	75,696,779	24,500,212	43,870,701	34,410,169
<b>Total Revenue</b>	<b>9,986,774,450</b>	<b>10,675,168,646</b>	<b>11,636,662,103</b>	<b>11,589,178,231</b>	<b>11,802,781,246</b>

### Graphical Five Year Revenue Analysis



#### 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, and also a non-disbursed development grant of **Kshs.101 Million** for FY 2022/23.

#### 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, The National Treasury and Planning Ministry, the Office of Auditor General, Controller of Budget, and Commissioner on Revenue Allocation 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 Annual Report and Financial Statements FY 2021/2022, and issued a certificate.

### **C) MAJOR RISKS FACING THE MTRH**

Risk management is a core competency that allows the Board of Management to optimize risk-taking in services delivery. MTRH is exposed to events and actions that contribute towards uncertainties in operation.

The risk management framework in MTRH

- The Board Audit, Risk and Compliance Committee responsible for compliance with relevant laws, procedures and standards, quality of financial reporting, oversight in internal control systems and reviewing audit reports.
- MTRH Risk Management Committee at Moi Teaching and Referral Hospital is responsible for comprehensive risk assessment, proactive risk mitigation, incident analysis, patient safety enhancement, quality improvement, policy review, and fostering a culture of continuous improvement to safeguard the hospital's reputation and optimize overall operational excellence.
- The Directorate of Internal Audit Services, the Head of Risk Management, and the Risk Coordinator collectively play crucial roles in driving effective risk management practices within the organization. They are responsible for strategic leadership, risk assessment, mitigation planning, communication, training, incident management, and collaboration with stakeholders to foster a culture of risk awareness and control. Their teamwork contributes to the organization's long-term success, resilience, and ability to navigate challenges while achieving its objectives.
- Department of quality assurances maintain register of all incidents in the Hospital and quality management team analyses the root course and corrective action to be in place to avoid future occurrences.

MTRH approach is to minimize exposure to governance, strategic, reputation, operational, and financial risk whilst accepting and encouraging an increased degree of risk in pursuit of its true North, Mission, Vision and Objectives.

Key Risk Indicators and Risk Triggers (KRIs) are critical predictors of unfavorable events that can adversely impact MTRH. This are conditions or events that lead to crystallization of a risk, the indicators that help successful identification, assessing the gaps, improving the indicators, validation and determining the triggers levels and monitoring changes in the levels of risk exposure and constitute early warning signs that enable risk mitigation.

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	Resource Constraints: Inadequate funding, staffing, or infrastructure for new services.	New services might not be successfully launched due to lack of necessary resources.	Conduct thorough feasibility studies and allocate sufficient resources upfront.
2	Market Demand Uncertainty: New services might not attract the expected patient volume.	Services may not be financially viable if patient demand is low.	Analyze market trends and engage in pre-launch marketing to gauge interest.

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#	Risk	Risk Analysis	Mitigation
3	Regulatory Hurdles: Delays due to obtaining necessary licenses and approvals.	Delays in regulatory processes could hinder the timely launch of new services.	Establish a dedicated team to manage regulatory compliance and expedite approvals.
4	Competitor Response: Competing healthcare providers might also introduce similar services.	Competition could impact the success of new services and patient acquisition.	Differentiate services by offering unique features and high-quality care.
5	Space Constraints: Inadequate physical space for accommodating new services.	Limited space could limit the hospital's ability to introduce new services.	Plan for space requirements and consider facility expansions if necessary.
6	Clinical Complexity: Some cases might inherently require longer stays or have higher mortality rates.	Reduction targets might not be achievable for all cases due to clinical variability.	Develop risk-adjusted benchmarks to account for clinical complexity.
7	Resistance to Protocol Changes: Staff might be hesitant to adopt new clinical protocols.	Clinical staff might resist changes that affect their established practices.	Involve staff in protocol development, provide training, and emphasize benefits.
8	Data Inaccuracy: Incorrect data might lead to inaccurate assessment of outcomes.	Inaccurate data could compromise the evaluation of length of stay and mortality rates.	Implement robust data validation processes and use multiple data sources.
9	Unforeseen Epidemics: Sudden outbreaks could impact both length of stay and mortality rates.	External factors like epidemics could influence patient outcomes.	Establish contingency plans for managing potential epidemics and surge capacity.
10	Technical Glitches: Integration might result in system crashes or data loss.	Poor integration could disrupt operations and compromise data integrity.	Conduct thorough testing and simulate potential integration issues before launch.
11	Resistance to Change: Staff might resist adopting new systems and workflows.	Employees might prefer familiar processes over new integrated systems.	Provide comprehensive training and involve staff in the system's design phase.
12	Data Security Concerns: Integrating systems could expose sensitive patient data.	Inadequate data security measures could lead to data breaches.	Implement robust data encryption and access controls to ensure patient data security.
13	Vendor Dependence: Reliance on a single vendor for ERP could lead to vulnerabilities.	Overreliance on a single vendor could impact system stability and support.	Diversify vendors or establish contingency plans in case of vendor issues.
14	Lack of Engagement: Staff might not actively participate in improvement initiatives.	Improvement efforts might not yield desired outcomes if staff are not engaged.	Create a culture of continuous improvement with incentives for staff participation.
15	Inconsistent Results: Improvements might not yield expected outcomes across all departments.	Performance improvements might be unevenly distributed across the organization.	Monitor and compare results across departments, adapting successful strategies.
16	Resource Constraints: Limited budget and time for implementing improvement projects.	Inadequate resources could hinder the successful execution of improvement initiatives.	Allocate dedicated resources for improvement projects and prioritize based on impact.

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#	Risk	Risk Analysis	Mitigation
17	Change Fatigue: Staff might feel overwhelmed by continuous improvement efforts.	Frequent changes could lead to burnout and reduced enthusiasm for improvements.	Balance improvement initiatives with staff workload and communicate benefits clearly.
18	Budgetary Constraints: Limited funding for upgrading facilities and purchasing equipment.	Modernization efforts might be hindered by insufficient financial resources.	Develop a comprehensive budget that allocates funds for infrastructure and equipment.
19	Technical Issues: New equipment might face compatibility or operational challenges.	New technology might not function as expected, affecting patient care.	Involve technical experts during procurement and ensure equipment meets requirements.
20	Maintenance Challenges: Lack of proper maintenance could lead to equipment breakdowns.	Inadequate maintenance could disrupt services and compromise patient care.	Implement routine maintenance schedules and staff training for equipment upkeep.
21	Disruption of Services: Equipment upgrades might cause temporary service interruptions.	Upgrades could lead to downtime, impacting patient care and operational continuity.	Plan equipment upgrades during off-peak periods and establish contingency plans.
22	Supply Chain Disruptions: Delays or shortages due to global events or logistic issues.	Inadequate supply of critical items could impact patient care.	Diversify suppliers and establish relationships with reliable sources.
23	Stock Management Errors: Inaccurate inventory management leads to stock outs or waste.	Poor inventory control could disrupt supply availability and increase costs.	Implement robust inventory management systems and conduct regular audits.
24	Quality Control Issues: Subpar supplies affecting patient care and safety.	Low-quality supplies could compromise patient outcomes and safety.	Set quality standards, conduct inspections, and test samples from suppliers.
25	Supplier Reliability: Dependence on a single supplier prone to issues.	Reliance on a single supplier could lead to disruptions in the supply chain.	Develop contingency plans and maintain safety stock for critical supplies.
26	Talent Shortages: Insufficiently skilled healthcare professionals available for hire.	Limited availability of qualified personnel could affect service delivery.	Develop in-house training programs to up skill existing staff and provide opportunities for career advancement.
			Highlight success stories of local healthcare professionals to demonstrate the potential for growth and impact.
27	Staff Turnover: High rate of staff leaving their positions.	Frequent turnover can disrupt operations and impact morale.	Implement performance-based bonuses to incentivize employees to stay and excel in their roles.
			Offer training programs, workshops, and certifications that enhance employees' skills and contribute to their career advancement.

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#	Risk	Risk Analysis	Mitigation
			Promote from within whenever possible to demonstrate that the hospital values employee growth.
			Implement a recognition program to acknowledge and appreciate employees' contributions.
			Regularly celebrate milestones, achievements, and exceptional performance among staff.
			Publicly recognize outstanding employees in hospital-wide communications and events.

**D) MATERIAL ARREARS IN STATUTORY/FINANCIAL OBLIGATIONS**

**Physical infrastructure and Equipment**

The current bed capacity of the Hospital is overstretched and 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. In the long-term, the New 2,000 Bed MTRH Multispecialty Hospital will address this challenge.

**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

## **X. ENVIRONMENTAL AND SUSTAINABILITY REPORTING**

Moi Teaching and Referral Hospital's (MTRH's) purpose is to be Pro-Health and promote the Well-being of the People and the Planet where they live. This will be achieved through Excellent Healthcare Delivery and Global Leadership in the provision of Exceptional Multi-Specialty Healthcare, Training and Research. Moi Teaching and Referral is dedicated to providing specialized healthcare services, training and research through efficient, excellent clinical and operational processes and contributing to National Development. Customer Focus, Professionalism, Integrity, Teamwork, Employee Empowerment, Security and Safety, Innovation and Creativity, Reliability and Environmental Sustainability.

### **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: Commissioning of the 2<sup>nd</sup> Bunker at MTRH Chandaria Cancer and Chronic Diseases Centre (CCCDC); Extension of Mental Health Unit; Private Wing Unit Power Upgrade and New 150 Kg Incinerator.

#### **c) Cashless System**

The sustaining of a cashless payment 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, 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). MTRH has sustained excellent performance over the years. Achieved 133.85% in FY. 2022/2023, 124.93% in FY. 2021/2022, 121.22% in FY. 2020/2021); 12.63% improvement in 3 years.

**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 19<sup>th</sup> cycle (FY 2022-2023) 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 (RRIs).

**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 is a recognized Patient Safety Zone, this has been achieved through effective implementation, monitoring and evaluation of the Patient Safety Policy. Patient Safety Unit with a full-time patient safety Coordinator to strengthen patient safety initiatives across all Departments in the Hospital. Patient Safety Policy and Guidelines developed, approved and circulated to staff for implementation.



## **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. During the year under review, MTRH has also provide capacity building to County governments of Busia, Elgeyo Marakwet and Bungoma to enhance revenue optimization through trainings on Billing and NHIF processes.

### **b) Advanced Practice Nurse**

Implementation of Advanced Practice Nurse (APN) 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) MTRH feted for the best healthcare practices**

During the period under review, Kenya Institute of Supplies Management (KISM) awarded Moi Teaching and Referral Hospital (MTRH) for outstanding performance. The Chief Executive Officer also received the Unsung Hero of the Year Award for ethics and governance best practices in management. MTRH was also the 1st runner-up in Information Communication Technology (ICT) innovations category.

#### **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) Mental Wellness**

Mental health is the ability of employees to understand and accept themselves and to successfully cope and deal with the challenges and obstacles that life or work brings. To reduce stigma around conversation of mental and emotional wellness at work, MTRH has created enabling environment where team feels safe and comfortable in sharing how they feel through not victimisation policy and have form Employee Assisted Program committee domicile in directorate of Human Resource and capacity development and include specialist in psychological counselling.

**b) Physical Wellness**

Physical wellness encompasses physical activity and nutrition, MTRH support physical wellness of staff by encourage culture of walking to Job for staff leaving around the Hospital and have paid annual subscriptions to Eldoret Sport Club to enable staff use the facility.

**c) Safety and Security**

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.

**d) Staff Mentorship and Coaching**

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 for regular suppliers and 30 days for special groups, under the AGPO category. 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 2023-2028 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 for the FY 2022/23:**

#	DESCRIPTION	DATE	NO. OF STAFF
1	The Hospital in Partnership with Rapha Total Care Clinics participated in a Medical Camp in Eldoret.	28 <sup>th</sup> -30 <sup>th</sup> July,2022	29 staff participated in the Medical Camp.
2	The Hospital participated in Oral Health Education and Treatment Medical Camp at Total Care Rapha Clinics Premises in Eldoret.	28 <sup>th</sup> -30 <sup>th</sup> July 2022	24 staff participated in the Camp.
3	MTRH donated a study table and chair to Patricia Ndanu Moi University Physiotherapy 2 <sup>nd</sup> year student. Reg. No. PHY/5083/31.Mobile:0740-392497.	9 <sup>th</sup> September,2022	N/A
4	Orthopaedic Technology Department donated a Tri-cycle to a patient; Hillary Kibet Hospital No. 1068428.	27 <sup>th</sup> September, 2022	N/A
5	MTRH sponsored medical treatment for patient Joan Chepchichir, Hospital No. 2007413.She was diagnosed with Chest-wall mass. The patient is a total orphan and stays with the only sibling, an 18-years old sister.	29 <sup>th</sup> September,2022	N/A
6	MRH sponsored medical treatment for patient Nora Opuka Hospital No.1172442 who sustained extensive burns on 25 <sup>th</sup> December, 2021 due to financial constraints she was discharged without grafting.	29 <sup>th</sup> September,2022	N/A
7	Medical Camp at Great Rift Secondary School-Langas (Uasin Gishu). Total number of patients attended to were 187.	25 <sup>th</sup> - 26 <sup>th</sup> /November, 2022	13 staff participated in the Medical Camp.
8	MTRH celebrated World Antimicrobial Awareness and a Medical Camp at Huruma Grounds. Total number of patients attended to were 721.Screening done for Diabetes, Hypertension, Breast and Cervical Cancer.	25 <sup>th</sup> November, 2022	
9	Medical Camp at Koitalel Samoei University-Mosoriot Nandi County. 40 clients were seen.	9 <sup>th</sup> -10 <sup>th</sup> November, 2022	15 staff participated in the Medical Camp.
10	Mental Health and Rehabilitative Services Directorate conducted a community based Alcohol support group meeting in Turbo, Uasin Gishu County	16 <sup>th</sup> December,2022	

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#	DESCRIPTION	DATE	NO. OF STAFF
11	MTRH participated in Raising Up Young Achievers (RUYA) Charity walk and Championship organized by Moi Girls High School Eldoret.	28 <sup>th</sup> January, 2023	4 staff participated in the walk.
12	MTRH joined the County Government of Uasin Gishu to commemorate World Wetlands Day on 1 <sup>st</sup> February, 2023. MTRH procured tree seedlings worth Ksh. 20,000 and participated in the clean-up of Sosiani River.		
13	MTRH participated in Sirikwa Classic Cross Country that took place at Lobo Village in Kapseret Sub County	4 <sup>th</sup> February, 2023	8 staff participated in the Marathon
14	Medical Camp at Kabianga University. Total number of patients attended to were 187.	27 <sup>th</sup> -28 <sup>th</sup> February, 2023	12 staff participated in the Medical Camp.
15	MTRH sponsored medical treatment for patient Shyline Chelimo Hospital No. 2030147 with a nasal mass requiring surgery. (7-year old from Kapkau Village, Tuteurung Sub-Location, Kipkaner Location, Marakwet East Sub County, Elgeyo Marakwet) The family is needy and could not afford her treatment. Diagnostic tests are ongoing and Ksh. 6,000 paid for initial NHIF enrolment	14 <sup>th</sup> March, 2023	N/A
16	Koima Kiplagat admitted on 13 <sup>th</sup> March, 2023 in Longonot Ward, IP.NO.2029954. The patient was referred from Iten Sub County Hospital for further management.	27 <sup>th</sup> March, 2023	N/A
17	Vitalis Onyango, admitted on 25 <sup>th</sup> March, 2023 in Observation Ward bed 5 C, IP. NO 2033967. He hails from Livanda, Busia County. He was accompanied by his wife on admission after sustaining a serious injury in the process of digging for gold.	27 <sup>th</sup> March, 2023	N/A
18	The Hospital participated in Tree Planting Launch by the First Lady Rachel Ruto in Kiebor Primary school in Kaptagat, Keiyo Marakwet County	9 <sup>th</sup> June, 2023	5
19	Outreach at Kamukunji in collaboration with Ayub Kinyua PCEA church	20 <sup>th</sup> May, 2023	-12 staff -606 patients seen
20	NHIF Outreach by the Hospital's Medical Social Development in Cheptiret, Leemok, Kipkaren, Sogomo and Huruma to sensitize the public to enroll on NHIF.	27 <sup>th</sup> April, 2023	
21	The Hospital's Medical Social Development NHIF sensitization and enrolment at Sogomo, Huruma and Kuinet, Uasin Gishu County	2 <sup>nd</sup> May, 2023	

## **XI. REPORT OF THE DIRECTORS**

The Directors submit this report together with the financial statements for the period ending 30<sup>th</sup> June 2023, 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 30<sup>th</sup> 2023 are set out on page 1 to page 8.

### **Directors**

The members of the Board of Directors who served during the year are shown on page (ix) to page (xi) of this report.

### **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. PHILIP K. KIRWA  
Ag. CHIEF EXECUTIVE OFFICER/SECRETARY TO THE BOARD  
MOI TEACHING AND REFERRAL HOSPITAL  
P.O. BOX 3 - 30100  
ELDORET

DATE: 15.2.24 .....

## **XII. 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 30<sup>th</sup> 2023. 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 30<sup>th</sup> 2023, 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**

The Moi Teaching and Referral Hospital Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2023 was approved by the Board of Directors on September 22<sup>nd</sup> 2023 and signed on its behalf by;

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

DATE 21/04/2024.....

  
.....  
**DR. PHILIP K. KIRWA  
Ag. CHIEF EXECUTIVE OFFICER**

DATE 15-2-24.....



# REPUBLIC OF KENYA

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NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON MOI TEACHING AND REFERRAL HOSPITAL (MTRH) FOR THE YEAR ENDED 30 JUNE, 2023**

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### **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 53, which comprise of the statement of financial position as at 30 June, 2023, 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, 2023, 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. Variance in Transfers from the Ministry of Health**

Note 6(b) to the financial statements reflects transfers from the Ministry of Health amount of Kshs.8,352,250,000 while financial statements for the Ministry of Health discloses Kshs.8,334,250,000 as transfers to the Hospital resulting in an unexplained variance of Kshs.18,000,000.

In the circumstances, the accuracy and completeness of transfers from the Ministry of Health amount of Kshs.8,352,250,000 could not be confirmed.

#### **2. Variance in Mortuary Fees**

The statement of financial performance and Note 7 to the financial statements reflects sale of goods and services amount of Kshs.3,705,726,905 which includes mortuary fees amount of Kshs.30,893,945. However, ledgers maintained at the Mortuary reflect an amount of Kshs.55,291,816 resulting to variance of Kshs.24,397,871 which has not been explained or reconciled. Management attributed this variance to reporting anomalies in the Enterprise Resource Planning (ERP) system where the system reports some mortuary income under cost sharing income leading to inconsistencies with financial reporting resulting into the understatement of mortuary fees and overstatement of cost sharing income.

Further, in January, 2024, the ERP system could not generate a breakdown of monthly and annual mortuary fees reports indicating the payments made by the individual customers, the corporate customers and the debtors. In addition, the system could also not generate cumulative monthly and annual mortuary fees.

In the circumstances, the accuracy and completeness of the mortuary fees amount of Kshs.30,893,945 could not be confirmed.

#### **3. Unsupported Property, Plant and Equipment Balance**

The statement of financial position and Note 22 to the financial statements reflects property, plant and equipment balance of Kshs.3,845,576,973 which includes land balance of Kshs.101,577,820. However, valuation report for the land has not been

provided for audit review. In addition, review of records provided revealed that the Hospital owns another parcel of land on the outskirts of Eldoret Municipality earmarked for construction of proposed new Multi-Specialty Moi Teaching and Referral Hospital (MTRH). The land has neither been valued nor disclosed in the financial statements for the year ended 30 June, 2023. Also, the title deed of the land was not provided for audit verification. In addition, the fixed assets register provided for review did not indicate the size of each parcel of land and the terms in which it is held by the Hospital as required by Regulation 143(2) of Public Finance Management (National Government) Regulations, 2015, which states that the register of land and buildings shall record each parcel of land and each building and the terms on which it is held, with reference to the conveyance, address, area, dates of acquisition, disposal or major change in use, capital expenditure, lease hold terms, maintenance contracts and among other details.

Further, the fixed assets register provided for audit did not indicate the location, status and condition of the assets as well as the serial/tag numbers of the Hospital's fixed assets. In addition, the fixed assets register contained some items of property, plant and equipment that were obsolete or whose value had been permanently impaired and had not been scrapped off as required by paragraph 82 of the International Public Sector Accounting Standard (IPSAS) 17 on property, plant and equipment which states that an asset should be removed from the statement of financial position on disposal or when it is withdrawn from use and no future economic benefits are expected from its disposal.

Moreover, Note 22 to the financial statements reflects computers, telephones and TVs and motor vehicles balances of Kshs.44,806,031 and Kshs.31,775,004 respectively. However, Note 22(b) to the financial statements discloses net book values of computers, telephones and TVs and motor vehicles balances of Kshs.31,775,004 and Kshs.44,806,031 respectively resulting in an unexplained variances of Kshs.13,031,027.

In the circumstances, the accuracy and completeness of property, plant and equipment balance of Kshs.3,845,576,973 could not be confirmed.

#### **4. Unconfirmed National Hospital Insurance Fund Loan Balance**

The statement of financial position and Note 27 to the financial statements reflects National Housing Insurance Fund loan balance of Kshs.166,130,959. As previously reported, the Ministry of Health through their letter, Reference No. MOH MED/11/2/2 Vol. II dated 1 December, 2016 made a request to the Chief Executive Officer (CEO), National Health Insurance Fund (NHIF) to consider supporting the establishment of Radio Therapy Treatment Centers at the Moi Teaching and Referral and Kenyatta National Hospitals and proposed specifications for the equipment.

Subsequently, the Ministry of Health entered into collaboration with the International Atomic Energy Agency (IAEA), Ref. No MOH/MED/11/2/VOL11 dated 28 January, 2017 where the IAEA offered a grant amount of Euro 2,536,155 (Kshs.312,669,869.20), for the procurement of radiotherapy equipment for the Moi Teaching and Referral Hospital on a cost sharing basis, with IAEA contributing 25% of the cost and the Government of Kenya 75% of the cost. The Moi Teaching and Referral Hospital (MTRH) through their letter, Reference No. ELD/MTRH/BCM/5/28/VOL.II/2007 of 02 February, 2017 requested the National Hospital Insurance Fund (NHIF) for funding to equip the MTRH Radiation Oncology Unit in two phases of Kshs.592,000,000 and Kshs.360,500,000 each. Further,

the Hospital, through their letter Reference No. 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 the IAEA or between MTRH and NHIF was provided for audit confirmation at the time.

The Hospital Management provided a letter for Terms (agreement) that was signed between the National Health Insurance Fund and the Moi Teaching and Referral Hospital dated 23 October, 2023. However, the loan amortization schedules provided for audit review revealed that the loan ran from the 26 January, 2018. Management of the Hospital has not explained why the loan agreement was signed five (5) years after the date of the loan disbursement.

In addition, the financial statements of National Health Insurance Fund reflects an investment in loan advanced to MTRH outstanding balance of Kshs.280,962,637 resulting to a variance of Kshs.114,831,678 which had not been explained.

In the circumstances, the accuracy and completeness of the long-term loan balance of Kshs.166,130,959 could not be confirmed.

#### **5. Non-Recoverability Receivables from Exchange Transactions**

The statement of financial position and Note 20 to the financial statements reflects current receivables from exchange transactions balance of Kshs.2,763,729,916 which includes individual clients balance of Kshs.1,159,215,568. Records provided for audit revealed that the individual clients receivable balance had increased by Kshs.750,997,409 from Kshs.408,218,159 in 2021/2022 to Kshs.1,159,215,568 in 2022/2023 with some of the debts dating as far back as the year 2001. Whereas Management of the Hospital is in possession of numerous land title deeds and motor vehicle log books as collateral for these debtors, there were neither sworn affidavits nor agreements between the Hospital and the patients provided for review, rendering Management's continued retention of these documents as debt security measure futile. In addition, no evidence was provided for audit to show that the legal pursuits of these debts is in progress.

In the circumstances, the accuracy and recoverability of the individual clients' receivables balance of Kshs.1,159,215,568 could not be confirmed.

#### **6. Unsupported Impairment Allowance on Receivables**

The statement of financial performance and Note 17(a) to the financial statements reflects impairment allowance on receivables from exchange transactions amount of Kshs.261,525,121. However, policy on the provision for doubtful debts has not been provided for audit review.

In the circumstances, the accuracy and completeness of the impairment allowance on receivables from exchange transactions amount of Kshs.261,525,121 could not be confirmed.

#### **7. Variances in Acting Allowances Expenditure**

The statement of financial performance and Note 11 to the financial statements reflects acting allowance expenditure of Kshs.5,926,625 whereas the financial records revealed an amount of Kshs.16,728,727 resulting in an unexplained variance of Kshs.10,802,102.

Further, review of the staff records provided for audit revealed that there were forty-three (43) members of staff who were acting in appointment and had acted for more than six (6) months, irregularly earning an amount of Kshs.16,728,727 in acting allowances. This was contrary to the provisions of Section 4.4.5 of the Moi Teaching and Referral Hospital Human Resource Policy and Procedures Manual of August, 2018 which states that the appointment shall normally be limited to a continuous period of six (6) months or until the vacant post is filled whichever is the earlier, but may be extended by the Board/CEO if the post remains vacant, and Section C.14(1) of the Human Resource Policies and Procedures Manual for the Public Service of May, 2016, which states that acting allowance shall be paid at the rate of twenty percent (20%) of the substantive basic salary of the office holder and will not be payable to an officer for more than six (6) months.

In the circumstances, the accuracy, completeness and regularity of the acting allowance expenditure amount of Kshs.5,926,625 could not be confirmed.

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.

## **Emphasis of Matter**

### **1. Financial Performance of the Hospital**

During the year under review, the Hospital reported a net loss of Kshs.619,922,162 resulting into an accumulated loss of Kshs.394,300,462 as at 30 June, 2023. During the year ended 30 June, 2022, the Hospital also reported a net loss of Kshs.486,474,929) translating into operating losses for two consecutive years. It was also observed that the revenue reserve balance as at 30 June, 2021 was Kshs.712,096,626 as compared to a balance of Kshs.(394,300,462) as at 30 June, 2023.

Further, it was also observed that the Hospital's trade payables increased by Kshs.578,174,493 from Kshs.1,056,493,465 in 2021/2022 to Kshs.1,634,667,958 in 2022/2023. In addition, the Hospital had not remitted employees deductions amounting to Kshs.1,448,426,402 as disclosed in Note 26 to the financial statements.

If Management do not initiate strategies to reverse the trend the Hospital may face cash flow challenges in the future.

### **2. 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.11,957,250,000 and Kshs.12,108,957,470 respectively resulting to an over-funding of Kshs.151,707,470 or 1.3% of the budget. Similarly, the Hospital expended Kshs.12,615,928,721 against an approved budget of Kshs.11,957,250,000 resulting to an over-expenditure of Kshs.658,678,721 or 6% of the budget. It could not be confirmed whether the over expenditure by the Hospital Management was authorized.

My opinion is not modified in respect of these matters.

### **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**

### **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 matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

#### **1. Irregular Purchase of Oxygen**

The statement of financial performance and Note 10 to the financial statements reflects use of goods and services amount of Kshs.2,870,881,882 which includes consumable goods amount of Kshs.1,800,303,185. Review of financial records provided for audit review revealed that a local contractor was paid Kshs.14,979,798 on various dates for the purchase of oxygen. However, the advertisement, tender opening and evaluation minutes and the contract between the Hospital and contractor were not provided for review.

It was also observed that the Hospital has an active oxygen processing plant and even though the Management of the Hospital has explained that the services of the local contractor were sought when the Hospital's oxygen processing plant was undergoing maintenance, no documentary evidence was provided for audit verification.

In the circumstances, the accuracy and value for money on the expenditure of Kshs.14,979,798 on purchase of oxygen could not be confirmed.

#### **2. Irregular Use of Low Value Procurement Method**

The statement of financial performance and Note 10 to the financial statements reflects use of goods and services amount of Kshs.2,870,881,882 which includes consumable goods expenditure amount of Kshs.1,800,303,185. Review of financial records revealed

that the Hospital spent a total amount of Kshs.10,638,384 on purchase of various hospital supplies, through imprest purchases, under the low value procurement method. This is contrary to Regulation 92(a) of the Public Procurement and Asset Disposal Regulations, 2020 which states that a procuring entity may use low value procurement method under Section 107(b) of the Act, where the estimated cost of the goods, works or services being procured per item per financial year is as per the threshold matrix in the Second Schedule; which sets the maximum level of expenditure under the low value procurement method at Kshs.50,000 per item per financial year for goods.

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

### **3. Irregular Payment for Services in Advance**

The statement of financial performance and Note 10 to the financial statements reflects use of goods and services amount of Kshs.2,870,881,882 which includes travelling and accommodation amount of Kshs.55,446,281. Included in travelling and accommodation amount of Kshs.55,446,281 is an amount of Kshs.1,285,100 which was imprest issued to a member of staff for hiring conference facilities, accommodation and meals for Hospital staff and Board Members during a board retreat. Review of the imprest surrender documents provided for audit review revealed that an amount of Kshs.1,220,100 was paid to a Hotel and Kshs.65,000 was paid to another Hotel all totalling Kshs.1,285,100 for half board accommodation and full day conference for the retreat held in Naivasha. The payments were made against a proforma invoice contrary to Section 146 of the Public Procurement and Asset Disposal Act, 2015 which states that no works, goods or services contract shall be paid for before they are executed or delivered and accepted by the Accounting Officer of a procuring entity or an officer authorized by him or her in writing except where so specified in the tender documents and contract agreement and that such an advance payment shall not be paid before the contract is signed.

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

### **4. Irregular Payment of Subsistence Allowances**

The statement of financial performance and Note 10 to the financial statements reflects use of goods and services amount of Kshs.2,870,881,882 which includes travelling and accommodation expenses amount of Kshs.55,446,281. However, examination of payment vouchers that were provided for audit verification revealed that an amount of Kshs.3,332,759 was paid to members of staff of the Hospital while on official duties, within the country, as quarter per diem, yet, full board accommodation had been provided. This was in contravention of Section 4.3 of the Moi Teaching and Referral Hospital Human Resource Policy and Procedures Manual of August, 2018 which states that one quarter of the standard rate of subsistence allowance is paid to employees where employees travelling, boarding and lodging expenses are paid for in full directly by the hosting institution, hospital or any other Organization for international duties. It is also in contravention of Section C18(1) and C.18(4) of the Human Resource Policies and Procedures Manual for the Public Service, 2016 which states that a public officer who is required to travel on duty outside Kenya will be granted subsistence allowance at the daily rates determined by the government from time to time but where an officer's travelling and accommodation expenses are covered in full by the Kenya Government or any other

Organization, a residual allowance of up to one-quarter ( $\frac{1}{4}$ ) of the standard rate of subsistence allowance will be paid to him to cover incidental expenses.

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

#### **5. Unremitted Payroll Deductions**

The statement of financial performance and Note 11 to the financial statements reflects employee costs amount of Kshs.8,794,589,589 which includes pensions amount of Kshs.589,222,219. The pension money amount of Kshs.589,222,219 was planned, budgeted and deducted from employees during the year under review but was not supported by Real Time Gross Settlement (RTGS) schedules or bank statements showing how the amount was remitted to the relevant authorities. It was therefore not possible to confirm whether the pension money amount of Kshs.589,222,219 was remitted to the relevant authorities. Management of the Hospital acknowledged that pension dues amount of Kshs.589,222,219 is a payroll liability of unremitted salary obligations citing delays in remittance of the grants amount of Kshs.400,000,000 allocated through supplementary estimates II of 2022/2023 financial year. This was contrary to Section 19(4) of the Employment Act, 2007 which provides that an employer who deducts an amount from an employee's remuneration shall pay the amount so deducted in accordance with the time period and other requirements specified in the law, agreement, court order or arbitration as the case may be. It is also contrary to Part VII, Section 53A (1) of the Retirement Benefits Act, 2012 which states that, where an employer has made a deduction from the employee's emoluments and fails to remit the deduction, the scheme may institute proceedings for the recovery of the deduction.

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

#### **6. Irregular Payment of House Allowances**

The statement of financial performance and Note 11 to the financial statements reflects employee costs amount of Kshs.8,794,589,589 which includes house allowance amount of Kshs.808,508,350. Review of the House allowance amount of Kshs.808,508,350 revealed that one hundred and thirty-four (134) members of staff were paid excess house allowance during the year under review amounting to Kshs.17,974,667. The house allowances they were paid by the Hospital in some months were in excess of Salaries and Remuneration Commission (SRC) basic salary structure for the Hospital that was provided for audit review. Management did not provide justification and authority to pay the excess house allowance.

In the circumstances, the payment of house allowances amounting to Kshs.17,974,667 was irregular.

#### **7. Non-Compliance with Human Resource Policy on Recruitment of Staff**

Review of human resource records revealed that fourteen (14) members of staff, were recruited during the year under review. However, no records were provided to show that interviews were conducted. This was contrary to Section 2.1.3 of the Moi Teaching and Referral Hospital Human Resource Policy and Procedures Manual of August, 2018 which states that the Hospital's efficiency and effectiveness depends on the quality and



competencies of the employees it engages. The Hospital shall therefore endeavor to recruit suitably qualified and experienced employees with the right skills and experience required to achieve its goals and objectives. Management of the Hospital was also in contravention of Section B.5 of the Human Resource Policies and Procedures Manual for the Public Service, 2016 which states that recruitment will be undertaken on the basis of fair competition and merit; representation of Kenya's diverse communities; adequate and equal opportunities to all gender, youth, members of all ethnic groups, persons with disabilities and minorities.

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

#### **8. Non-Compliance with the Law on Ethnic Diversity**

Review of the payroll and personnel data provided for audit review revealed that the Hospital had employed a total of three thousand, six hundred and thirty two (3,632) employees out of whom two thousand, five hundred and fifty one (2,551) or 70% of the total members of staff were from the same community 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 circumstances, Management was in breach of the law.

#### **9. Unapproved Expenditure of Board of Directors Retreats**

The statement of financial performance and Note 12 to the financial statements reflects board expenses amount of Kshs.10,846,184. Review of the records provided for audit review revealed that during the year under review, there were two board retreats, one in Embu and another in Naivasha. However, approval from the Cabinet Secretary for holding the Board retreats away from the principal/registered place of business of the Hospital was not provided for audit review. Further, the justification for conducting Board business away from the principal/registered office of the Hospital was not provided contrary to Paragraph A(4) of Circular No. OP/CAB.9/1A issued by the Office of the President dated 11 March, 2020 which requires that all board business (including committee meetings) shall be transacted at the principal or registered office of the corporation (not branch offices) and board retreats are to be approved by the respective Cabinet Secretary.

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

#### **10. Supply, Delivery, Installation and Commissioning of Medical Equipment**

The statement of financial position and Note 22 to the financial statements reflects property, plant and equipment balance of Kshs.3,845,576,973 which includes plant, equipment, furniture and fittings balance of Kshs.2,043,353,111. During the year under review, the Hospital procured two hundred (200) hospital beds. The Local Purchase Order was issued to local supplier on 16 May, 2022 for the supply of two hundred (200) ordinary bed with mattress and thirty (30) infusion pumps and the goods were to be delivered by 23 August, 2022. However, on 28 September, 2022 representative from supplier wrote an email to the Chief Executive Officer of the Hospital requesting for an extension until

30 September, 2022 to deliver the goods which was approved. Review of financial records revealed the following anomalies;

- i. When goods were received, the Inspection and Acceptance Committee did not prepare a report instead the Committee Members just signed on the delivery notes.
- ii. Delivery for the beds, mattresses and the infusion pumps was done on 26 September, 2022. The goods were inspected by the Inspection and Acceptance Committee on the same date. However, it was noted that some of the Committee Members signed on the delivery note on the 26 September, 2022, others signed on 7 October, 2022 and others on 19 October, 2022 which was more than ten (10) days after delivery which was irregular.
- iii. On 5 January, 2023, three (3) months after delivery, the Committee rejected the beds stating there was frequent breakdown upon testing the beds by the user and technical departments. The supplier later replaced the beds with new ones with the last delivery of the beds made on 3 July, 2023. However, it was not clear why installation and commissioning certificate was issued on 19 July, 2023 without having a grace period for testing the new beds for defects like the first supply of beds.
- iv. As per the contract agreement, 15% of the contract sum was to be paid after five (5) months of satisfactory performance of the equipment from the date of commissioning which was on 19 July, 2023. However, review of bank statements and cashbooks revealed that the supplier was paid the total contract amount of Kshs.12,488,000 without retaining 15% of the contract sum.

In the circumstances, Management was in breach of the law and value for money on the expenditure of Kshs.12,488,000 could not be confirmed.

#### **11. Long Outstanding Salary Advance Receivables**

The statement of financial position and Note 20 to the financial statements reflects current receivables from exchange transactions balance of Kshs.2,763,729,916 which includes salary advance balance of Kshs.6,227,694. Review of the records provided for audit revealed that an amount of Kshs.1,815,388 of the salary advances had been outstanding for more than 365 days, with some outstanding salary advances dating as far back as 1999. No evidence was provided for review to show the recovery efforts made for these long outstanding advances. This is contrary to Section 3.9.7 of the Moi Teaching and Referral Hospital (MTRH) Human Resource (HR) Policy and Procedures Manual which requires that recoveries of salary advance to be made for a maximum period of twelve (12) months.

In the circumstances, Management was in breach of the law and the regularity of the salary advance balance of Kshs.6,227,694 could not be confirmed.

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 matters 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**

### **1. Lack of an Approved Staff Establishment**

Review of the human resource records provided for audit revealed that the Hospital did not have an approved staff establishment, which is likely to lead to duplications and overlaps of roles, wastage and misallocation of resources, bloated establishment and spiraling wage bills hampering service delivery by the Hospital to the public. This is contrary to paragraph 2 of the Office of the President (OP) Circular No. OP/CAB.1/25A of 11 September, 2018 which requires state corporations to implement the approved staff establishment and complement controls to ensure that State Corporations recruit and maintain staff within the framework of the approved establishment. It is also in contravention to Section 2.1.5 of the Moi Teaching and Referral Hospital Human Resource Policy and Procedures Manual of August, 2018 which states that all appointments shall be made with the approval of the Board or as delegated and shall be within the approved establishment.

In the absence of an approved staff establishment, the Hospital may not plan for, recruit, remunerate and retain competent staff required to achieve the Hospital's objectives.

### **2. Weak Information and Communications Technology (ICT) Controls**

#### **2.1 Lack of Physical Controls, Contracts and Service Level Agreements**

Review of the Information and Communications Technology (ICT) Internal Control Environment of the Hospital for the year under review revealed that the Hospital's Data Centers, Closed Circuit Television (CCTV) control room and server rooms had (CCTV) cameras for surveillance. However, physical access to the facilities was not effectively controlled since the biometric access installed at the entry points of the facilities was not functional. It was observed that the Hospital had entered into a one (1) year contract with the Kenya Education Network Trust for provision of internet services effective from the 26 February, 2021. However, Management did not provide evidence of the renewal of this contract despite the Hospital retaining the services of the same service provider during the period under audit review. Management did not also provide Service Level Agreements which commits the service provider to offer the required level of service while providing a framework for addressing issues and disputes that may arise during the course of the contract especially with regards to response times for issue resolution, escalation procedures, and the availability of technical support even after hours.

The Hospital also undertook a system change over from Hospital Management Information System (HMIS) to the internally developed Moi Teaching and Referral

Hospital Enterprise Resource Planning System (MTRH-ERP) in February, 2023. However, as at the time of the audit in January, 2024, some of the modules were not yet operationalized and were lagging behind the implementation schedule. Management did not also provide documented evidence that the Accounting Officer and the Board approved the development and implementation of the new system (ERP) to replace the system previously used by the Hospital (Funsoft). Management did not also provide project initiation documents such as a project charter or project kick-off document outlining projects purpose, scope, objectives and timelines for developing the ERP software. The approved documentation is critical for setting the direction, expectations, and parameters of the ERP development project. It is also important in ensuring a common understanding among stakeholders, mitigating risks, tracking milestones and laying the groundwork for successful project execution.

## **2.2 Lack of Secondary Back Up Site**

The Management of the Hospital also did not provide proof that the Hospital has a secondary back up site and that backup copies of the software and other information resources are kept off-site. This is in contravention to Section 13(1) (8) of the Moi Teaching and Referral Hospital Finance Policy and Procedure manual which requires that any changes made to the accounting software be documented and the reasons approved by the Executive Director and the Board, in addition Sub-section 13.2(2) of the manual states that backup copies of the software shall be kept off-site by the Chief Executive Officer on a weekly basis. It is also in contravention to Section 68(2) (c) of Public Finance Management Act, 2012 which states that in the performance of a function under Sub-section (1), an accounting officer shall ensure that all financial and accounting records the entity keeps in any form, including in electronic form are adequately protected and backed up.

In the circumstances, the effectiveness of the IT controls may be compromised resulting to organizational objectives not being achieved and also exposing the Hospital to numerous risks.

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 controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the financial statements, 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 controls 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 controls 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 Management.
- Conclude on the appropriateness of 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 communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

15 March, 2024






**XIV. STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2023**

	Notes	2022/2023 KSHS.	2021/2022 KSHS.
<b>Revenue from Non-Exchange Transactions</b>			
Government grant	6(a)	8,048,000,000	7,827,739,990
		<b>8,048,000,000</b>	<b>7,827,739,990</b>
<b>Revenue from Exchange Transactions</b>			
Sale of Goods and Services	7	3,705,726,905	3,700,787,273
Rental Revenue from Facilities and Equipment	8	16,520,396	13,559,008
Other Income	9	34,460,169	43,870,701
		<b>3,756,707,470</b>	<b>3,758,216,981</b>
<b>Total Revenue</b>		<b>11,804,707,471</b>	<b>11,585,956,971</b>
<b>EXPENDITURE</b>			
Use of Goods and Services	10	2,870,881,882	2,880,713,838
Employee Cost	11	8,794,589,589	8,590,238,075
Board Expenses	12	10,846,184	10,078,699
Depreciation and Amortization Expense	13	362,909,041	267,186,152
Repairs and Maintenance	14	97,351,280	72,700,812
Contracted Services	15	23,904,236	36,321,208
Corporate Social Responsibility	16	1,462,300	2,779,786
Impairment Allowance on Receivables	17	261,525,121	211,253,330
Provision for Audit fee	18	1,160,000	1,160,000
<b>Total Costs</b>		<b>12,424,629,632</b>	<b>12,072,431,900</b>
Net Surplus/ (Deficit)		(619,922,162)	(486,474,929)
Revenue Reserves b/f		225,621,700	712,096,629
Revenue Reserves c/f		<b>(394,300,462)</b>	<b>225,621,700</b>

The notes set out on pages 9 to 57 form an integral part of the Financial Statements.

The Financial Statements set out on pages 1 to 8 were signed on behalf of the Board of Directors by:

  
.....  
DR. PHILIP K. KIRWA  
Ag. CHIEF EXECUTIVE OFFICER

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

  
.....  
MR. SITOYO LOPOKEYIT, MBS  
BOARD CHAIRMAN

DATE: 15-2-24

DATE 15-02-2024

DATE 21/02/2024

*Moi Teaching and Referral Hospital  
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For the Year ended June 30<sup>th</sup> 2023*


**XV. STATEMENT OF FINANCIAL POSITION  
AS AT 30<sup>TH</sup> JUNE 2023**

	Notes	2022/2023 KSHS.	2021/2022 KSHS.
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	19	219,508,699	855,973,503
Current Receivables from Exchange Transactions	20(a)	2,763,729,916	2,263,118,842
Current Receivables from Non- Exchange Transactions	20(b)	668,166,666	-
Inventories	21	450,221,507	408,503,755
		<b>4,101,626,788</b>	<b>3,527,596,100</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	22	3,845,576,973	3,364,274,912
		<b>3,845,576,973</b>	<b>3,364,274,912</b>
<b>TOTAL ASSETS</b>		<b>7,947,203,761</b>	<b>6,891,871,012</b>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	23	1,661,369,209	1,147,374,997
Refundable Deposits and Prepayments from Customers	24	3,055,747	8,775,321
Finance Lease	25	(0)	1,684,796
Employee Benefit Obligations	26	1,448,426,402	547,781,374
NHIF Loan	27	166,130,959	202,360,922
<b>TOTAL</b>		<b>3,278,982,317</b>	<b>1,907,977,411</b>
<b>NET ASSETS</b>		<b>4,668,221,444</b>	<b>4,983,893,601</b>
<b>FINANCED BY</b>			
REVENUE RESERVES		(394,300,462)	225,621,700
CAPITAL RESERVES		5,062,521,906	4,758,271,906
<b>TOTAL</b>		<b>4,668,221,444</b>	<b>4,983,893,606</b>

The notes set out on pages 9 to 57 form an integral part of the Financial Statements.

The Financial Statements set out on pages 1 to 8 were signed on behalf of the Board of Directors by:

  
.....  
DR. PHILIP K. KIRWA  
Ag. CHIEF EXECUTIVE OFFICER

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

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

DATE: 15.2.24

DATE 15.02.2024

DATE 31/02/2024

**XVI. STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2023**

	<b>CAPITAL RESERVES</b>	<b>REVENUE RESERVES</b>	<b>TOTAL</b>
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)
<b>BALANCE AS AT 30<sup>TH</sup> JUNE 2022</b>	<b>4,758,271,906</b>	<b>225,621,697</b>	<b>4,983,893,603</b>
<b>Balance as at 1st July 2022</b>	<b>4,758,271,906</b>	<b>225,621,697</b>	<b>4,983,893,603</b>
Capital grants for the period	304,250,000	-	304,250,000
Donations	-	-	-
Surplus ( Deficit) for the Period	-	(619,922,162)	(619,922,162)
<b>BALANCE AS AT 30<sup>TH</sup> JUNE 2023</b>	<b>5,062,521,906</b>	<b>(394,300,465)</b>	<b>4,668,221,441</b>

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**XVII. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2023**

1. CASH FLOW FROM OPERATING ACTIVITIES.	NOTE	2022/2023	2021/2022
<b>Surplus/Deficit</b>	<b>IS</b>	(619,922,162)	(486,474,929)
<b>Add:</b>			
Gain on Disposal	9	(1,386,872)	
Depreciation of Assets	13	362,909,041	267,186,152
<b>TOTAL</b>		<b>361,522,169</b>	<b>267,186,152</b>
<b>Operating Profit Before Working Capital Changes</b>		<b>(258,399,993)</b>	<b>(219,288,778)</b>
<b>Working capital changes:</b>			
Change in Current Receivables from Exchange Transactions	20 (a)	(500,611,074)	(550,648,567)
Change in Current Receivables from Non- Exchange Transactions	20(b)	(668,166,666)	703,951,799
Change in Stock	21	(41,717,752)	5,320,622
NHIF Loan Prepayments (Assets)		-	-
Change in Trade and other Payables	23	513,994,212	507,325,454
Prepaid Fees	24	(5,719,574)	(840,893)
KCB Finance Lease	25	(1,684,796)	(2,555,520)
Unremitted Salary Obligations	26	900,645,028	(117,554,186)
NHIF Loan (Liability)	27	(36,229,963)	(36,186,859)
<b>TOTAL</b>		<b>160,509,414</b>	<b>508,811,850</b>
<b>Net Cash In/Outflow from Operating Activities.</b>		<b>(97,890,579)</b>	<b>289,523,072</b>
<b>2. CASH FLOW FROM INVESTING ACTIVITIES.</b>			
Purchase of Fixed Assets	22	(844,824,230)	(483,263,489)
Proceed from Asset Disposed		2,000,000	
<b>Net Cash used in investing activities</b>		<b>(842,824,230)</b>	<b>(483,263,489)</b>
<b>3. CASH FLOW FROM FINANCING ACTIVITIES</b>			
Government Grants- Capital Donations	6(b)	304,250,000	269,600,000
<b>Cash Flow from Financing Activities</b>		<b>304,250,000</b>	<b>269,600,000</b>
<b>Change in Cash and Cash Equivalents.(i)</b>		<b>(636,464,809)</b>	<b>75,859,584</b>
Cash and Cash Equivalent a the beginning of the year (ii)		855,973,509	780,113,925
<b>Cash and Cash Equivalent (i)+(ii)</b>		<b>219,508,700</b>	<b>855,973,509</b>

The Financial Statements set out on pages 1 to 8 were signed on behalf of the Board of Directors behalf by:

.....  
DR. PHILIP K. KIRWA  
Ag. CHIEF EXECUTIVE OFFICER

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

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

DATE: 15-2-24

DATE: 15-2-2024

DATE: 21/02/2024

**XVIII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS  
FOR THE YEAR ENDING 30<sup>TH</sup> JUNE 2023**

Code	Expenditure Item	a	b	c	d	c-d	d/c
CODE	REVENUE	Original Budget 2022/23	Adjustment	Final budget	Actual Revenue	Performance Difference	%
01	GOK GRANTS						
	Recurrent Grant	8,048,000,000	-	8,048,000,000	8,048,000,000	-	100%
	<b>TOTAL</b>	<b>8,048,000,000</b>	<b>-</b>	<b>8,048,000,000</b>	<b>8,048,000,000</b>	<b>-</b>	<b>100%</b>
03'	Development						
	Capital Grant	406,000,000.00	(101,750,000)	304,250,000	304,250,000	-	100%
	<b>TOTAL</b>	<b>406,000,000</b>	<b>(101,750,000)</b>	<b>304,250,000</b>	<b>304,250,000</b>	<b>-</b>	<b>100%</b>
	<b>TOTAL GOK GRANTS</b>	<b>8,454,000,000</b>	<b>(101,750,000)</b>	<b>8,352,250,000</b>	<b>8,352,250,000</b>	<b>-</b>	<b>100%</b>
04'	Appropriation - In-Aid(AIA)						
	Cost Sharing	3,581,849,443		3,581,849,443	3,705,726,905	123,877,462	103%
	Other Income	23,150,557		23,150,557	50,980,565	27,830,008	220%
	<b>TOTAL AIA</b>	<b>3,605,000,000</b>	<b>-</b>	<b>3,605,000,000</b>	<b>3,756,707,470</b>	<b>151,707,470</b>	<b>104%</b>
	<b>GRAND TOTAL INCOME</b>	<b>12,059,000,000</b>	<b>(101,750,000)</b>	<b>11,957,250,000</b>	<b>12,108,957,470</b>	<b>151,707,470</b>	<b>101%</b>

CODE	Expenditure Item	Original Budget 2022/23	Adjustment	Final budget	Cumulative Expenditure	Performance Difference	%
010	Personnel Emoluments	8,018,000,000	-	8,018,000,000	8,791,524,237	(773,524,237)	110%
020	Purchase of Drugs	881,980,054	70,000,000	951,980,054	954,936,290	(2,956,236)	100%
021	Purchase of Nutraceuticals	20,000,000	4,000,000	24,000,000	23,177,524	822,476	97%
022	Surgical Implants	46,489,550	11,000,000	57,489,550	58,349,436	(859,887)	101%
025	Renal Consumables	44,158,219	19,000,000	63,158,219	63,026,116	132,103	100%
035	Disaster/ Emergency Response	30,000,000	-	30,000,000	-	30,000,000	0%
036	Disaster/ Emergency Response(Internal Funds)	7,526,022	(7,526,022)	-	-	-	0%

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CODE	Expenditure Item	Original Budget 2022/23	Adjustment	Final budget	Cumulative Expenditure	Performance Difference	%
040	Dressings/theatre supplies	360,599,326	10,365,409	370,964,735	368,998,808	1,965,927	99%
045	Dental Supplies	14,848,668	(5,000,000)	9,848,668	9,781,727	66,941	99%
050	Food & Ration	231,756,091	24,525,020	256,281,111	257,470,022	(1,188,911)	100%
060	Doctors Fees	254,083,589	(40,000,000)	214,083,589	209,416,277	4,667,312	98%
070	Lab reagents/chemicals	178,916,899	(8,000,000)	170,916,899	171,528,692	(611,793)	100%
090	Cleansing materials	67,834,109	16,000,000	83,834,109	84,102,217	(268,108)	100%
095	Admission Packs	12,790,594	2,000,000	14,790,594	14,895,508	(104,914)	101%
100	Hospital Linen	6,833,623	-	6,833,623	6,429,508	404,115	94%
110	X-ray/ Radiology supplies	65,044,466	10,438,800	75,483,266	74,983,240	500,026	99%
120	Oxygen	20,757,355	(3,000,000)	17,757,355	17,046,373	710,982	96%
140	Fuel & Gas	21,208,345	4,000,000	25,208,345	23,338,814	1,869,531	93%
150	Uniforms for patients	10,939,653	-	10,939,653	10,332,400	607,253	94%
160	Materials for Specialized units	30,557,550	(17,000,000)	13,557,550	13,235,261	322,289	98%
170	Mortuary supplies	3,186,074	-	3,186,074	2,976,782	209,292	93%
180	Course Administration and subscription fees	12,786,192	(2,000,000)	10,786,192	10,811,756	(25,564)	100%
190	Cafeteria supplies	8,070,053	(4,500,000)	3,570,053	3,274,865	295,188	92%
200	Library services	6,322,407	(1,500,000)	4,822,407	4,941,204	(118,797)	102%
210	Maintenance of Plants and Buildings	60,462,936	-	60,462,936	60,891,325	(428,389)	101%
220	Maintenance of Biomedical Equipment	76,979,616	8,972,666	85,952,282	85,675,500	276,782	100%
230	Electricity Expenses	108,305,140	12,000,000	120,305,140	120,226,023	79,117	100%
240	Stationery	18,843,984	-	18,843,984	19,322,327	(478,343)	103%
250	Water & Conservancy	47,744,677	-	47,744,677	45,777,756	1,966,921	96%
260	Transport Operating Expenses	15,045,949	5,000,000	20,045,949	20,108,891	(62,942)	100%
270	Printing of Accountable documents, Medical Records and HRIS and stationery	8,525,573	3,000,000	11,525,573	10,621,566	904,007	92%
280	Telephone expenses	15,493,485	-	15,493,485	15,260,980	232,506	98%
290	Plant and Equipment Insurance policy	7,372,235	(7,372,235)	-	-	-	0%

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CODE	Expenditure Item	Original Budget 2022/23	Adjustment	Final budget	Cumulative Expenditure	Performance Difference	%
300	Rents & Rates	2,689,498	(1,000,000)	1,689,498	1,633,908	55,590	97%
310	Bank charges	15,610,241	(7,000,000)	8,610,241	8,365,674	244,567	97%
320	Postal Charges	1,259,341	500,000	1,759,341	1,651,476	107,865	94%
330	Motor Vehicle Insurance	3,872,267	-	3,872,267	2,766,488	1,105,779	71%
340	Patient Traveling Expenses	1,072,532	1,500,000	2,572,532	1,726,525	846,007	67%
345	Issue Based Committees	3,176,654	(2,000,000)	1,176,654	439,998	736,656	37%
350	Staff uniforms & protective gear	9,564,546	(6,263,095)	3,301,451	3,211,110	90,341	97%
355	Occupational Health Safety	7,887,475	(1,000,000)	6,887,475	6,177,802	709,673	90%
360	Traveling and Accommodation	45,115,484	10,500,000	55,615,484	55,859,802	(244,318)	100%
365	Universal Health Coverage (UHC) Outreach	10,000,000	(10,000,000)	-	-	-	0%
370	Board of Management Expenses	18,103,000	-	18,103,000	14,251,553	3,851,447	79%
380	Computerization - Maintenance	10,398,999	(3,000,000)	7,398,999	7,075,066	323,933	96%
390	Comprehensive Group Personal accident cover	12,915,698	-	12,915,698	13,151,756	(236,058)	102%
392	Doctor's Indemnity Insurance Cover	5,585,026	(1,503,500)	4,081,526	4,081,525	1	100%
395	Group Life Insurance Cover	30,995,455	2,000,000	32,995,455	33,028,762	(33,307)	100%
400	Staff development & training	51,953,116	(8,000,000)	43,953,116	43,419,672	533,444	99%
401	Medical Officers Post-Graduate Training	15,000,000	15,000,000	30,000,000	30,760,191	(760,191)	103%
405	Health Research, Development & Innovation	5,000,000	(4,500,000)	500,000	346,840	153,160	69%
410	Advertising & Publicity	10,266,597	(3,000,000)	7,266,597	6,806,030	460,567	94%
415	Hospital Security services	1,343,986	500,000	1,843,986	1,981,100	(137,114)	107%
420	Contracted Professional Services	18,330,195	8,000,000	26,330,195	26,355,440	(25,245)	100%
430	ISO	12,099,579	(2,000,000)	10,099,579	10,008,773	90,806	99%
460	External Traveling & Allowance	7,507,628	-	7,507,628	7,515,864	(8,236)	100%
470	Internet Expenses	7,585,495	500,000	8,085,495	8,402,047	(316,552)	104%
480	Staff Medical Scheme	288,947,322	20,000,000	308,947,322	308,451,793	495,529	100%

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CODE	Expenditure Item	Original Budget 2022/23	Adjustment	Final budget	Cumulative Expenditure	Performance Difference	%
490	Corporate Social Responsibility	3,609,761	(2,000,000)	1,609,761	1,071,700	538,061	67%
500	IREC	1,000,000	-	1,000,000	301,274	698,726	30%
520	Continuous Professional Development	969,179	(98,243)	870,936	-	870,936	0%
550	C. A.R.E.	1,265,177	-	1,265,177	832,550	432,627	66%
	<b>TOTAL RECURRENT EXPENDITURE</b>	<b>11,316,586,685</b>	<b>111,538,800</b>	<b>11,428,125,485</b>	<b>12,152,136,143</b>	<b>(724,010,658)</b>	<b>106%</b>
	<b>DEVELOPMENT EXPENDITURE</b>						
380	Computerization (AIA Contribution)	100,000,000	(27,100,000)	72,900,000	72,619,049	280,951	100%
440	Office Equipment(AIA Contribution)	16,413,315	(6,000,000)	10,413,315	4,274,255	6,139,060	41%
530	Hospital Equipment(AIA Contribution)	200,000,000	(66,000,000)	134,000,000	130,296,334	3,703,666	97%
545	Purchase of Medical Appliances( AIA Contribution)	20,000,000	(12,438,800)	7,561,200	6,486,516	1,074,684	86%
560	Capital Expenditure (GOK Funded)	406,000,000	(101,750,000)	304,250,000	250,116,424	54,133,576	82%
	<b>TOTAL DEVELOPMENT EXPENDITURE</b>	<b>742,413,315</b>	<b>(213,288,800)</b>	<b>529,124,515</b>	<b>463,792,578</b>	<b>65,331,937</b>	<b>88%</b>
	<b>TOTAL</b>	<b>12,059,000,000</b>	<b>(101,750,000)</b>	<b>11,957,250,000</b>	<b>12,615,928,721</b>	<b>(658,678,721)</b>	<b>106%</b>



## **XIX. NOTES TO THE FINANCIAL STATEMENTS**

### **1 GENERAL INFORMATION**

Moi Teaching and Referral Hospital was established under Legal Notice No.78 of 12<sup>th</sup> 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 judgment 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.

### 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 1<sup>st</sup> January 2022 owing to Covid-19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1<sup>st</sup> 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 30<sup>th</sup> June 2023

<b>Standard</b>	<b>Effective Date and impact</b>
<b>IPSAS 41:</b> Financial Instruments	<p><b>Applicable: 1<sup>st</sup> January 2023:</b></p> <p>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"> <li>• 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.</li> <li>• Applying a single forward looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• 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.</li> <li>• This standard will would not have any impact since MTRH does not have transaction that results to Financial Instruments.</li> </ul>
<b>Standard</b> <b>IPSAS 42:</b> Social Benefits	<p><b>Effective Date and Impact</b></p> <p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>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</p>

Standard	Effective Date and impact
	<p>financial reports assets:</p> <p>(a) The nature of such social benefits provided by the Entity</p> <p>(b) The key features of the operations of those social benefit schemes; and</p> <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>
Amendments to other IPSAS resulting from IPSAS 41, Financial Instruments	<p><b>Applicable: 1<sup>st</sup> January 2023:</b></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>
Other Improvement to IPSAS	<p><b>Applicable 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>• <i>IPSAS 23 Disclosure of Financial Information about the General Government Sector</i></li> </ul> <p>MTRH reporting framework comply IPSAS 23 hence reporting would be Change.</p> <ul style="list-style-type: none"> <li>• <i>IPSAS 39: Employee Benefits</i></li> </ul> <p>MTRH reporting framework is not affected by IPSAS 39 hence reports would not Change.</p>
Standard	<p><b>Effective date and impact</b></p> <ul style="list-style-type: none"> <li>• <b>IPSAS 29: Financial Instruments: Recognition and Measurement</b></li> </ul> <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 1<sup>st</sup> 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>
IPSAS 43	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The Standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees</p>

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<b>Standard</b>	<b>Effective Date and impact</b>
	<p>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> <p>The new Standard requires entities to recognize, measure and present information on right of use assets and lease liabilities</p> <p>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 1<sup>st</sup> January 2025</p> <p>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. 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 2022-2023 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.

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.

**MTRH Land Value**

MTRH Land Title No. ELDORET MUNICIPALITY BLOCK 7/308 valued at Kshs. 101,577,820 is Historical Cost and has not been revalued.

MTRH owns 200 acre land at Kiplombe, Eldoret earmarked for the Proposed New Multi-specialty MTRH. The land has not been valued nor included in the financial statements for the year ended 30th June 2023.

**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 1<sup>st</sup> 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 30<sup>th</sup> June, 2023.

**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.

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**6 Revenue**

**a) Transfers from Other Government Entities**

Description	2022-2023	2021-2022
	Kshs	Kshs
<b>Unconditional Grants</b>		
Operational Grant	8,048,000,000	7,770,999,990
Other Grants	-	56,740,000
<b>Total Unconditional Grants</b>	<b>8,048,000,000</b>	<b>7,827,739,990</b>

**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 recognised in capital fund.	Total Grant Income during the year	Total transfers 2022/2203	Prior year 2021/2022
	KShs	KShs	KShs		KShs	KShs
Ministry of Health	8,048,000,000	-	304,250,000	8,048,000,000	8,352,250,000	8,040,599,990
Ministry of Health (Donation)	-	-	-		-	56,740,000
<b>Total</b>	<b>8,048,000,000</b>	<b>-</b>	<b>304,250,000</b>	<b>8,048,000,000</b>	<b>8,352,250,000</b>	<b>8,097,339,990</b>

**7. Sale of Goods and Services**

Description	2022-2023	2021-2022
	Kshs	Kshs
<b>Sale of goods</b>		
Cost Sharing Income	3,605,396,170	3,552,026,687
College Students Fees	69,436,790	92,408,380
Mortuary Fees	30,893,945	56,352,206
<b>Total revenue from the sale of goods</b>	<b>3,705,726,905</b>	<b>3,700,787,273</b>

**8. Rental Revenue from Facilities and Equipment**

Description	2022-2023	2021-2022
	Kshs	Kshs
Staff houses	16,520,396	13,559,008
<b>Total rentals</b>	<b>16,520,396</b>	<b>13,559,008</b>

**9. Other Income**

Description	2022-2023	2021-2022
	Kshs	Kshs
Group Insurance Refunds Received	20,193,594	33,059,842
Surcharge	865,565	831,263
Salary Recovery	1,036,247	1,000,457
Administrative fees	6,889,952	6,809,139
Service Bond	3,950,000	2,170,000
Gain on Motor Vehicle Disposal	1,386,872	-
NITA Reimbursement	137,940	
<b>Total other income</b>	<b>34,460,169</b>	<b>43,870,701</b>

**10. Use of Goods and Services**

Description	2022-2023	2021-2022
	Kshs	Kshs
Consumables Goods	1,800,303,185	1,786,793,674
Transport Operating Expenses	6,850,030	9,768,590
Patient Travelling Expenses	1,506,807	328,110
Advertising and Publicity	3,344,140	2,738,223
Staff Development	44,135,484	44,928,887
Travelling and Accommodation	55,446,281	46,606,972
External Travelling	7,191,767	407,466
Centre for Assault Recovery of Eldoret	244,250	635,250
Doctors Indemnity Cover	4,081,525	4,081,525
Group Personal Accident Cover	7,939,170	12,284,679
Comprehensive Group Life Insurance Cover	21,097,210	29,049,786
Comprehensive Staff Medical Scheme	284,885,911	269,782,820
ISO Secretariat	4,510,628	5,768,963
Issue Based Committees	859,350	2,773,136
Occupational Health and Safety	3,873,598	5,079,654
Disaster Emergency Response 035	-	1,072,007
Medical Officers Post Graduate Training	25,851,554	15,340,745
Cleansing Materials	69,520,032	83,977,108
Stationery	18,437,754	24,788,014
Telephone Expenses	16,537,685	17,859,543
Universal Health Coverage (UHC) Outreach	-	100,800
Electricity	120,872,456	107,601,452
Medical Records and Accountable Documents	10,122,921	4,579,685
Water and Conservancy	45,731,342	45,924,361
Computerization	9,473,509	4,003,250
Internet Expenses	2,872,303	4,198,074
Postal and Telegram	1,644,974	723,473
Library Services	2,614,660	3,296,870
Doctors' Fees	216,375,940	158,886,035
Patient Refunds/ Deposit Refunds	12,843,423	13,234,926
Group Insurance Refunds Payments	27,746,005	54,076,633
Course Admin & Subscription Fee	14,548,985	7,284,824
Rent and Rates	1,633,908	319,209
Staff Uniforms	4,628,983	7,287,236

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Description	2022-2023	2021-2022
	Kshs	Kshs
Hospital Linen	1,246,914	5,940,000
Patients Uniforms	8,787,700	7,250,574
Hospital Security services	152,250	-
Health Research and Innovation	792,900	3,556,744
Institutional Research Expenses	729,200	-
Motor Vehicle Insurance Expenses	2,802,443	2,244,958
Bank Charges	8,644,707	14,934,494
NCD Project	-	40,525,921
Covid-19 Emergency Response Fund	-	30,679,168
<b>Total</b>	<b>2,870,881,882</b>	<b>2,880,713,838</b>

### 11. Employee Costs

Description	2022-2023	2021-2022
	Kshs	Kshs
Basic Pay	4,368,416,249	4,171,936,287
House Allowance	808,508,350	800,567,015
Call Allowance	195,734,133	197,460,000
Risk Allowance	174,419,901	176,287,365
Private Wing Executive Committee	12,042,736	11,342,747
Private Wing Administrative Committee	919,976	701,108
Training Centre Allowance	18,687,441	18,238,959
RCO Call Allowance	18,291,333	18,973,333
Health Workers Service Allowance	324,445,500	330,376,667
Non Practice Allowance	119,308,300	120,456,732
Extraneous Allowance	953,788,333	951,984,332
Mortuary Allowance	20,840,373	23,292,670
Locum Allowance	13,883,680	8,547,002
Uniform Allowance	23,375,000	24,489,075
Taskforce Allowance/Meal	30,398,566	19,555,000
Responsibility Allowance	49,357,573	48,575,731
Registrars Stipend Covid-19	2,857,137	5,785,028
Doctors Equipment Allowance	-	8,122,500
Entertainment Allowance	4,537,180	4,607,987
Acting Allowance	5,926,625	6,863,643
Telephone Allowance	258,000	427,400
Special Duty Allowance	10,590,369	14,826,314
Medical Board Allowance	608,000	694,000
Remunerative Allowance	720,000	720,000
Commuter Allowance	301,336,734	303,651,932
Amenity Allowance	26,465,208	22,184,222
Memorial Allowance	64,110,057	57,458,547
Salary Arrears	51,054,597	4,886,614
Nursing Service Allowances	338,641,000	352,634,000
Annual Leave Allowance	227,827,092	233,154,439
NSSF company	15,884,240	16,309,360

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Description	2022-2023	2021-2022
	Kshs	Kshs
Pension Company	589,222,219	563,899,595
TAX Arrears-PAYE on Excess pension Contribution		19,401,082
NITA	2,033,700	-
Gratuity	9,949,059	43,081,973
Casual wages	10,150,926	8,745,417
<b>Total</b>	<b>8,794,589,589</b>	<b>8,590,238,075</b>

**12. Board Expenses**

Description	2022-2023	2021-2022
	Kshs	Kshs
Chairman Honoraria	960,000	960,000
Telephone Allowances	84,000	84,000
Sitting allowances	3,360,000	3,200,000
Travel and Accommodation and Taxi/Mileage/Air Ticket	6,442,184	5,832,699
Airtime	-	2,000
<b>Total</b>	<b>10,846,184</b>	<b>10,078,699</b>

**13. Depreciation and Amortization Expense**

Description	2022-2023	2021-2022
	Kshs	Kshs
Property, plant and equipment	362,909,041	267,186,152
<b>Total depreciation and amortization</b>	<b>362,909,041</b>	<b>267,186,152</b>

**14. Repairs and Maintenance**

Description	2022-2023	2021-2022
	Kshs	Kshs
Maintenance of Plant and Buildings	31,924,369	37,513,326
Maintenance of Biomedical Equipment	65,426,911	35,187,486
<b>Total repairs and maintenance</b>	<b>97,351,280</b>	<b>72,700,812</b>

**15. Contracted Services**

Description	2022-2023	2021-2022
	Kshs	Kshs
Freight charges	479,636	
Legal Fees	444,844	
Outsourced Services	17,125,426	36,321,208
Professional Subscriptions	5,854,330	
<b>Total contracted services</b>	<b>23,904,236</b>	<b>36,321,208</b>

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**16. Corporate Social Responsibility**

Description	2022-2023	2021-2022
	Kshs	Kshs
Social development	1,462,300	2,779,786
<b>Total grants and subsidies</b>	<b>1,462,300</b>	<b>2,779,786</b>

**17. a) Reconciliation for Impairment Allowance on Receivables from Exchange Transactions**

Impairment Allowance/ Provision	2022-2023	2021-2022
	KShs	KShs
At the beginning of the year	784,560,124	573,306,794
Additional provisions during the year	261,525,121	211,253,330
At the end of the year	<b>1,046,085,245</b>	<b>784,560,124</b>

**17. b) Reconciliation for Impairment Allowance on Receivables from Exchange Transactions**

Impairment Allowance/ Provision	2022-2023	2021-2022
	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	<b>444,609,989</b>	<b>444,609,989</b>

**18. Provision for Audit Fees**

Description	2022-2023	2021-2022
	Kshs	Kshs
Trade and Other Payables	1,160,000	1,160,000
<b>Total</b>	<b>1,160,000</b>	<b>1,160,000</b>

**19 (a) Cash and Cash Equivalents**

Description	2022-2023	2021-2022
	Kshs	Kshs
Current account	215,388,514	851,715,373
Cash in Hand	300,000	3,433,833
Mpesa Utility Accounts	3,820,184	824,297
<b>Total cash and cash equivalents</b>	<b>219,508,699</b>	<b>855,973,503</b>

**(b) Detailed Analysis of the Cash and Cash Equivalents**

Particulars	Account number	2022-2023	2021-2022
<b>Current account</b>		Kshs	Kshs
MTRH Mortuary Services	1103031457	58,266	1,021,691
MTRH (Private wing)	1103464396	1,837,950	71,020,193
MTRH Main account	1103464329	4,102,963	221,626,131
MTRH Training Centre	1151682268	209,384,598	558,036,517
MTRH NCD Project	1225719356	4,737	10,842
<b>Sub- total</b>		<b>215,388,514</b>	<b>851,715,373</b>

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Particulars	Account number	2022-2023	2021-2022
		Kshs	Kshs
<b>Current account</b>			
<b>Cash in Mobile/Mpesa Collection Accounts</b>			
MTRH Main account		-	1,568,561
MTRH (Private wing )		-	1,440,428
MTRH Mortuary Services		-	211,124
Petty cash		300,000	213,720
<b>Sub- total</b>		<b>300,000</b>	<b>3,433,833</b>
<b>Mobile Money Utility Accounts</b>			
M-pesa Collection Account	175599	-	-
M-pesa Collection Account	4093231	3,796,787	-
M-pesa Utility Account	951253	23,397	824,297
<b>Sub- total</b>		<b>3,820,184</b>	<b>824,297</b>
<b>Grand total</b>		<b>219,508,699</b>	<b>855,973,503</b>

**20. Trade and Other Receivables**

**a) Current Receivables from Exchange Transactions**

	2022-2023	2021-2022
	Kshs	Kshs
<b>Institutions</b>		
NHIF	1,557,434,405	1,619,562,919
Corporate Clients	256,722,701	202,720,829
AMPATH	79,993,634	78,719,653
<b>Sub Totals</b>	<b>1,894,150,740</b>	<b>1,901,003,401</b>
<b>Individuals</b>		
Individual Clients	1,159,215,568	408,218,159
Student Fees (MTRH College of Health Sciences)	11,779,507	8,666,192
Staff Guarantors	1,463,073	2,204,892
Salary advance	6,227,694	2,601,890
Imprests	24,945,915	11,818,553
TAX Arrears - On Doctors Fees(PAYE)	108,833,004	159,075,490
Farewell Home	3,617,454	2,327,043
Rent	13,279,283	7,902,129
Prepayments	62,753,380	20,311,676
Legal Deposit	1,503,380	1,503,380
Proposed for write-off	522,046,162	522,046,162
<b>Sub Total</b>	<b>1,915,664,421</b>	<b>1,146,675,565</b>
<b>Grand Total</b>	<b>3,809,815,161</b>	<b>3,047,678,966</b>
Less; Accumulated provision	1,046,085,245	784,560,124
<b>Net Debtors</b>	<b>2,763,729,916</b>	<b>2,263,118,842</b>

**b) Receivables from Non-Exchange Transactions**

Description	2022-2023	2021-2022
	KShs	KShs
MOH Grant	1,112,776,655	444,609,990
<b>Total current receivables</b>	-	444,609,990
Less; Accumulated provision	444,609,989	444,609,989
<b>Net Debtors</b>	<b>668,166,666</b>	-

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**21. Inventories**

Description	2022-2023	2021-2022
	Kshs	Kshs
Drugs	193,015,991	180,688,211
Dressings and Theatre Supplies	230,952,505	176,069,857
Lab Reagents	2,181,600	8,425,997
X-Ray Supplies	5,878,580	4,784,632
Food and Ration	1,765,065	3,331,313
Hospital Linen /Cleansing Materials	4,981,607	3,542,876
Hospital Linen	-	1,145,000
Maintenance Materials	7,492,306	7,325,796
Operational and Maintenance Stores	764,398	13,260,950
Stationery	3,189,455	9,929,122
<b>Total inventories at the lower of cost and net realizable value</b>	<b>450,221,507</b>	<b>408,503,755</b>



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**22. PROPERTY, PLANT & EQUIPMENT**

Assets	Land	Buildings	Plant, Equipment, Furniture & Fittings	Computers, Telephones & TV's	Motor Vehicles	Heavy Earth Moving Machine	Project Cost	TOTAL
<b>Cost/Valuation</b>	<b>0.00%</b>	<b>2.50%</b>	<b>12.50%</b>	<b>30.00%</b>	<b>25.00%</b>	<b>37.50%</b>		
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
As at 1 <sup>st</sup> July 2021	101,577,820	1,983,859,141	2,214,816,163	222,898,301	86,107,492	1,850,000	189,992,715	4,801,101,632
Additions:		43,837,240	330,441,517	19,626,028	28,218,928		61,139,775	483,263,488
Disposal								-
Donations								-
Project Cost Capitalized								-
As at 30 <sup>th</sup> 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
Additions:			724,767,199	27,872,644	6,050,000		86,134,386	844,824,230
Disposal					(4,593,275)			(4,593,275)
Donations								-
Project Cost Capitalized		100,746,778	213,212,664				(313,959,442)	-
AS AT 30 <sup>th</sup> JUNE 2023	101,577,820	2,128,443,159	3,483,237,543	270,396,973	115,783,145	1,850,000	23,307,434	6,124,596,075
Depreciation:								-
As at 1 <sup>st</sup> 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 <sup>th</sup> June 2022	-	486,930,047	1,147,976,844	206,388,357	77,396,620	1,398,340		1,920,090,208

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Assets	Land	Buildings	Plant, Equipment, Furniture & Fittings	Computers, Telephones & TV's	Motor Vehicles	Heavy Earth Moving Machine	Project Cost	TOTAL
Cost/Valuation	0.00%	2.50%	12.50%	30.00%	25.00%	37.50%		
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
As at 1 <sup>st</sup> July 2022	-	486,930,047	1,147,976,844	206,388,357	77,396,620	1,398,340	-	1,920,090,208
Charge for the period	-	41,037,828	291,907,587	19,202,585	10,591,668	169,373	-	362,909,041
Disposal					(3,980,147)			(3,980,147)
AS AT 30 <sup>th</sup> JUNE 2023	-	527,967,875	1,439,884,432	225,590,942	84,008,141	1,567,712	-	2,279,019,102
NBV AS AT 30 <sup>th</sup> JUNE 2023	101,577,820	1,600,475,284	2,043,353,111	44,806,031	31,775,004	282,288	23,307,434	3,845,576,973
NBV As at 30 <sup>th</sup> June 2022	101,577,820	1,540,766,334	1,397,280,836	36,135,972	36,929,801	451,660	251,132,490	3,364,274,912

**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	Kshs	Kshs
Land	101,577,820	-	101,577,820
Buildings	2,128,443,159	527,967,875	1,600,475,284
Plant, Equipment and office Equipment	3,483,237,543	1,439,884,432	2,043,353,111
Motor Vehicles, Including Motorcycles	270,396,973	225,590,942	44,806,031
Computers And Related Equipment	115,783,145	84,008,141	31,775,004
Heavy Earth Moving Machines	1,850,000	1,567,712	282,288
Project Cost	23,307,434	-	23,307,434
<b>Total</b>	<b>6,124,596,075</b>	<b>2,279,019,102</b>	<b>3,845,576,973</b>

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**c) Project Cost 2022/2023 FY**

Project Name	Supplier	Contract Sum	Revised Contract Sum	Paid During FY 2021/2022	Total Paid as at 30/06/2022	Project capitalized as at 30/6/2022	Working in Progress as at 30/06/2022	Additional payments as at 30/06/2022	Paid During FY 2022/2023	Total Paid as at 30/06/2023	Project capitalized as at 30/6/2023
1 Fun-Soft HMS	System Partners Ltd	18,303,400					15,902,631			15,902,631	
2 Asset Tagging, E-notice Board	Technology Associates Ltd	14,809,605					7,404,803			7,404,803	
3 Network Upgrade	Synchronized Technologies Ltd	142,997,387		31,307,959	134,700,967		134,798,039		8,223,944	143,021,983	143,021,983
4 Water Upgrade	ABMO LTD	20,581,050		3,770,367		20,581,050	-				
5 Radiotherapy Bunker No2	Neelcon Contractors Ltd	78,884,728		16,783,751	43,617,271		60,447,679		18,437,049	78,884,728	78,884,728
6 Medical gas piping Shoe 4 Africa	Spine Engineering Ltd	18,824,500									
7 Oxygen piping in isolation unit	M/S MEDIQUIP LTD	6,445,000					5,800,500		644,500	5,800,500	6,445,000
8 Installation of HVAC in MTRH World Bank isolation unit	OZONECOOL INVESTMENTS LTD	15,386,190		1,027,151	14,874,721		14,874,721			14,874,721	14,874,721
9 HVAC installation in Rafiki Isolation unit	RICOT ENTERPRISES LTD	7,412,600									
10 BSL II	Resjos Ltd	11,904,117		11,904,117	11,904,117		11,904,117			11,904,117	11,904,117
11 Medical gas piping CCDC, Renal Unit, Emergency Department and PW 1		1,203,250							1,203,250	1,203,250	1,203,250
14 150KG/Hour Incinerator and Plant House	PLENSER LTD	47,667,709							47,667,709	47,667,709	47,667,709
15 Alcohol and Drug Abuse Rehabilitation Unit	Lilians Links Supplies	9,957,933							9,957,933	9,957,933	9,957,933
		994,377,469	-	64,793,345	205,097,076	20,581,050	251,132,490	-	86,134,385	336,622,376	313,959,442

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**23. Trade and Other Payables**

Description	Kshs	Kshs
Trade payables	1,634,667,958	1,056,493,465
Audit Fees	3,480,000	4,640,000
KRA Tax Arrears	3,221,251	86,241,532
Medical Deposits	20,000,000	-
<b>Total trade and other payables</b>	<b>1,661,369,209</b>	<b>1,147,374,997</b>

**24. Refundable Deposits and Prepayments from Customers**

Description	Kshs	Kshs
Prepayments	3,055,747	8,775,321
<b>Total deposits</b>	<b>3,055,747</b>	<b>8,775,321</b>

**25. Finance Lease Obligation**

Description	Kshs	Kshs
<b>At the start of the year</b>	<b>1,684,796</b>	<b>4,240,316</b>
Paid during the year	1,684,796	2,555,520
<b>At end of the year</b>	<b>(0)</b>	<b>1,684,796</b>

**26. Employee Benefit Obligations**

Description	Defined benefit plan	Post-employment medical benefits	Other Benefits	2022-2023	2021-2022
	Kshs	Kshs	Kshs	Kshs	Kshs
Current benefit obligation	592,501,291	-	855,925,111	1,448,426,402	547,781,374
Non-current benefit obligation	-	-	-	-	-
<b>Total employee benefits obligation</b>	<b>592,501,291</b>	<b>-</b>	<b>855,925,111</b>	<b>1,448,426,402</b>	<b>547,781,374</b>

**27. Long Term Loans**

Description	2022-2023	2021-2022
	KShs	KShs
NHIF Loan	166,130,959	202,360,922
<b>Total</b>	<b>166,130,959</b>	<b>202,360,922</b>

**28. Cash Generated from Operations**

	2022-2023	2021-2022
	Kshs	Kshs
<b>Surplus for the year before tax</b>	<b>(619,922,162)</b>	<b>(486,474,929)</b>
<b>Adjusted for:</b>		
Depreciation	362,909,041	267,186,152
Non-cash grants received		-
Contributed assets		-
Impairment		-
Gains and losses on disposal of assets	(1,386,872)	-
Contribution to provisions		-
Contribution to impairment allowance		-
Finance income		-
Finance cost		-
<b>Working Capital adjustments</b>	<b>361,522,169</b>	<b>267,186,152</b>
Increase in inventory	(41,717,752)	5,320,622
Change in Current Receivables from Exchange Transactions	(500,611,074)	(550,648,567)
Change in Current Receivables from Non-Exchange Transactions	(668,166,666)	703,951,799
NHIF Loan Prepayments (Assets)	-	-
NHIF Loan (Liability)	(36,229,963)	(36,186,859)
Increase in payables	513,994,212	507,325,454
Employee Benefit Obligations	900,645,028	(117,554,186)
Increase in payments received in advance	(5,719,574)	(840,893)
KCB Finance Lease	(1,684,796)	(2,555,520)
<b>Sub Totals</b>	<b>160,509,414</b>	<b>508,811,850</b>
<b>Net cash flow from operating activities</b>	<b>(97,890,579)</b>	<b>289,523,073</b>

**29. Employee Benefit Obligations**

**Retirement benefit Asset/ Liability**

Moi Teaching and referral hospital does not operates 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.

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Description	Defined benefit plan	Post-employment medical benefits	Other Benefits	2022-2023	2021-2022
	Kshs	Kshs	Kshs	Kshs	Kshs
Current benefit obligation	592,501,291	-	855,925,111	1,448,426,402	547,781,374
Non-current benefit obligation	-	-	-	-	-
<b>Total employee benefits obligation</b>	<b>592,501,291</b>	<b>-</b>	<b>855,925,111</b>	<b>1,448,426,402</b>	<b>547,781,374</b>

### 30. 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.

#### FY 2023

	Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
<b>As at 30<sup>th</sup> JUNE 2023</b>			
<b>Financial assets</b>			
Cash	4,120,184	-	4,120,184
Debtors	2,763,729,916	-	2,763,729,916
<b>Total financial assets</b>	<b>2,767,850,100</b>	<b>-</b>	<b>2,767,850,100</b>
<b>Financial Liabilities</b>			
Trade and other payables	1,634,667,958	-	1,634,667,958
<b>Total financial liabilities</b>	<b>1,634,667,958</b>	<b>-</b>	<b>1,634,667,958</b>
<b>Net foreign currency asset/(liability)</b>	<b>1,133,182,142</b>	<b>-</b>	<b>1,133,182,142</b>

#### FY 2022

	Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
<b>As at 30<sup>th</sup> June 2022</b>			
<b>Financial assets</b>			
Cash	824,297	-	824,297
Debtors	2,263,118,842	-	2,263,118,842
<b>Total financial assets</b>	<b>2,263,943,139</b>	<b>-</b>	<b>2,263,943,139</b>
<b>Financial Liabilities</b>			
Trade and other payables	1,056,493,465	-	1,056,493,465
<b>Total financial liabilities</b>	<b>1,056,493,465</b>	<b>-</b>	<b>1,056,493,465</b>
<b>Net foreign currency asset/(liability)</b>	<b>1,207,449,674</b>	<b>-</b>	<b>1,207,449,674</b>

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.

	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
<b>As at 30<sup>th</sup> June 2022</b>				
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	-	-
<b>Total</b>	<b>3,899,394,340</b>	<b>3,114,834,215</b>	<b>2,263,118,842</b>	<b>1,229,170,113</b>
<b>As at 30<sup>th</sup> June 2023</b>				
Receivables from exchange transactions	3,809,815,161	2,763,729,916	2,763,729,916	1,046,085,245
Receivables from non exchange transactions	1,112,776,655	-	-	444,609,989
Bank balances	215,388,514	215,388,514	-	-
<b>Total</b>	<b>5,137,980,331</b>	<b>2,979,118,430</b>	<b>2,763,729,916</b>	<b>1,490,695,234</b>

## 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

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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.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>As at 30<sup>th</sup> June 2023</b>				
Trade payables	-	1,661,369,209	-	1,661,369,209
Prepaid Fees	-	3,055,747	-	3,055,747
NHIF Loan	-	166,130,959		166,130,959
KCB Finance Lease	-	(0)	-	(0)
Employee benefit obligation	-	1,448,426,402	-	1,448,426,402
<b>Total</b>	<b>-</b>	<b>3,278,982,317</b>	<b>-</b>	<b>3,278,982,317</b>
<b>As at 30<sup>th</sup> June 2022</b>				
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
<b>Total</b>	<b>-</b>	<b>1,907,977,410</b>	<b>-</b>	<b>1,907,977,410</b>

**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:

**Capital Risk Management**

	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Retained earnings	(394,300,462)	225,621,700
Capital reserve	5,062,521,906	4,758,271,906
<b>Total funds</b>	<b>4,668,221,444</b>	<b>4,983,893,606</b>
Total borrowings	-	-
Less: cash and bank balances	219,508,699	855,973,503
Net debt/(excess cash and cash equivalents)	4,448,712,745	4,127,920,102
<b>Gearing</b>	<b>95%</b>	<b>83%</b>

**31. 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.

**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 2023 the Ministry of Health transaction with the MTRH is as per the table below

Description	2022-2023	2021-2022
	Kshs	Kshs
<b>Transactions with related parties</b>		
<b>Grants /Transfers from the Government</b>		
Recurrent Grants from National Government	8,048,000,000	7,770,999,990
Donations in kind	-	56,740,000
Capital Grant	304,250,000	269,600,000
<b>Total</b>	<b>8,352,250,000</b>	<b>8,097,339,990</b>

**ii) Moi University**

In the period ended 30 June 2023 no transaction was done between Moi University and Moi Teaching and Referral Hospital

**iii) AMPATH**

In the period ended 30<sup>th</sup> June 2023 no active transaction was done between MTRH and AMPATH. However, MTRH NCD project account which hold funds for the NCD Project run by AMPATH has a balance of **Kshs. 4,737.00**

**iv) Key management;**

The earnings by key management staff, CEO, Senior Directors, Directors and Managers as listed on part 1(d) amounted to to Kshs **172,605,988.00**.

**v) Board of directors;**

Expenditure relating to board of directors being Sitting Allowance, Honoraria, Telephone Allowance and travel expenses in the period ending 30<sup>th</sup> June 2023 amounted to **Kshs 10,846,184.00**

**32. Events after the Reporting Period**

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

**33. Ultimate And Holding Entity**

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

**34. Currency**

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

**XX. APPENDICES**

**APPENDIX I: IMPLEMENTATION STATUS OF AUDITOR-GENERAL'S  
RECOMMENDATIONS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2022**

The following is the summary of issues raised by the Auditor-General for the year ended 30<sup>th</sup> June 2022 and management comments that were provided to the auditor.

**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	Misclassified COVID-19 Emergency Response Fund Expenses	<p>Management acknowledged the finding on misclassification of Capital purchase for supply, delivery, installation/testing and commissioning of two (2) echocardiogram machines which was posted under COVID-19 Emergencies Response Fund and also Property Plant and Equipment.</p> <p>MTRH has made the relevant Journal Entries to correct the over statement of COVID-19 Emergencies Response Fund expenses were Revised Annual Report and Financial Statements.</p>	Resolved	
2	Lack of Policy on Provision for Doubtful Debts	<p>Management acknowledged the audit finding on Lack of Policy on Provision for Doubtful Debts and clarified that it has been using the general provisions of Paragraph 97 of IPSAS 19 to guide in provisions for doubtful debts.</p> <p>Management appreciated the auditors' recommendation and will come up with the Provision for Doubtful Debts Policy in line with the requirements of Paragraph 97 of IPSAS 19</p>	Partially Resolved	June 2024
3	Inventories - Failure to Assess Net Realizable Value	Management acknowledged the finding on valuation of inventory and clarified as follows; paragraph 1 state that "objective of this standard is to	Resolved	

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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)
		<p><i>prescribe the accounting treatment for inventory. A primary issue in accounting for inventories is the amount of cost to be recognized as an assets and carried forward until the related revenues are recognized. This standard provides guidance on the determination of cost and its subsequent recognition as an expense, including any write-down to net realizable value. It also provides guidance on the cost formula that are used to assign cost to inventories".</i></p> <p>And paragraph 15 states that "inventories shall be measured at the lower of cost and net realizable value, except where Paragraph 16 and 17 applies"</p> <p>MTRH inventory are sold at a mark-up of 25%, which makes net realizable value higher than buying price hence net realizable value is not used.</p> <p>Management, guided by the two paragraphs above, reported the value of inventory at purchase price which is the lowest cost.</p>		
5	Unexplained stock in stores	<p>MTRH maintain drugs stores (main pharmacy stores) that hold all drugs, nutritional feeds, and renal items. The Hospital initially maintained stock records on a Funsoft system which has since been retired and the new ERP system is now in place.</p> <p>Renal consumables were stocked in the main drugstore, thereafter MTRH Management made a decision to relocate the renal store to Chandaria Cancer Centre Building 1<sup>st</sup> floor to</p>	Resolved	

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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)
		enhance the level of service delivery to renal patients. In the process of relocation, stock records were not adjusted from the main drugs store and new stocks were created at the renal unit hence the variance Authority to undertake sock reconciliation has since been granted by the Accounting Officer		

**i) Other Matter**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
1	Budgetary Control Performance	<p>Management acknowledged the audit finding on Budgetary Control and Performance and clarified that an over-expenditure of Kshs. 715,456,949 arose due to underfunding of Personnel Emoluments. The budget implemented had the approval of the MTRH Board of Directors. Management gave its requirements to the Ministry of Health and The National Treasury and Planning as stipulated in Regulation 120(2) of the Public Finance Management (National Governments) Regulations but the allocated funding was not adequate for the staff in post.</p> <p>Management also complied with Regulation 47(1) by informing the Cabinet Secretary for Health and the Cabinet Secretary of the National treasury on the budgetary shortfalls for Personnel Emoluments.</p> <p>It is noted that there was a significant reduction in personnel emoluments allocation for FY 2021/22 in which the allocation was Kshs. 7,771,000,000</p>	Resolved	

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<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status:</b>	<b>Timeframe:</b>
		down from Kshs. 8,154,680,000 allocated in the FY 2020/21 and yet salaries is a recurrent item with annual basic salary increment and common cadre promotions.		

**ii) Report on Lawfulness and Effective use of Public Resources**

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status:</b>	<b>Timeframe:</b>
			<i>(Resolved / Not Resolved)</i>	<i>(Put a date when you expect the issue to be resolved)</i>
1.1	Proposed Fencing of Perimeter wall to Secure AMB Microwave Plant	MTRH acknowledged the finding and agree that there was an error in our communication to tenders in view of the requirements under provision Regulations 82(3) comply with the requirements of the cited Regulations and at the same time, we will raise this omission from the template with PPRA as guided by note 11.	<i>Resolved</i>	
1.2	Supply, Delivery, Installation and commission of Medical Equipment	MTRH acknowledged the finding and agreed that there was an error in our communication to tenders in view of the requirements under provision Regulations 82(3) comply with the requirements of the cited Regulations and at the same time, we will raise this omission from the template with PPRA as guided by note 11 of the attached preface	<i>Resolved</i>	
2	Covid-19 Emergency Response Fund	Management used the standard template "Form No. I: NOTIFICATION OF INTENTION TO AWARD issued by PPRA while communicating the outcome of the procurement proceeding and agree that there was an omission in our communication to tenderers in view of the requirements under provision Regulations 82(3). Management will henceforth comply with the requirements of Regulations 82(3) of Public Procurement and Asset	<i>Resolved</i>	

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<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
		<p>Disposal Regulations, 2020 and at the same time, raise this fundamental omission from the template with PPRA as guided by note 8 of the attached preface.</p> <p><b>Report of performance from the contract management team</b></p> <p>-M/s Meditec Systems Limited was contracted for supply, delivery, installation/testing and commissioning of two (2) echocardiogram machines and second payment was made after 5 months of satisfactory performance of the equipment. Installation and Commissioning Certificate was raised and signed by the parties which informed settling of the second payment.</p> <p>-M/s Lued (A) Chemicals Limited was contracted to supply linen trolleys which are standard item hence second payment was settled after five months on the strength of the Inspection and Acceptance Certificate in compliance to the provisions of section 48 of the Public Procurement and Asset Disposal Act, 2015 since no installation and commissioning was required.</p> <p><i>Annexure</i></p>		
3.1	Failure to Submit Bank Reconciliations Statements	<p>Management wish to clarify that it complies with monthly and quarterly bank reconciliation statements and submits to the National Treasury as per regulation 90(1) of Public Finance Management Act (National Government) regulation, 2015, which requires all bank reconciliation statements to be forwarded to The National Treasury. The National Treasury requires that all the monthly and quarterly bank balances and bank reconciliations statements be reported through the Government Management Information System (GMIS) which MTRH complies</p>	<b>Resolved</b>	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
			<i>(Resolved / Not Resolved)</i>	<i>(Put a date when you expect the issue to be resolved)</i>
4	Implementation of Procurement Plan	<p>MTRH prepares a quarterly report of all procurement activities carried out Quarterly for consideration by the Accounting Officer (person responsible for the procuring entity as guided by Regulations Section 40 6 ) and further makes a presentation to the Board on the performance attained in that period.</p> <p>The Hospital also makes quarterly Procurement reports on the achievements of Access to Procurement Activities (AGPO) to Public Procurement and Regulatory Authority PPRA, Ministry of Youth and Gender and to The National Treasury. The Hospital also submits quarterly Procurement performance reports on Buy-Kenya-Build –Kenya (Local Content) to the Public Procurement and Regulatory Authority (PPRA), Ministry of Industrialization, Trade and Enterprise Development and to the National Treasury.</p> <p>Attached herewith are copies of the Quarterly Performance Reports and the submission to the statutory Organizations as indicated above</p>	<b>Resolved</b>	
5.1	Single Sourcing of Hotel Accommodation Services	<p>Management acknowledged audit finding on Sourcing of Hotel Accommodation Services and clarified that it invited quotations from three reputable hotels which are based in Nakuru which included ALPS Hotel, Sarova Woodlands Hotel and Lake Nakuru Lodge (see attached, Annex I). The quotations received from the lowest bidder (Sarova Woodlands) was not in tandem with the user requirement, and there were no adequate rooms to accommodate Board Members.</p> <p>ALPS Hotels were first alternative bidder and the procurement proceeding was processed in their favour</p>	<b>Resolved</b>	



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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)
5.2	Composition of Board committees	<p>Management acknowledges the audit finding on composition and Rotation of Board Committees and clarified as follows;</p> <p><b>a) Board Composition</b></p> <p>During the period under Audit, July 1<sup>st</sup> 2021-June 30<sup>th</sup> 2022, MTRH Board Structure was governed by Legal Notice No. 40 of 2021, 78 of 1998 and No. 56 of 2002 under the State Corporation Act, Cap 446 which clearly defined the composition of MTRH Board. Legal Notice No. 40 of 1<sup>st</sup> March 2021 revised membership of the Board; reduced Independent Directors from 5 Directors to 2 directors; affirmed the membership of Principal Moi University College of Health Sciences and Attorney-General. Membership of Director General for Health, Vice Chancellor Moi University and Chair - Moi University Council were omitted. This brought Full Board membership to Nine (9) including the CEO with Corporation Secretary as the Secretary to the Board;</p> <ul style="list-style-type: none"> <li>-Non-executive Board Chair appointed by the President</li> <li>-Two Independent members</li> <li>-Representative of Principal Secretary, Ministry of Health</li> <li>-Representative of the Principal Secretary, Ministry of Higher Education &amp; Research</li> <li>-Representative of Cabinet Secretary, The National Treasury &amp; Economic Planning</li> <li>-Principal, Moi University College of HEALTH Science</li> <li>-Attorney General</li> <li>-Chief Executive Officer, MTRH</li> </ul> <p><b>b) Board Composition</b></p>	Resolved	

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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)
		<p>-In compliance with the Circular on Management of State Corporation Circular issued on 11th March 2020, the Board has;</p> <p>-Four (4) Committees that oversee the operations of the Hospital namely Finance &amp; Strategy Committee, Audit Risk and Compliance Committee, Hospital Operations &amp; Standards Committee and People Management Committee.</p> <p>-The stipulated 1/3<sup>rd</sup> of the Full Board is 3 Directors. Committee membership ranged between four and five members (including the CEO); As such, all Committee memberships are within the parameters set out in the Circular and no Director seats in more than two Committees</p> <p>-Furthermore, members of the Finance and Strategy Committee were not appointed to the Audit, Risk &amp; Compliance Committee save for the Representative from The National Treasury &amp; Economic Planning.</p>		
6.1	Failure to deduct service charge for processing of payroll deductions	Management deducts Administration fee (service fees) from Coop Bank, Insurances and Microfinances at source that is before submitting payroll deductions due to them. Going forward we will implement for the remaining third-Parties as well. This comes as AIA to the Directorate of human resource Management and Development.	<i>Resolved</i>	
6.2	Failure to observe one-third rule on ethnicity	Management acknowledged the Finding on Observance of One third	Partially Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
			<i>(Resolved / Not Resolved)</i>	<i>(Put a date when you expect the issue to be resolved)</i>
		<p>Rule on Ethnicity and clarified that MTRH is progressively working towards achieving the One third Rule on Ethnicity. This is evidenced by the report of Auditor General for the year ended 30<sup>th</sup> June 2019 which indicated the dominant community at <b>68.9%</b>. Three years later the dominant community has reduced to <b>66%</b>. MTRH has addressed this through recruitment which has purposely taken from other communities without compromising merit. Management have been submitting annual Report to National Integration, Cohesion Commission (NIC) and has been improvement the ethnic composition of staff.</p> <p>In advertising for positions management has taken the initiative to indicate in the advert that marginalized and special groups are encouraged to apply.</p>		

**iii) Report on Effectiveness of Internal Control, Risk Management and Governance**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
			<i>(Resolved / Not Resolved)</i>	<i>(Put a date when you expect the issue to be resolved)</i>
1	Failure to Tag Fixed Assets	Management acknowledged the finding on assets tagging/branding/labelling and clarified that it is currently developing the assets management module within the Enterprise Resource Planning (ERP) System that will enable asset tagging and management.	Partly-resolved	<b>June 2024</b>

*Philip K. Kirwa: 15.8.24.*

DR. PHILIP K. KIRWA

Ag. CHIEF EXECUTIVE OFFICER

**APPENDIX II: STATUS OF PROJECTS COMPLETION**

The status of completion of projects as at 30<sup>th</sup> June 2023 was as follows;

No.	Project Name	Timelines		Project cost	Amount Paid	Current Status
		Start Date	End Date			
<b>A GOK FUNDED PROJECTS</b>						
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	The Bunker was successfully completed in December 2022. Installation of the equipment was completed in February 2023 and operationalized. Patient receiving radiotherapy services. Technical commissioning has been done and awaiting the official commissioning of the project.
2	Equipping of Intensive Care Units (ICUs)	01/07/2015	30/06/2025	Kshs 484,000,000	213,600,000	LPO issued for supply delivery and commissioning of various medical equipment through Tender 55 and tender No. 56
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	LPO issued for supply delivery and commissioning of various medical equipment through Tender 55 and tender No. 56
4	Equipping of Mother and Baby Hospital	01/07/2014	30/06/2025	Kshs 350,000,000	50,000,000	The Hospital received donation of various medical equipment from French, FSE-Maternal project through the Ministry of Health. Construction commenced on 24 <sup>th</sup> March 2021.
5	Establishment of an MRI Centre	01/07/2021	30/06/2023	Kshs 81,280,130		Construction in progress. Construction is at 77% as at end of June 2022. Finishing works ongoing i.e ceiling works, floor tiling, paint works. Project to be completed by August 2023.

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No.	Project Name	Timelines		Project cost	Amount Paid	Current Status
		Start Date	End Date			
B	<b>APPROPRIATION IN AID (AIA)</b>					
1	Power Upgrade for the Private Wing II	1/7/2022	30/6/2023	Kshs 45,575,489	Kshs. 24,819,396.36	The project was successfully completed and handed over/commissioned on 8 <sup>th</sup> May 2023.
2	Modernization of Farewell Home Refrigerators	1/7/2022	30/6/2023	Kshs 50,000,000	-	The project has been contracted to Grahamas Ltd. The contractor took possession of the site on 3 <sup>rd</sup> July 2023. Submitted a request on 30 <sup>th</sup> September 2022 and a reminder on 5 <sup>th</sup> June 2023 to the Sports Funds Board through the Ministry of Health for funding from Sports Arts for 2023/24FY
3	Replacement of wooden doors in theatres with modern Stainless steel	1/7/2022	30/6/2023	Kshs 25,000,000 (Budgeted)	-	The tender was evaluated but due to the lowest bidder's offer exceeding the budget, the project will be re-tendered in 2023/24FY.
4	Completion of Private Wing II OPD	1/7/2022	30/6/2023	Kshs 34,000,000 (Budgeted)	-	The tender was evaluated but due to the lowest bidder offer exceeding the budget, the project will be re-tendered in 2023/24FY.
5	Equipping of Kitchen	1/7/2022	30/6/2023	Kshs 23,396,328	KShs. 5,285,965	The project was successfully completed and commissioned on 12 <sup>th</sup> June 2023. The equipment has been operationalized.
6	Modernization of Hospital Fleet - Trade-in of old Double Cab Utility Van	1/7/2022	30/6/2023	Kshs 4,050,000	Kshs. 4,050,000	The Toyota Double Cabin pick up delivered on 9 <sup>th</sup> February 2023

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No.	Project Name	Timelines		Project cost	Amount Paid	Current Status
		Start Date	End Date			
7	Renovation of Private Wing II Special Wing & Kitchen- Carry out facelifing of Private Wing II as the facility outlook requires improvements even as we seek to have a modern inpatient block	1/7/2022	30/6/2023	Kshs 12,000,000	Kshs. 6,869,915.90	The project is at 85% completion. Renovation of the Special Wings completed and awaiting fixing of bed-headed units. Renovation of kitchen completed and in use. Renovation of the Maternity Wing is ongoing
8	Procurement of manikins for the Simulation Centre- Procurement of 1 Manikin to support simulation of clinical scenarios for clinical skills enhancement	1/7/2020	30/6/2022	Kshs 8,500,000	-	The procurement of the skills aid was not responsive and will be re-rendered in 2023/24FY.
<b>DONOR SUPPORT PROJECTS</b>						
1	Construction and equipping of MTRH Harry J Dyer Burns Hospital (Multi Year Project)	-	-	US\$ 2,000,000	-	The project designs were reviewed to increase the floor area and services. This affected timelines and hence the construction tender will be done in 2023/24FY. The contract for design consultancy has been evaluated was done. The project has received tax exemption from The National Treasury and Economic Planning for the works, goods and Services.

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No.	Project Name	Timelines		Project cost	Amount Paid	Current Status
		Start Date	End Date			
2	Construction and equipping of MTRH Julie Anne Perry Pediatric Oncology Hospital (Multi Year Project)	-	-	US\$ 2,375,000	-	The tender for the construction contractor was evaluated and due to the lowest evaluated bidder exceeding the budget, the tender for construction will be re-tendered in 2023/24FY. Contract for design consultancy was evaluated and awarded.  The project has received tax exemption from The National Treasury and Economic Planning 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 and undergoing review by Office of Attorney General and The National Treasury and Economic Planning.
4	Construction of MTRH Financial Services Centre of Excellence.	18.10.2021	Nov-22	57,952,355	-	Construction commenced on 18 <sup>th</sup> October 2021. Construction was at 80% as at 30 <sup>th</sup> June 2023. The project duration was extended to September 2023. Finishing works ongoing including tiling, painting, and glazing.
<b>D</b>	<b>PROJECTS UNDER RESOURCE MOBILIZATION</b>					
1	Establishment of Cardiac Catheterization Laboratory	-	-	200,000,000	-	Submitted a request on 30 <sup>th</sup> September 2022 and a reminder on 5 <sup>th</sup> June 2023 to the Sports Funds Board through the Ministry of Health for funding from Sports Arts for 2023/24FY



**APPENDIX III: INTER-ENTITY TRANSFERS**

**Break down of Transfers from the State Department to Moi Teaching and Referral Hospital for the year ended 30<sup>th</sup> June 2023**

**a) Recurrent Grants**

Bank Statement Date	Receipt number	Amount (KShs)	Month to which the amounts relate
08/08/2022	5109681/5109684	668,166,667	July 2022
10/08/2022	5099975	2,500,000	July 2022
08/09/2022	5134024	668,166,667	Aug 2022
05/10/2022	5164661	668,166,667	Sept 2022
14/11/2022	5220381	668,166,667	Oct 2022
14/11/2022	5220368	7,500,000	Aug, Sept & Oct 2022
13/12/2022	5260044	668,166,667	Nov 2022
13/12/2022	5259789	2,500,000	Nov 2022
06/01/2023	5280917	668,166,667	Dec 2022
06/01/2023	5280879	2,500,000	Dec 2022
16/02/2023	REC-23-0220164581563	668,166,667	Jan 2023
16/02/2023	REC-23-0220164092669	2,500,000	Jan 2023
27/03/2023	REC-23-03291313823731	668,166,667	Feb 2023
27/03/2023	REC-23-03291311163763	2,500,000	Feb 2023
28/04/2023	REC-0503112749289	668,166,667	March 2023
28/04/2023	REC-23-05031144447456	2,500,000	March 2023
05/06/2023	REC-23-6081228816220	668,166,667	April 2023
05/06/2023	REC-23-06081227938705	2,500,000	April 2023
12/06/2023	REC-23-06131545776085	2,500,000	May 2023
15/06/2023	REC-23-06151239887121	668,166,667	May 2023
03/07/2023	REC-23-07041413650479	668,166,667	June 2023
03/07/2023	REC-23-0704142337995	2,500,000	June 2023
<b>Total</b>		<b>8,048,000,000</b>	
<b>Development Grants</b>			
Bank Statement Date		Amount (KShs)	FY to which the amounts relate
21/03/2023	REC-23-03221643235312	203,000,000	2022/2023
21/03/2023	REC-23-03221645192790	101,250,000	2022/2023
<b>Total</b>		<b>304,250,000</b>	
<b>Donor Receipts</b>			
Bank Statement Date		Amount (KShs)	FY to which the amounts relate
<b>GRAND TOTAL</b>		<b>8,352,250,000</b>	

