

REPUBLIC OF KENYA



Enhancing Accountability

THE NATIONAL ASSEMBLY PAPERS LAID	
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REPORT TABLED BY:	Hon. Owen Baya, CEs, MP Deputy Majority Leader
CLERK-AT THE-TABLE:	Christine Ndiritu

OF

THE AUDITOR-GENERAL

ON

MOI TEACHING AND REFERRAL
HOSPITAL

FOR THE YEAR ENDED
30 JUNE, 2021



An ISO 9001:2015 Certified Hospital



OFFICE OF THE AUDITOR-GENERAL
NORTH RIFT REGIONAL OFFICE

19 JUL 2022

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P O Box 2774-30100, ELDORET

MOI TEACHING AND REFERRAL HOSPITAL

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDING

30TH JUNE 2021

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

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I. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

Moi Teaching and Referral Hospital (MTRH) was established under Legal Notice No.78 of 12th June 1998 of the State Corporations Act (Cap 446) and is domiciled in Kenya. 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, MTRH has grown tremendously to a fully-fledged Multi-Specialty referral facility with several inpatient and outpatient health care services. It also incorporates the Academic Model Providing Access to Healthcare (AMPATH), Centre for Assault Recovery-Eldoret (CAR-E), and Partners with Moi University (College of Health Sciences) and Regional Blood Transfusion Services (RBTS).

b) Principal activities

The mandate of Moi Teaching and Referral hospital is to:

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

c) Key Management

MTRH is managed under the following key organs:

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

d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2021 and who had direct fiduciary responsibility were:

Designation	Name	Professional Membership Number	Certification Body
1. Chief Executive Officer	Dr. Wilson K. Aruasa, MBS, EBS	A4530	KMPDC
2. Senior Director - Clinical Services	Dr. Philip Kirwa	A4215	KMPDC
3. Senior Director - Administration & Finance	Dr. Benjamin Tarus (PhD)	2471	ICPSK
4. Director, Finance	Mr. Mathews Birgen	3915	ICPAK
5. Director, Human Resource Management & Dev't	Ms. Ann Chemworsio	01593	IHRM
6. Director, Pharmacy & Nutrition	Dr. Victor Maina	1662	PPB
7. Director, Surgical Services	Dr. Saratiel Nyabera	A3275	KMPDC
8. Director, Nursing Services	Mr. Titus Tarus	BSN 194	NCK

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Designation	Name	Professional Membership Number	Certification Body
9. Director, Laboratory Services	Ms. Florence Chepyegon Tum	A01985	KMLTTB
10. Director, Diagnostic Services	Dr. Ezekiel Kimutai	A4510	KMPDC
11. Director, Health Administration	Ms. Christine Chuani	PHOTC/B896/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	Ms. Jane Kariuki	KRN 9475 MAC/ 2018-183	NCK MAC
16. Director, Internal Medicine	Dr. Wilson Sugut	A4484	KMPDC
17. Director, Hemato-Oncology	Dr. Jesse Opakas	A6066	KMPDC
18. Director, MTRH College of Health Sciences	Mr. Caleb Koech	BSN 426	NCK
19. Director, Commercial Services	Mr. Tom Soigwa	M1448/ MSK	MSK
20. Chief Information Officer	Dr. Thomas Mwogi	A7000	KMPDC
21. Manager, Finance	Mr. Thomas Ngetich	7617	ICPAK
22. Manager, Supply Chain	Mr. Bill Peter Saina	62672	KISM
23. Deputy Manager, Legal Services/ Ag. Corporations Secretary	Ms. Sylvia Nyariki	P.105/6416/06	LSK

e) Fiduciary Oversight Arrangements

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

1. Audit and Risk Committee of the Board
 - The Hospital's operations are subjected to oversight by the Board Audit and Risk Committee, which meets quarterly to review the Hospital's risk preparedness, compliance to approved policies and business continuity plans.
2. Finance and Strategy Committee
 - The Finance and Strategy committee is responsible for the review of Financial Policies of the Hospital, Annual Budget, financial operations and investment decisions to ensure compliance and alignment of resources to the core mandate.
3. National Assembly Departmental Committee on Health
 - The Hospital is subject to oversight by the National Assembly Departmental Committee on Health on matters defined in the Hospital's Core mandate.
4. National Assembly Public Investments Committee
 - The Hospital is subject to oversight by the National Assembly Public Investments Committee

f) **Principal Place of Business**

Moi Teaching & Referral Hospital
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
WebSite : www.mtrh.go.ke

h) **Bankers**

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

i) **Independent Auditors**

Auditor General
Office of the Auditor General
Anniversary Towers, University Way
P. O. Box 30084 - 00100
NAIROBI

j) **Principal Legal Adviser**




The Attorney General
State Law Office
Sheria House, Harambee Avenue
P.O. Box 40112 – 00100
NAIROBI

II. BOARD OF DIRECTORS

 <p>Mr. Sitoyo Lopokoityit, MBS BOARD CHAIRMAN</p>	<p>Mr. Sitoyo Lopokoityit holds MSc. Information Technology, Management, and Organizational Change - University of Lancaster, UK and Bachelor of Commerce, Marketing Option - University of Nairobi.</p> <p>He is currently the Managing Director, MPESA Africa, from 1st April 2021 to date; He has held various portfolios including; Chief Financial Services Officer–Safaricom Plc: (1st April 2018 – 31st March, 2021), Director M-Commerce & Vodacom Foundation Board Member (1st Oct 2015 - 31st March 2018), Head of Department Strategy & Business Development – Financial Services (M-PESA) (1st July 2011 - 30th September 2015), Head of Total Solar Business, Toyota Kenya (Jan 2011 - July 2011), Diversification Manager, Toyota Kenya (September 2009 - December 2010). Also served as Business Advisor, Consumer & Industrial, Retailing Relationship & Merchandise Manager, Field Trainer, East Africa - Chevron Kenya Ltd, (Jan 2008 - August 2009), Area Merchandising Executive Coordinator, East Africa & Egypt (2004 - Jan 2008), Category Manager, Non Food Groceries Division, Uchumi Supermarket Ltd – (Jan 2003 - Aug 2004).</p> <p>Board Chair, MTRH</p>
 <p>Mr. Idle Mohamud Muhumed Non-Executive Director</p>	<p>Mr. Idle Mohamud holds a degree from Moi University - Bachelor of Human Resource Management, NEP Technical Training Institute -Higher Diploma in Human Resources Management, Mombasa Polytechnic University College Diploma in Archives and Library Management, Frontier Institute of Professional and Management Studies.</p> <p>Regional Director Northern Kenya, Human Resource Manager at Gulf Energy Limited</p> <p>Independent Board Member, MTRH.</p>
 <p>Dr. Dorah Malla Non-Executive Director</p>	<p>Dr. Dorah Malla is Medical Doctor (Bachelor of Medicine and Bachelor of Surgery, University of Nairobi); Leadership Development Program, International Corporate Governance, Corporate Secretaries International Association; Effective Director, Strathmore University; Procurement Strategies and Policies- Crown Agents UK.</p> <p>Senior Medical Officer- KNH; Intern - Armed Forces Memorial Hospital; Director, KPLC. Member Chairperson, Staff and Remuneration Committee. Member of Procurement Oversight Committee and ICT & Audit Committee of the Board. Member of Kenya Medical Association.</p> <p>Independent Board Member, MTRH.</p>




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 <p>Dr. Janet Muriuki Non-Executive Director</p>	<p>Dr. Janet Muriuki is a Medical Doctor (Bachelor of Medicine and Surgery, University of Nairobi) and a Public health specialist with a Master of Science in Public Health, Jomo Kenyatta University of Agriculture and Technology. She has over 15 years of experience in the health sector and is currently the Country Director - IntraHealth Kenya and Program Lead for USAID funded Human Resources for Health (HRH) Kenya Mechanism. Janet was previously the Technical Director/ Deputy Chief of Party of IntraHealth's HRH Kenya Mechanism, HRH Capacity Bridge & Capacity Kenya Projects. Earlier roles held include Quality Improvement Advisor with Pathfinder International and prior as Service Delivery Specialist. She sits on the Jacaranda Health Global Advisory Board.</p> <p>Independent Board member, MTRH</p>
 <p>Mrs. Constantine Kandie Non-Executive Director</p>	<p>Mrs Constantine Kandie is a seasoned Management Consultant, with over 15 years' experience in Governance, Strategic Management, and Leadership of diverse professionals and staff teams.</p> <p>CEO of The Leadership and Governance Advisory (LGA) Group. Technical Advisor, State Department for Trade.</p> <p>Director, CEO and Secretary to diverse boards for the following institutions; The Management University of Africa, KENYA Federation for Alternative Trade (KEFAT) and Kenya Institute of Management (KIM), The Eastern Africa Grain Council, Enterprise Mobilization and Investments, APSEA, The World Fair Trade Organization, Professional Women Empowered (ILO).</p> <p>Director at Kenya Revenue Authority for two terms and Chair of the KRA Board of Trustees. Board Member and Treasurer, Practical Action UK.</p> <p>Independent Board Member, MTRH.</p>
 <p>Dr. Mary Wangai, MD, MPH, PGD Alt. Principal Secretary, Ministry of Health</p>	<p>Dr. Mary Wangai is a Medical Doctor (MD, MPH, PGD STI/HIV) and a registered medical practitioner and Public Health Specialist with expertise in strategic planning and managing Disease programs.</p> <p>She joined the Ministry of Health in 1988 and worked in various capacities for over the last 30 years. This has included working in the clinical setting, health administration at the regional and national level in the health sector, involved in leading the development and strengthening of health systems that were foundational for the establishment of National Anti-Retroviral Therapy and, Prevention of Mother to Child Transmission Programs.</p> <p>Alternate to Principal Secretary, Ministry of Health</p>
 <p>Mark Ngecho Lugwisa Alt. Director to PS The National Treasury.</p>	<p>Mr. Mark Lugwisa is a holder of Bachelor of Business Administration, Accounting option from Bugema Adventist University, School of Business, CPA Part II section 3. Has attended different short courses such as Senior Management course, Corporate Governance Course</p> <p>He has worked in different capacity at The National Treasury & Planning for a period of 11 years. He is an Alternate Director to CS / PS, The National Treasury at MTRH Board, IDB Capital Bank Ltd Board, Hydrologist Board and National Employment Authority.</p> <p>Alternate to Principal Secretary, the National Treasury</p>


 <p>Dr. Humphrey K. Njuguna Chairman, Moi University Council.</p>	<p>Dr Humphrey K. Njuguna Holds PhD Law, PhD Entrepreneurship (JKUAT), Executive Masters of Business Administration (EMBA) JKUAT. Certificate of Environmental Impact Assessment and Environmental Audit (JKUAT). LLM University of Nairobi, L.L.B. (University of Nairobi), Diploma (Kenya School of Law), Diploma (Institution of Surveyors of Kenya) and B.A. (Land Econ), University of Nairobi</p> <p>Chairman, Moi University Council, chairman of Former Parliamentarians Association (FOPA). Member of the <u>National Assembly of Kenya</u>, representing <u>Gatanga</u> (2013-2017), Licensed & Registered Valuer, Advocate of High Court of Kenya, Arbitrator (MCI Arb.), Lead Expert E.I.A and E.A.</p> <p>Chairman, Moi University Council</p>
 <p>Prof. Isaac Kosgey Vice Chancellor, Moi University</p>	<p>Vice-Chancellor Moi University.</p> <p>Professor of Animal Sciences (Animal Breeding and Genetics).</p> <p>Doctor of Philosophy degree in Animal Sciences.</p> <p>Master of Science degree in Animal Sciences with Distinction from Wageningen University (Wageningen, the Netherlands).</p> <p>Bachelor of Science degree in Animal Production, First Class Honours, Egerton University.</p> <p>Diploma in Animal Husbandry with Distinction, Egerton University (Njoro, Kenya)</p> <p>Diploma in Law with Distinction from Mt. Kenya University (Thika, Kenya).</p> <p>Master of Business Administration degree from Kenyatta University (Nairobi, Kenya).</p> <p>Currently pursuing a Bachelor of Laws degree (LLB) at The Open University of Tanzania (Dar es Salaam, Tanzania).</p>
 <p>Dr. Wilson K. Aruasa, MBS, EBS Chief Executive Officer/ Secretary to the Board</p>	<p>M.Med in Obs-Gynae, UoN; MBChB, Moi University; Global Executive Masters of Business Administration, USIU; Strategic Leadership Development Programme, KSG; Certificate in Monitoring and Evaluation, KIM; LeHHo, Strathmore University; Health Information Management, Regenstrief Institute Indiana University and several professional workshops, Training and Seminars.</p> <p>Honorary lecturer, Moi University School of Medicine; Member AMPATH Executive Committee and AMPATH Board, and Council Member, Kenya Medical Association (KMA).</p> <p>Chief Executive Officer/ Secretary to the Board</p>




III. MANAGEMENT TEAM

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

 MBA Finance (MU), BCOM (UON), CPA(K)	<p>Director, Finance</p>
 Ms. Ann Chemworsio MBA-Human Resource Management (MU), MBA-Health Management (USIU), B.ED (MU), Post Graduate Diploma in Human Resource Management (KIM)	<p>Director, Human Resource Management & Development</p>
 Dr. Victor Maina MBA, Moi University, B. Pharm (UON)	<p>Director, Pharmacy & Nutrition</p>

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 <p>Dr. Saratiel Nyabera M.MED (UoN), MBChB (UoN), Ortho-AIIMS (India)</p>	<p>Director, Surgical Services</p>
 <p>Mr. Titus Tarus MScN-Pediatrics & Child Health, BScN</p>	<p>Director, Nursing Services.</p>
 <p>Ms. Florence Chepyegon Tum BSC-Biochemistry, DMLT</p>	<p>Director Laboratory Services</p>
 <p>Dr. Ezekiel Kimutai M.MED., MBChB</p>	<p>Director, Diagnostic Services</p>

	<p>Director, Administration</p>
<p>Ms. Christine Chuani MSC-Research Administration, MBA- Strategic Management, BSC. Public Health,</p>	
	<p>Director, Reproductive Health</p>
<p>Dr. Wycliffe K. Kosgei M.MED (MU), MBChB, (MU)</p>	
	<p>Director, Peadiatrics & Child Health</p>
<p>Dr. Polycarp Mandi MBChB, (UON), MMed.- Peadiatrics (UON), Pead Gastro (Cape Town, SA)</p>	


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 <p>Dr. Mwai George B.D.S, M.D.S in Periodontology (KE), Dip - GBT (Switzerland)</p>	<p>Director, Dental Services</p>
 <p>Ms. Jane Kariuki MsC-Counseling Psychology, BsC.-Counseling Psychology BsN</p>	<p>Director, Mental Health & Rehabilitative Services</p>
 <p>Dr. Wilson Sugut MBChB(UON) 1999, M.Med Int.Med(UON)2009</p>	<p>Director, Internal Medicine</p>

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 <p>Dr. Jesse Opakas MBBS(Wuhan), FC(Rad Onc) (SA) Stellenbosch</p>	<p>Director, Hemato-Oncology</p>
 <p>Mr. Caleb Koech Msc-Advanced Nursing Practice, Bsc-Nursing</p>	<p>Director, MTRH College of Health Sciences</p>
 <p>Mr. Tom Soigwa MBA-Strategic Management (MU), BA-Public Administration (UoN)</p>	<p>Director, Commercial Services</p>

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 <p>Dr. Thomas Mwogi MBChB (UoN), MMed- Internal Medicine (MU), MDc Informatics (Indiana), PhD</p>	<p>Chief Information Officer</p>
 <p>Mr. Thomas Ngetich MBA(MU), MBA-Health Leadership and Management (USIU), BA-Economics (UON), CPA(K)</p>	<p>Manager, Finance</p>
 <p>Mr. Bill Saina MBA- Procurement, CIPS , B. COM</p>	<p>Manager, Supply Chain</p>
 <p>Ms. Sylvia Nyariki PGD- Law, LLB</p>	<p>Deputy Manager, Legal services/ Ag. Corporations Secretary</p>

IV. BOARD CHAIRMAN'S STATEMENT



MR. SITOYO LOPOKOIYIT
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 June 30th 2021. The year under review presented several challenges attributable to the COVID-19 pandemic but the Hospital Board and Management managed to deliver on its core mandate nonetheless. Patients from the catchment area and beyond continued to receive medical attention at MTRH at the height of the pandemic. The Government of Kenya instituted a raft of measures dubbed "Economic Recovery Measures" aimed at cushioning the public and the economy from the adverse effects of the COVID-19 Pandemic. As a National Referral Hospital, MTRH plays a big role in the Health Sector and this explains why the Government of Kenya allocated additional funding to the Hospital towards management of the pandemic in the region

During the period under review, MTRH continued to offer specialized medical care by attending to **405,814** outpatients compared to **412,971** in the last financial year representing a **2 %** decrease. It also attended to **40,717** inpatients in the period under review compared to **45,050** in the last financial year registering a **10%** decrease on admissions. The slight drop is as a result of the Covid-19 pandemic, that necessitated change in patient management protocols and focus on emergencies and change of strategy such as home based care. The number of maternal deliveries for the period stood at **12,379** compared to **12,793** in the same period ended 30th June 2020.

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

It is to be noted however that despite attempts by the Hospital and other stakeholders to sensitize the public on the importance of enrolling with the National Hospital Insurance Fund, the uptake of the same has not been encouraging. The consequence of this is that the Hospital inevitably treats patients that have no capacity to pay for services rendered resulting to waivers. This scenario impacts negatively on the Hospital's cash flows.

The Board of Management carried out its mandate diligently and with focus to steer MTRH to achieve its vision during the period under review. Due to the COVID-19 Pandemic, the Board of Management conducted most of its meetings virtually with all meetings held as per the Board almanac.

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, the National Government at large, our parent Ministry of Health, The National Treasury & Planning and The National Assembly for the support in providing guidance and leadership as we continue to discharge our core mandate.

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Finally, I would like to express my sincere gratitude to my fellow Board Members, for their dedication and hard work during the year. I would also like to take this opportunity to applaud Dr. Wilson K. Aruasa **MBS, EBS** for his hard work and commitment in steering MTRH to greater achievement. I wish also to thank all the Management and Staff for their tireless dedication in serving the hospital.

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



Mr. Sitoyo Lopokoityit
BOARD CHAIRMAN

V. REPORT OF THE CHIEF EXECUTIVE OFFICER

Introduction



The performance during the period under review demonstrated the resilience of MTRH even in the face of the COVID-19 pandemic. Due to pragmatic leadership and support from all stakeholders, the Hospital registered a growth in its income from Kshs 10.6 Billion in the FY 2019/2020 to Kshs 11.6 Billion in the FY 2020/2021 representing a percentage growth of 1%. The Hospital Management envisages the same or better growth trajectory in the FY 2021/2022.

DR. WILSON K. ARUASA, MBS, EBS

HEALTHCARE DELIVERY

Healthcare delivery being the core mandate of the Hospital, substantive resources was allocated towards this cause. In cognizance of the need for state of the art management of the various diseases that require specialized treatment, the Hospital Management, through collaboration with a number of stakeholders has established and operationalized Centres of Excellence for management of the respective diseases. Such centers include the Chandaria Cancer and Chronic Disease Centre for the management of non-communicable diseases, transition home for Mental Health Patients, Cardiac Care Unit (CCU), Academic Model Providing Access to Healthcare (AMPATH), Riley Mother and Baby Hospital (RMBH), Shoe4Africa Children's Hospital among others. To further improve on service delivery, plans are underway for the construction of a Paediatric Oncology Hospital and a Burns Hospital.

UNIVERSAL HEALTH COVERAGE

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

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

OPERATING ENVIRONMENT

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

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

MTRH 2017 – 2022 STRATEGY

The Hospital's Strategic Plan 2017-2022 that is aligned to the National Government strategic objectives and policies, has been instrumental towards policy implementation at MTRH. As at the end of the fourth quarter FY 2020/2021, the Hospital had achieved a performance rating compliance score of 108.9% following an assessment of the 10 Developmental Goals and Strategic Interventions. Plans are underway towards formulation of the 2022-2027 Strategic Plan.

INVESTMENTS

During the period under review, the Hospital Board and Management invested **Kshs 845 Million** from various sources towards the procurement of medical equipment and infrastructural developments expected to improve health service delivery. The key investments during the include Modern Data Centre, Network Upgrade, Enterprise Resource Planning (ERP) and High Definition CCTV; Chandaria Cancer and Chronic Diseases Centre (CCCCDC) complete with Treatment Planning System and Radiotherapy Equipment; the biggest Hospital-based Pressure Swing Adsorption (PSA) Oxygen Generating Plant (OGP) generating 2,000 litres per minute of oxygen; Nawiri & Skills Recovery Mental Health transitional home. The allocation under Capital vote was as follows:

i) Capital Grant	Kshs 366.1 Million
ii) AIE for Emergency Fund to respond to COVID-19	Kshs 400.0 Million
iii) AIE for 1.5 Tesla Magnetic Resonance Imaging (MRI)	Kshs 150.0 Million
iv) Appropriation in Aid	Kshs 188.4 Million

HUMAN RESOURCES

MTRH being a service sector institution, Human Resource remains the greatest asset, hence the budgetary allocation of 72.9% 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.

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

- i) **Ksh.51.8 Million** for Staff Training and Development
- ii) **Ksh. 15 Million** for Post Graduate Training for medical officers and employment of additional Medical Specialists.
- iii) **Ksh. 261 Million** for staff medical cover
- iv) **Ksh. 28 Million** for Group life insurance cover
- v) **Kshs. 15 Million** for Group Personal Accident Cover.

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

FINANCIAL HIGHLIGHTS

The Hospital Management ensures adherence to laid down financial procedures as stipulated in the Public Finance Management (PFM), Act 2010. During the period under review, the Hospital generated revenue totalling to **Kshs 11.6 Billion** compared to **Kshs 10.6 Billion** that was generated in the last financial year 2019/2020. The Hospital registered a net surplus of **Kshs 272 Million**.

PARTNERSHIPS & COLLABORATIONS

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

During the period under review, the Hospital was involved in the following collaborations:

- Through the collaboration with USAID and Indiana University, the people of America donated 20 ZOLL Ventilators. These ventilators are already in use and will be instrumental especially during this COVID-19 pandemic.
- MTRH-AMPATH PLUS and the County Government of Kakamega signed a Memorandum of Understanding on Human Resource for Health. It is expected that the County will have had its Human Resource capacity enhanced within 5 years to allow transitioning of the programme.
- Through the collaboration with World Bank, the MTRH-AMPATH is implementing Non-Communicable Disease intervention Project in three counties in Western Region of Kenya.

APPRECIATION

I would like to appreciate the selfless contribution from all stakeholders that made the FY 2020/2021 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 and dedicated Members of Staff.


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



VI. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2020/2021

Section 81 Subsection 2(f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the national government entity's performance against predetermined objectives. MTRH has four (4) Strategic Pillars within the current Strategic Plan for the FY2017- FY2022. The Strategic Pillars are broken down into Development Goals/Objectives that are linked Key Performance Indicators. These Strategic Pillars are as follows: **Pillar 1: Customer Focus; Pillar 2: Operational Excellence; Pillar 3: Strategic Partnership and Alliances Pillar 4: Sustainability.**

MTRH develops Annual Work Plans based on the Strategic Pillars. The assessment of the Board's Performance against its Annual Work Plan is done on a quarterly basis and tied with the MTRH Board Annual Performance Contract that is cascaded to the Directorates, Departments and Individual Staff. The Hospital achieved its performance targets set for the FY 2020/2021 period as indicated in the table below:

No	Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
1	Customer Focus	1.1 Improve Customer Experience	Implementation Index (%) recommendations from the survey.	Undertake Annual Customer Satisfaction Survey and implement recommendations from the Satisfaction Survey.	<p>a) Patient Satisfaction Survey for 2020/2021FY was done reflecting the five dimensions of quality which include Tangibles, Reliability, Responsiveness, Assurance and Empathy.</p> <p>b) All recommendations from the Survey were implemented which include Patients' Centred Care (Empathy), Queue Management System; Display of Official MTRH Contacts; Effective Communication & Customer Care; Signages, Upgrade of Infrastructure and Equipment; Cleanliness, Availability of commodities through re-order levels, Re-organization of Consultant Clinics, Ambulatory & Emergency Department, One Doctor-One Patient Consultations and Efficient Shift System.</p>
2	Operational Excellence.	2.1 Institutionalize Treatment Protocols.	100% implementation of Treatment Protocols.	Institutionalize Treatment Protocols.	<p>a) All Clinical Departments developed and implements Patient Management Protocols. The implementation of the Protocols are checked through Criterion Based Clinical Audits, Internal Quality Audits, Performance Contracts, Management Supervisory Rounds and Review Meetings.</p> <p>b) Key Specialized Healthcare Services provided: 8 Kidney Transplants, 9 Corneal Transplants, 9 Open Heart Surgeries, 16,395 Oncology Consultations, 2,083 Children Haemodialysis sessions, 2,362 Minimally Invasive Surgeries, 0.14% achievement in reduction of maternal mortality rate, 2.2% achievement in reduction of neonatal mortality rate. All Performance Targets were achieved despite the effects of the COVID-19 Pandemic.</p>

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No	Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
		2.2 Implement Universal Health Coverage (UHC) Interventions	Number of UHC Interventions provided	Implement UHC Interventions.	<p>a) MTRH provided access to quality and highly specialized healthcare services. 22 Specialized Medical Outreaches conducted and capacity building to County Healthcare Workers through Preceptorships. Over 30,000 patients sensitized on NHIF and 3,904 clients enrolled.</p> <p>b) Community Prevalence Survey conducted in 22 Counties in the Western Region of Kenya. Supported Counties in setting up community isolation facilities and deployment of Home Based Care Treatment and Isolation Guidelines.</p>
		2.3 To Maintain Effective, Dynamic and Transformational Leadership	Implementation Index (%) of the Mwongozo Code of Conduct.	Implementation of Mwongozo Code of Conduct.	<p>a) All Board Members were inducted on Mwongozo Code of Conduct and Board Meetings held as per Calendar of Board Meetings.</p> <p>b) Board Evaluation has consistently been done from 2013/14 Financial Year. Evaluation for 2019/2020FY was conducted on 17th and 18th July 2020.</p>
			Number of Approved MTRH Policies.	Hold Annual Reviews of MTRH Policies.	a) The MTRH Board has approved 38 Policies, all of which are fully implemented and embedded into the Hospital Operations.
			Number of Policy Papers developed.	Develop briefs to inform the National Policy	a) MTRH developed a policy brief on the changes to the MTRH Governance structure. This was submitted to the Ministry of Health for approval and implementation.
			Performance Based Management System implemented.	Implement Performance Based Management System.	a) MTRH has been implementing Performance Contracting since 2004/2005 Financial Year. Over these years, the Hospital has continually achieved and maintained a score of "Very Good" as evaluated by the Public Service Performance Management Unit. During 2020/2021FY MTRH achieved a composite score of 2.6972, 116.94% (V. Good Performance) emerging the best in the Ministry of Health.
		2.4 To Improve Processes and Management Systems.	Implementation Index of ISO Standards.	Implement ISO Standards.	<p>a) MTRH is certified to ISO 9001:2015 Standard and accredited by Kenya National Accreditation Service (KENAS) to ISO 15189: 2012 Medical Laboratory Standard.</p> <p>b) Other Standards at advanced stages towards Certification include ISO 27001:2013 Standard (Information Security Management System); ISO 45001:2018 (Occupational Health and Safety).</p>
			Implementation of MTRH Enterprise Resource Planning System and	Enhance efficiency through the Implementation of MTRH Enterprise Resource	<p>a) ERP Modules being implemented include an Electronic Health Records(EHR), Procurement, Human Resource and Finance Modules to enhance efficiency and effectiveness in service delivery.</p> <p>b) The Telemedicine and Telepathology Centre provides medical care virtually to patients in the</p>

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No	Strategic Pillar	Objective	Key Performance Indicators		Activities	Achievements	
			Telemedicine.			Planning System and Telemedicine.	Communities, saving on transportation costs and time that come with patients travelling to the Hospital.
		2.5 To Strengthen Human Resource Capacity.	Implementation Index of MTRH Staff Capacity Development Guidelines.			100% Implementation of MTRH Staff Capacity Development Guidelines.	a) Human Resource Management Advisory Committee sits to deliberate staff trainings. From 1 st July 2020, 332 Staff and 65 Staff have undergone short and long-term courses respectively. 3-Year (2020/21FY - 2022/23FY) Training Needs Assessment (TNA) developed.
			Number of Staff in the MTRH Establishment.			Attract and retain Competent Human Resource for Health.	a) MTRH has a total of 3,826 staff (2,535 Technical Staff and 1,291 Corporate Staff)
			Implementation Index of the MTRH Staff Promotion based on the Career Guidelines.			100% Implementation of the MTRH Staff Promotions.	a) Promotions done are guided by the MTRH career guidelines and MTRH Human Resource Policy Manual. 1,535 Staff were promoted during the Financial Year.
		2.6 To Create Enabling Environment for Healthcare Training, Research, Development and Innovation (RDI)	Number of Research Published.			Publish Research Projects.	a) 73 Research carried out and published including AMPATH Research Publications presented in semi-annual compendiums.
			Number of Research Projects conducted.			Enhance local research capacity by ensuring the involvement of local PIs in research.	b) All Research conducted by International Experts is led by Local Principal Investigators (PIs). 372 Research Projects conducted in MTRH.
			Number of Market Driven Courses and students enrollments at the MTRH CHS.			Introduce of market-driven short courses at the MTRH College of Health Sciences (CHS).	a) Short courses introduced at MTRH College of Health Sciences include Wound Care, Ostomy Care, Emergency Obstetrics & Neo-Natal care, Infection Prevention & Control, Patient Safety and Basic patient care skills. A total of 1,241 students enrolled at the MTRH College of Health Sciences.
3	Strategic Partnership and Alliances	3.1 To Strengthen Strategic Partnership and Alliances.	100% implementation of Public-Public/Private Partnership Agreements.			Foster Public-Public/Private Partnership for Specialized Health Services.	a) MTRH hosted County Leadership weekly to discuss the status of measures to control Corona Virus (COVID-19) and streamline referral mechanism in the management of other communicable and non-communicable diseases. MTRH provided scheduled Specialized Medical Outreaches and Camps to the 22 Counties in Western Kenya. b) Business Plan & Proposal submitted for the establishment of Ultra-Modern Training Complex for MTRH College of Health Sciences, PPP Node and Project Appraisal Team appointed.

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No	Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
			Number of Strategic Partnerships sustained.	Create and sustain Collaborative Partnerships.	a) MTRH has continued to sustain Strategic Partnerships with fifteen (15) International and Local Partners namely: Consortium of North American Universities led by Indiana University; Shoe4Africa Foundation; University of Alexandria Egypt; University of Toronto; Chaudaria Foundation; Eli Lilly Drug Manufacturing Company; World Bank, Linköping University & Östergötland County Council, Sweden; Doctor2Doctor of Netherlands; Intra-Health International, Safaricom Foundation, Operation Eyesight Universal, Operation Smile International, Lions Club International and Side Kick International.
4	Sustainability	4.1 To Improve Revenue Generation	% compliance with the Debt Management Policy.	100% implementation of the Debt Management Policy.	a) Credit Control and Evaluation Committee assesses Individual Debtors Creditworthiness. NHIF sensitization and registration incorporated as part of the Client Credit Assessment Process. Over 30,000 patients sensitized with 3,904 clients enrolling to NHIF. b) Corporate Clients increased from 35 to 38 after 3 additional institutions were enrolled.
			% compliance with the Approved Budget and Procurement Plan.	Implement Annual Budget and Procurement Plan.	a) MTRH complied fully with the Approved Procurement Plan and Budget for 2020/2021FY.
			Number of Concept Papers/Papers developed.	Concept Papers/Proposals developed.	a) The Proposals developed during the 2020/2021FY include COVID 19 Management Proposal to World Bank, COVID-19 Management Proposal to Lions Club Eldoret, Proposal for the establishment of ENT Centre of Excellence, Proposal for the Management of Infectious Disease Management and Proposal for the Expansion of Alcohol and Drug Abuse Centre.
		4.2 Enhance Environmental Sustainability.	Environmental Sustainability Interventions implemented.	Implement Environmental Sustainability Interventions	a) Management of Medical Wastes through Modern AMB 250 Ecosteryl Microwave Clinical Waste Equipment. b) Installation of Solar Water Heating Panels in the Wards and Solar Powered Flood Lights. Energy Management Guidelines developed and shared to all Staff. c) MTRH has planted over 5,000 trees within and outside MTRH as part of its corporate commitments.

VII. CORPORATE GOVERNANCE

MTRH Board Charter

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

1. 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 Four (4) Independent Board Members while six (6) Board Members are appointed in representative capacity for the Principal Secretary Ministry of Health, Principal Secretary Ministry of Higher Education Science and Technology, Principal Secretary the National Treasury, Director of Medical Services, Chair Moi University Council, and Vice Chancellor Moi University. 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.

2) Training of Board Members

There were no trainings during the period under review.

3) Board Performance Evaluation:

The Inspectorate of State Corporations conducts the MTRH Board evaluation on annual basis. The Board conducted the negotiation and signing of the Board Performance Contract for FY 2020/21 with the Cabinet Secretary, Ministry of Health.

4) 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.

5) 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:-

Type of payment	Chairman	Member
Honoraria (per month)	Ksh. 80,000 (Gross)	-
Telephone allowance (per month)	Ksh. 7,000 (Gross)	-
Sitting allowance (as necessary, per meeting)	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

6) Board Meetings Attendance.

During the period under review, all the scheduled Board meetings were held including five special meetings being four for Full Board and one for People Management Committee as detailed below:

BOARD MEETINGS	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4
Finance & Strategy Committee	18 th September 2020	12 th October 2020	January 11 th 2021	April 12 th 2021
People Management Committee	None	None	January 12 th 2021	April 13 th 2021
Audit Risk & Compliance	23 rd September 2020.	None	January 13 th 2021	April 14 th 2022
Hospital Operations & Standards	None	15 th October 2020	January 14 th 2021	April 15 th 2021
Full Board	17 th & 18 th July 2020.	16 th October 2020.	January 15 th 2021	April 16 th 2021
Special People Management Committee	None	None	February 5 th 2021	None
Special Full Board	4 th September 2020.	30 th October 2020.	February 19 th and 20 th 2021	None

7) Board Committees

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

i) Finance and Strategy Committee

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

- | | | |
|--|---|-------------|
| 1. Mrs. Constantine Kandie | - | Chairperson |
| 2. Mr. Mark Lugwisa | - | Member |
| 3. Dr. Mary Wangai | - | Member |
| 4. Dr. Wilson K. Aruasa, MBS, EBS | - | CEO |

ii) People Management Committee

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

- | | | |
|--|---|-------------|
| 1. Dr. Dorah Malla | - | Chairperson |
| 2. Dr. Janet Muriuki | - | Member |
| 3. Dr. Mary Wangai | - | Member |
| 4. Prof. Simeon Mining | - | Member |
| 5. Dr. Wilson K. Aruasa, MBS, EBS | - | CEO |

iii) Audit, Risk and Compliance Committee

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

- | | | |
|---------------------|---|-------------|
| 1. Mr. Idle Mohamud | - | Chairperson |
| 2. Dr. Dorah Malla | - | Member |
| 3. Mr. Mark Lugwisa | - | Member |
| 4. Mr. Eliud Cheres | - | 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. Janet Muriuki | - | Chairperson |
| 2. Mr. Idle Mohamud | - | Member |
| 3. Mrs. Constantine Kandie | - | Member |
| 4. Prof. Simon Mining | - | Member |
| 5. Dr. Wilson K. Aruasa, <i>MBS, EBS-</i> | | CEO |

VIII. MANAGEMENT DISCUSSIONS AND ANALYSIS

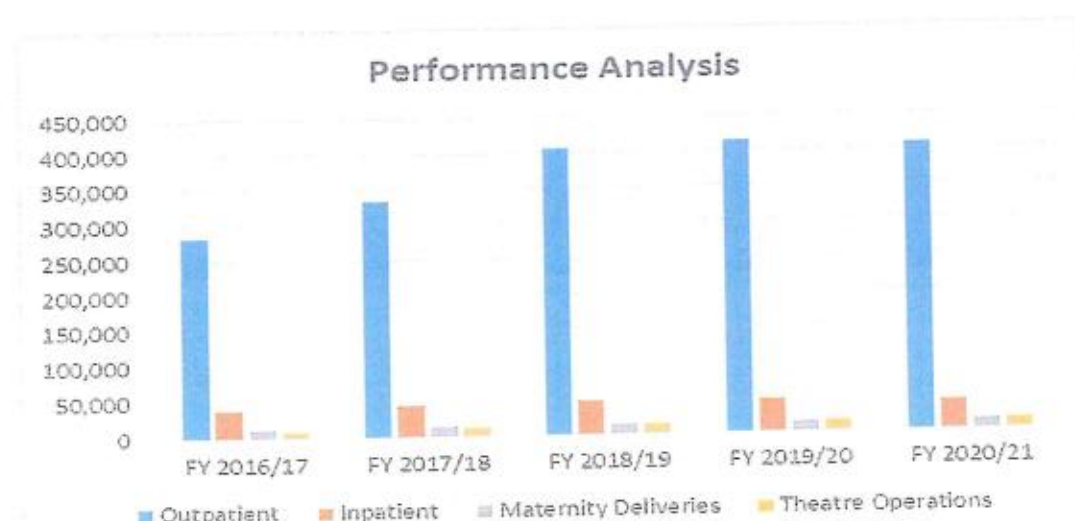
A) OPERATIONAL PERFORMANCE

(i) Clinical Services

Despite the challenges that came with the COVID-19 pandemic, the Hospital continued carrying out its mandate as outlined in the Legal Notice No.78 of 12th June 1998 of the State Corporations Act (Cap 446). During the period under review, the number of patients seeking medical services reduced by 15% compared to same period last financial year. This reduction is attributable to the COVID-19 Pandemic that saw the general public exhibit anxiety towards visiting Hospitals for fear of contracting the virus. The Outpatient attendance reduced from 412,971 patients to 405,814 representing a 2% reduction, Inpatient attendance reduced from 45,050 patients to 40,717 representing a 10% drop while Maternal Deliveries reduced from 12,793 in the FY 2019/2020 to 12,379 in the FY 2020/2021, a reduction of 3%. On the other hand, Theatre Operations increased from 14,104 to 14,420, and increase of 2%. The overall patient numbers attended to in the last five years are as tabulated below:

Performance Analysis

	PERIOD	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21
1	Outpatient	283,678	332,810	404,138	412,971	405,814
2	Inpatient	38,917	43,144	46,536	45,050	40,717
3	Maternity Deliveries	12,048	12,976	13,185	12,793	12,379
4	Theatre Operations	8843	10,865	13,433	14104	14,420
	Total	343,486	399,795	477,292	484,918	473,330



(ii) Performance Management

MTRH has been implementing Performance Contracting since 2004/2005 Financial Year; Over these years, the Hospital has continually achieved and maintained a score of "Very Good" as evaluated by the Public Service Performance Management Unit in the Ministry of Public Service, Youth and Gender. During 2019/2020FY MTRH achieved a composite score of 2.6972, 116.94% (V. Good Performance) emerging the best in the Ministry of Health. Internally, MTRH Performance was 119.17% (V. Good Performance) during 2020/2021FY.

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MTRH Performance Contracting Evaluation Scores



B) FINANCIAL PERFORMANCE

i) Revenue

The Revenue for the Financial Year ended June 30th, 2021 was **Kshs.11.6 Billion** compared to **Kshs 10.6 Billion** in the last financial year, a growth of **8.4%**. Below is a 5-year trend analysis on revenue growth realized;

Revenue Analysis

Source	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21
Government grant	5,250,689,538	5,701,240,405	6,773,680,571	7,320,147,670	8,213,266,926
Cost Sharing	1,286,934,064	1,809,177,096	2,294,367,752	2,512,062,987	3,220,812,900
Income Generating Unit	732,914,838	632,574,416	895,774,966	767,261,210	178,064,724
Other Income	29,987,933	22,719,205	22,951,161	75,696,779	20,008,426
Total Revenue	7,300,526,373	8,165,711,122	9,986,774,450	10,675,168,646	11,632,152,977

Revenue Analysis

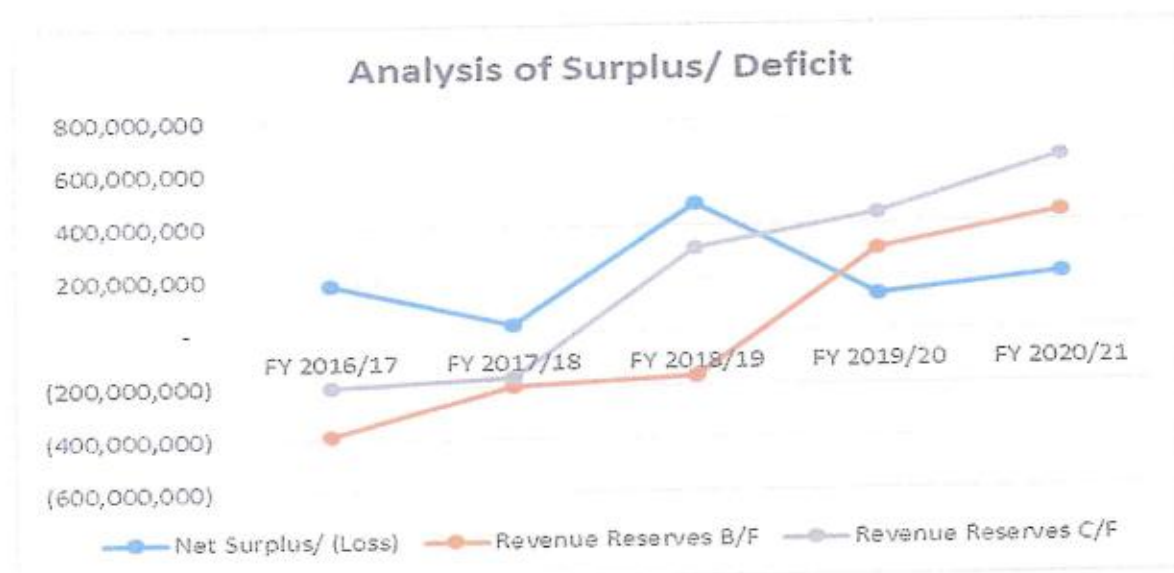


ii) Surplus / Deficit

Over the last five financial years, the hospital's financial performance continued to improve from deficits earlier reported to consistent surpluses. This achievement is attributable to prudent financial management practices and fiscal discipline that the board and management has put in place.

Table 3: Surplus/ Deficit Analysis

Particulars	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21
Net Surplus/ (Loss)	184,257,929	33,338,481	481,739,956	131,996,369	272,314,187
Revenue Reserves B/F	(384,593,497)	(200,335,568)	(166,997,087)	307,786,073	439,782,442
Revenue Reserves C/F	(200,335,568)	(166,997,087)	314,742,869	439,782,442	712,096,629



C) INVESTMENT DECISIONS/ KEY PROJECTS

Among the key investments implemented during the period include;

- (i) Modern Data Centre, Network Upgrade and High Definition CCTV;
- (ii) Enterprise Resource Planning (ERP) System;
- (iii) Chandaria Cancer and Chronic Diseases Centre (CCCCDC) complete with Treatment Planning System and Radiotherapy Equipment;
- (iv) Hospital-based Pressure Swing Adsorption(PSA) Oxygen Generating Plant(OGP) generating 2,000 litres per minute of oxygen;
- (v) Nawiri & Skills Recovery Mental Health transitional home

The MTRH board is still pursuing for Government approval for the proposed construction and equipping of the 2000-bed multi-specialty MTRH as envisaged under Medium Term Plan (MTP) III of Kenya Vision 2030.

D) COMPLIANCE TO STATUTORY OBLIGATIONS

MTRH continues to ensure compliance to statutory requirements. The Hospital is fully compliant in respect of the following obligations;

- (i) **Preparation of Submission of Annual Report and Financial Statements** – All prior year reports and financial statements were prepared and submitted to the Office of the Auditor General (OAG) by the statutory deadline of 30th September for each respective year. The Annual report and Financial Statements were duly audited by OAG and Audit Certificate given except for FY 2018/2019 and FY 2019/2020 which are still pending issuance of Certificate by OAG.
- (ii) **Preparation and Submission of Annual Budgets** – MTRH participates and complies with Government of Kenya guidelines on budget preparation and submission and observes the deadlines provided in the guidelines.
- (iii) **Pay As You Earn (PAYE)** – All PAYE remittance are made by the statutory deadline of 9th Day of the Month following the salary month.
- (iv) **Pension Remittance** – MTRH is operating a Define Benefit (DB) Pension Fund and is fully compliant in remittance of contributions.
- (v) **National Social Security Fund (NSSF)** - Contributions to NSSF are made within the statutory deadline of 9th Day of the Month following the salary month.
- (vi) **National Hospital Insurance Fund (NHIF)** – Contributions to NHIF are made within the statutory deadline of 9th Day of the Month following the salary month.
- (vii) **National Industrial Training Authority** – MTRH is compliant to the requirements of NITA and make monthly contributions.
- (viii) **Remittance of other Taxes** – Other taxes levied on purchases of Goods and Services (Value Added Tax, Income Tax) are strictly deducted and remitted at the same time when payment is made to respective suppliers.
- (ix) **Quarterly and Annual Performance Contract Reports** – MTRH submitted quarterly and annual performance reports to the Ministry of Health, Inspectorate of State Corporations and The National Treasury & Planning. This includes reports to Specialized Agencies as per the Performance Contracting Guidelines.

E) RISKS AND MITIGATION MEASURES

The Board of Management is committed to mitigate risks and has put in place a Risk Management Policy which is intended to enable MTRH integrate Risk Management into significant activities and functions which provides Management and the Board with assurance that key risks are being identified and managed. A Risk Management Committee is in place and its role is to determine key risks, communicate policy, objectives, procedures and guidelines and to direct, monitor implementation, practice and performance of Risk Management throughout the Hospital by use of Risk Management template which categorizes all risks into Operational, Strategic, Occupational Health and Safety and Information Security Management System risks.

The Board Audit and Risk Committee monitor the risk management process and systems of internal control. The main objective of risk management in MTRH is to establish an integrated and effective Risk Management Framework where important risks are identified, analysed, evaluated, treated and monitored. Risk Management is implemented across the Hospital and supports the risk management culture in all the directorates. The Hospital performs risk identification and puts in place key measures to mitigate these risks, as listed below.

Risks Identified and Mitigation Measures

	Risk	Risk Analysis	Mitigation
1.	Strategic Risks	<ul style="list-style-type: none"> Limited Legal Standing Upcoming Private Facilities. 	<ul style="list-style-type: none"> Undertook Legal Audit and Implemented recommendations thereof. Developed Strategies to make MTRH the preferred facility by Clients. Invest in Marketing and Business intelligence. Improved Operational Efficiency Developed Competitive-pricing Strategies. Establishment of Centres of Excellence.
2.	COVID-19 Global Pandemic	Non-adherence to Ministry of Health protocols leading to increase in infection among the MTRH staff.	<p>Measures put in place to mitigate the risks of the virus. These measures include;</p> <ul style="list-style-type: none"> Setting up of MTRH COVID-19 Task Force, Establishing two Isolation Centres for COVID-19 positive patients, Adopting preventive measures and protocols including setting up hand washing points in all the entry points, restructured office sittings space, office aeration, provision of adequate PPEs. Frequent fumigation of key areas/contaminated within the Hospital Sensitisation on adherence on MOH and MTRH protocols. Vaccination of all staff. Setting up and implementing effective home based care and treatment for stable patients.
3.	Clinical risks	<ul style="list-style-type: none"> Delay in surgeries, poor handling of sharps, misdiagnosis and equipment breakdown. Non-Adherence to medication administration safety practices Improper documentation on patient management 	<ul style="list-style-type: none"> Extension of theatre space, Sensitisation of safe disposal of sharps Utilization of Theatre Check-list to ensure patient readiness for theatre Improvement of diagnostic service by use of BSL II Lab and Consultant Reviews Planned Preventive maintenance for all the machines. Testing of patients on COVID-19 scheduled for elective surgery Continuous sensitization of Clinicians on medication practices
4.	Poor Service Delivery	Poor service or failure to respond effectively to complaints.	<ul style="list-style-type: none"> Patient customer satisfaction surveys, Complaints monitoring, Implementation of Quality management systems and

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	Risk	Risk Analysis	Mitigation
			<ul style="list-style-type: none"> Continuous capacity buildings of Human resources.
5.	Human Resources Risks	Shortage of skilled labour, particularly qualified and experienced doctors and nursing staff and employee turnover.	<ul style="list-style-type: none"> Recruitment and retention strategies are in place. Extensive training and skills development programme.
6.	Credit and Market Risks	<ul style="list-style-type: none"> Increase in bad Debts Competition. Suppliers and industry stakeholders. 	<ul style="list-style-type: none"> Signing of service level agreement with corporate clients. Partnerships with stakeholders such as NHIF, Insurance providers, county Governments. Holding stakeholders meetings with suppliers.
7.	Legal and regulatory Compliance	<p>Increase in operational cost due increase in court cases cost and penalties due to delay in remitting statutory obligations.</p> <p>Insufficient information that might lead to loss of case and associated costs</p>	<ul style="list-style-type: none"> Implementation of out of court settlement by use ADR (alternative dispute resolution) Payment of statutory obligation on time. Detailed collection of information from witnesses and investigations and shared out to both advocates and investigative agencies
8.	Technological Risks	<p>Risk on intrusion of ICT network and manipulation of data, network downtime and business continuity plan</p> <p>Loss of data and data manipulation may arise leading to untimely service to clients</p> <p>Failure to service ICT Equipment</p> <p>Weak passwords enabling hackers to access information system</p> <p>Industrial espionage</p> <p>Theft/vandalism of information assets have ability to paralyse a system</p> <p>An insider/employee can exploit their access rights to manipulate, modify, delete information in the system</p> <p>Cloud Computing. Cloud computing risks center on</p>	<ul style="list-style-type: none"> Automated system logs to create audit trail and installation of alarm alert. Network upgrade Develop business continuity plans. Regular backups are in place and implementation of BCP and data recovery plans through Network Upgrade. Access of data has been limited to authorised personnel. Automation of data backups enabling backups to be done on real time. Quarterly Servicing schedule is adhered for ICT Equipment Sensitization on the use of strong passwords with special characters and program the system to render the password expire after 60 days prompting change of passwords. Firewall is in place and its effectiveness is monitored Biometric access, only authorised staff have access to server rooms Automation of system logs has been enabled, revoke passwords and rights when an employee leaves the service.

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	Risk	Risk Analysis	Mitigation
		vendor performance with regard to security, privacy, and availability.	
9.	Occupational Health and Safety Risks	<p>Risk of Fire and allied-perils, disease or pandemic outbreak or terror attacks may severely affect operations</p> <p>Improper segregation of wastes leading to spread of infections</p> <p>Occurrence of work related injuries/sustained musculoskeletal disorders.</p>	<ul style="list-style-type: none"> • Fire marshal across the Hospital, Fire extinguishers and water hydrant in place • Infection, Prevention and control committee and unit in place. • MTRH Police patrol base in place. • Scheduled maintenance of firefighting equipment. • Use of appropriate disposal/labelled containers. • Sensitizations sessions on mitigation of occupational related risks/provision of ergonomic chairs. • The Hospital has contracted insurance providers for provision of group life cover and Work Injury Benefits and Personal Accident (WIBA Plus)

F) MATERIAL ARREARS IN STATUTORY AND OTHER FINANCIAL OBLIGATIONS

- (i) **Outstanding Government of Kenya Grants** – Government Grants of Kshs. 444 Million is still outstanding from Ministry of Health being Kshs. 350 Million Salary Grants for June 2016 and Kshs. 94 Million Salary grants for June 2018.
- (ii) **Pending Bills** – The consequence of the pending Kshs. 444 million is that AIA collections were utilized to meet salary related obligations, hence a delay in supplier payments. The outstanding payment to suppliers is Kshs. 640,049,544.

G) FUTURE OUTLOOK

The Health Sector is operating in a volatile and dynamic environment given the manner in which new diseases and infections are emerging. This situation demands pragmatic interventions and effective deployment of the available technology, Human Resource for Health and Budgetary Support. The Hospital Board and Management has ensured implementation of various strategies aimed at meeting these demands.

Automation

- o The Board and Management of MTRH has over the years continued to improve the technological infrastructure to guarantee a robust system. MTRH has a patient queuing system and computerized patient records and management system. Additionally, MTRH is at an advanced stage of rolling out Enterprise Resource Planning System 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 in implementation stage. There are various modules, which have been developed, tested and

progressively being rolled out including comprehensive Electronic Health Records (EHR) Integrated Pharmacy/ e-Prescriptions/ Decision Support/ Billing, Digitized Human Resource Module/ eLeave/ eAppraisals/ Payroll/Recruitment and ERP Portals (Patient PHR/Supplier Portals). On completion, the ERP System shall provide centralized control of all operations for improved efficiency, transparency, and better performance

- MTRH has commissioned a modern enterprise network architecture with a number of investments including; Fibre connectivity to buildings, Primary and Redundant cabled connectivity Wireless Local Area Network, (Indoor and Outdoor Access Points -Roaming Wi-Fi, Modern Data Centre at CCCDC/ Cloud Connectivity for enhanced uptime, High Definition CCTV Surveillance System for security and Servers shifted to high availability structure
- MTRH is working towards implementation of ISO 27001:2013 Standard to comply with International Information Security Management systems.
- To foster electronic communication, there is utilization of MTRH Corporate Email, which enhances response Turnaround Time. In addition, there has been enormous investment in key Health Technologies such as Radiotherapy Systems, Teleconferencing and Telemedicine, Laboratory Information Management System, RFID Control of Pharmacy doors and Picture Archival Communication Systems.

- **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 were at hand to manage complex cases 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:

- (iii) **Cyber Security**

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

- (iv) **Voluminous Data**

Owing to large patient numbers attended to, 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. During the period under review, the Hospital invested **Kshs 114 Million** on network upgrade.

IX. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

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

i) 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 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 Modern Data Centre, Network Upgrade and High Definition CCTV; Deployment of Enterprise Resource Planning (ERP) System; Commissioning of Chandaria Cancer and Chronic Diseases Centre (CCCCDC) complete with Treatment Planning System and Radiotherapy Equipment; the biggest Hospital-Based Pressure Swing Absorption (PSA) Oxygen Generating Plant (OGP) generating 2,000 litres per minute of oxygen; Nawiri & Skills Recovery Mental Health Transitional Home amongst many other projects.
- c) The introduction of a cashless system provided opportunities to improve operations and customer-related processes. MTRH Clients conveniently undertake payment for services through mobile money transfer (M-Pesa Services), direct cash banking and agency banking. NHIF Satellite Unit is also established at MTRH to enhance accessibility by patients;
- d) Institutionalized Performance-Based Management System (PBMS) that has enabled measuring, reporting and managing progress to improve performance, both at Individual Level and Corporate Level. The implemented PBMS tools include Key Performance Indicators (KPIs) & Metrics through Performance Contracts, Performance Appraisals, 360 Degree Feedback, Reward & Recognition Programmes, Personal Development Plans/Performance Improvement Plans, Quality Improvement Initiatives through ISO Standards (ISO 9001:2015, ISO 15189:2012 & ISO 27001: 2013), Quality Assurance & Risk Management and Criterion Based Clinical Audits. During the year under review, the Hospital implemented 17th Cycle of Performance Based Management System. Through this system, MTRH has created synergies and efficiencies amongst Management and Staff has seen excellent performance achieved consistently over the last 5 years.
- e) Corruption Prevention premised on Zero Tolerance to Corruption and Corrupt Practices, MTRH Core Values of Personal & Institutional Integrity, Honesty, Transparency, Accountability and Ethical Conduct at all times. MTRH was recognized for Best Practices as per the EACC report Cores awarded on the implementation of the corruption prevention indicator during the 17th cycle (FY 2020-2021) performance contracting period
- f) Implementation of Business Process Re-engineering (BPR), Business Continuity Plans (BCPs), Risk Management System and deployment of Rapid Results Initiatives (RRIs).



- g) 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) MTRH Recognition as a Centre for Excellence for Patient safety by Ministry of Labour and Social Protection, Directorate of Occupational Safety and Health Services on 7th April 2021.
- i) Accreditation by Nursing Council as a Continuing Professional Development (CPD) provider 25th June 2021
- j) Accreditation by Kenya Medical Practitioners & Dentists Council as a CPD provider 2018.

MTRH aspires to remain focused on delivering its mandate through continuous adaptation to the changing environment, deploying efficient strategies that are responsive to the clients' needs and maintaining competitive edge in the Health Sector.

ii) 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.

iii) 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.

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.

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.

iv) Market place practices-

a) Responsible Competition Practice.

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

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

b) Responsible Supply Chain and Supplier Relations

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

c) Responsible Marketing and Advertisement

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

d) Product Stewardship

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

v) Corporate Social Responsibility / Community Engagements

a) Clinical Outreaches during the period

MTRH has over the years conducted Clinical Outreaches 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.

During the period under review, the Hospital engaged itself in the following Clinical Outreach programmes:

#	DATE	TOPIC
1	01/07/2020	COVID-19 Pandemic
2	08/07/2020	Assault/ GBV with COVID-19 Pandemic
3	22/7/2020	Mental Health & COVID-19 Pandemic
4	05/08/2020	COVID-19 Infection Prevention and Control Measures
5	12/08/2020	Early Pregnancies, FP intake among the youth and STIs
6	19/08/2020	Breast feeding
7	26/08/2020	De-stigmatizing of COVID-19 Pandemic
8	02/09/2020	COVID-19 Infection Prevention and Control Measures
9	09/09/2020	Facts about Suicide (World Suicide Week)
10	16/09/2020	Gender Based Violence
11	23/09/2020	Stress and Stress Management
12	17/09/2020	Patient Safety (World Patient Safety Day)
13	24/09/2020	Stress and Stress Management
14	14/10/2020	Cancer Management
15	21/10/2020	Infection Prevention and COVID-19 Management
16	28/10/2020	Maternal and New Born Care
17	11/11/2020	Rheumatic Heart Disease
18	18/11/2020	World Anti-Microbial awareness and National plan on prevention and containment of antimicrobial resistance.
19	25/11/2020	16 days of activism to eliminate violence against women and girls.
20	09/12/2020	Healthy eating/ healthy living
21	23/12/2020	Healthy eating during the festive season
22	26/01/2021	CSR-Annual NHIF payment to a client
23	11/02/2021	World prayer Day for the sick
24	12/02/2021	World Prayer Day
25	14/02/2021	MTRH-Blood Drive

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#	DATE	TOPIC
26	05/03/2021	MTRH-CHS School Health Programme in Elgeyo Marakwet County
27	14/04/2021	CSR Patient - Beatrice Nanjala Makokha Hospital No. 1031081 (Ksh.121,165.81)
28	25/04/2021 – 30/04/2021	Blood Donation drive-RBTC Eldoret Grounds
29	14/05/2021	MTRH Radiotherapy Department gave Brachytherapy for the first time
30	17/05/2021 -23/05/2021	MTRH marked Road Safety Week
31	31/05/2021	CSR Patient Lilian Chepkorir - Hospital No.1044290 (Ksh.25,050)

RADIO TALK SHOW – UPENDO RADIO STATION 8.00 PM-10.00 PM

S/NO	TOPIC	DATE
1.	Cancer Awareness	03/02/2021
2.	Nutritional Services	03/03/2021
3.	Renal Services	10/03/2021
4.	COVID-19	17/03/2021
5.	Multiple Myeloma	31/03/2021

b) Strategic activities/ meetings for the Period

The Hospital management has been instrumental by encouraging collaboration with County Governments within the region aimed at ensuring the general populace has access to timely and quality healthcare. It is for this reason that MTRH/ AMPATH engaged two County Governments during the year under review as detailed below:

ACTIVITY	DATES CONDUCTED
MTRH/NOREB meeting with Governors on COVID-19 Mitigation and Recovery in the region	23 rd July 2020 at Telemedicine Conference Centre.
The Hospital participated in Tree Planting exercise at Kapsaret Forest.	11 th September,2020
Equity Bank Group CEO leads National COVID-19 fund Board in donating PPEs to MTRH	16 th July, 2020
MTRH received donations of VacStation machine from Eighteenth Company through savemore Dental Supplies Limited Nairobi	24 th July,2020
The Chief Administrative Secretary (CAS) lauded MTRH for continuing to offer other services especially surgeries safely despite COVID-19 Pandemic	15 th August, 2020
MTRH College of Health Sciences Accredited as a qualification Awarding Institution	17 th August, 2020
National Assembly Departmental Committee on Health visits MTRH	18 th September,2020

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ACTIVITY	DATES CONDUCTED
MTRH Directorate of Dental Services embraced New Technology and its working on continuous improvement in line with global Dental Standards	26 th September,2020
KEMRI Fleming Fund team visited MTRH	6 th October,2020
Chief Administrative Secretary (CAS) for Health, Dr. Rashid Aman and the Ag. Director General-Health Dr. Patrick Amoth toured MTRH and commissioned BSL II Laboratory	9 th October, 2020
Kenya COVID Fund Board in conjunction with Equity Foundation donated 300,860 Personal Protective Equipment(PPEs)	17 th November, 2020
MTRH received 20 ventilators from USAID	18 th December, 2020
MTRH-AMPATH signs UHC MOU with NHIF and County Government of Busia.	22 nd March,2021
MTRH-AMPATH Plus and County Government of Kakamega signs MoU on Human Resources for Health	30 th March,2021
The Hospital participated in the 4 th Edition Eldoret City Marathon Launch	6 th June, 2021

X. REPORT OF THE DIRECTORS

The Directors submit this report together with the financial statements for the year ended 30th June 2021, which show the state of the MTRH's affairs.

Principal activities

The principal activities of the Hospital include;

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

Results

The results of the Hospital for the period ended June 30th 2021 are set out on page 1 to page 55.

Directors

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

Auditors

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

By Order of the Board


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

CHIEF EXECUTIVE OFFICER/SECRETARY TO THE BOARD
MOI TEACHING AND REFERRAL HOSPITAL

P.O. BOX 3 - 30100

ELDORET

DATE:.....



XI. STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

The Directors are responsible for the preparation and presentation of MTRH's financial statements, which give a true and fair view of the state of affairs of MTRH for and as at the end of the financial period ended June 30th 2021. This responsibility includes:

- (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of MTRH;
- (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- (iv) safeguarding the assets of MTRH;
- (v) selecting and applying appropriate accounting policies; and
- (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for MTRH's financial statements, which have been prepared using appropriate accounting policies, supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act. The Directors are of the opinion that the Hospital's financial statements give a true and fair view of the state of MTRH's transactions during the period ended June 30th 2021, and of MTRH's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for MTRH, which have been relied upon in the preparation of MTRH's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

MTRH's Annual Report and Financial Statements for the year ended 30th June 2021 were approved by the Board of Directors on 24th September 2021 and signed on its behalf by;

.....
MR. SITOYO LOPOKOIYIT
BOARD CHAIRMAN

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

DATE.....

DATE *12/07/2022*



REPUBLIC OF KENYA

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



Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON MOI TEACHING AND REFERRAL HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2021

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 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 controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of Moi Teaching and Referral Hospital set out on pages 1 to 53, which comprise of the statement of financial position as at 30 June, 2021, and the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies

Report of the Auditor-General on Moi Teaching and Referral Hospital for the year ended 30 June, 2021

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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, in all material respects, the financial position of the Moi Teaching and Referral Hospital Fund as at 30 June, 2021, 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 do not comply with the State Corporations Act, Cap 446 of 1998 and the Public Finance Management Act, 2012.

Basis for Adverse Opinion

1. Inaccuracies in Revenue

The statement of financial performance reflects sale of goods amount of Kshs.3,220,812,901 as disclosed in Note 6(b) to the financial statements. Data extracted from the accounting system revealed that an amount of Kshs.2,313,380,563 was billed to inpatients, Kshs.876,793,313 billed to outpatients and Kshs.200,213,668 attributed to revenue from the Oncology Unit all totalling to Kshs.3,390,387,544, resulting to an unexplained variance of revenue amounting to Kshs.169,574,643.

In the circumstances, the accuracy and completeness of the sale of goods amount of Kshs.3,220,812,901 could not be confirmed.

2. Use of Goods and Services

The statement of financial performance reflects use of goods and services balance of Kshs.2,377,805,409 as disclosed in Note 7 to the financial statements. The following unsatisfactory observations were made:

2.1 Undisclosed Revenue from Doctors Fees

The expenditure includes doctors' fees of Kshs.219,678,947. Review of records provided revealed that the doctors' fee emanates from the fees charged to patients by consultants at the Memorial/Private wing of the Hospital and includes both outpatient and inpatient from either cash payers, private insurance or the National Hospital Insurance Fund (NHIF). However, the 5% facility charge is not documented in the admission rights letter given to each doctor.

Further, the facility charge of 5% is another revenue stream for the Hospital that is not directly related to patients charges from services offered and is not separately disclosed in the financial statements under revenue from exchange transactions.

2.2 Unsupported Telephone Expenses

The expenditure includes telephone expenses balance of Kshs.12,887,917 which includes cash payments through imprests totalling to Kshs.10,213,800 made to various staff towards purchase of calling cards. The purchases were made in cash through imprests instead of raising Local Purchase Orders (LPO's) to the dealers and paying directly upon delivery.

2.3 Unsupported Virtual Refresher Training

The expenditure includes ISO Secretariat amount of Kshs.2,463,760. Review of payment records revealed that a total of Kshs.1,140,000 was spent on Refresher Training for ten (10) Internal Lead Auditors, thirty (30) Internal QMS Auditors and twenty-five (25) Internal ISMS Auditors. The training was expected to be conducted virtually and thereafter the trainees were to sit for an exam. However, only fifty-seven (57) trainees signed for the exam out of the expected sixty-five (65). Furthermore, logs were not provided as proof that the virtual training actually took place.

2.4 Unsupported Institutional Research

The expenditure includes institutional research expenses amounting to Kshs.1,000,000. Review of expenditure documents revealed that the amount was paid to Institutional Research and Ethics Committee (IREC) but documents were not provided to support how this amount was utilized.

2.5 Unsupported Patient Refunds

The expenditure includes patient and deposit refunds amount of Kshs.13,120,507. The refunds made during the year were however not supported by documented policy guidelines by Management.

2.6 Invoicing Against Local Purchase/Service Orders

The expenditure includes consumable goods amounting to Kshs.1,288,447,191. Review of schedules and ledgers in support of the expenses revealed that a number of credit notes which were posted as negatives with a net effect of reducing the expenses. Review of records revealed that the practice was caused by suppliers issuing full invoices against orders made, instead of invoicing against deliveries.

In the circumstances, the regularity and accuracy of the consumable goods amounting to Kshs.2,377,805,409 could not be confirmed.

3. Payment of Arrears to Doctors on Contract

The statement of financial performance reflects employee cost amounting to Kshs.8,298,230,854 as disclosed in Note 8 to the financial statements. Review of documents provided in support of the expenditure revealed that payment arrears amounting to Kshs.1,070,731 was paid to thirteen (13) doctors' who were hired on a two (2) months contract from 24 December, 2020 to 23 February, 2021. However, there was no documentary evidence in the respective personal files to justify the payments to the staff all of whom had only served one (1) month into their employment contract.

In the circumstance, the regularity of payments in arrears amounting to Kshs.1,070,731 could not be confirmed.

4. Contracted Services

As disclosed in Note 12 to the financial statements, the statement of financial performance reflects contracted services expenditure balance of Kshs.27,782,725 being contracted professional services and legal fees. The following observations were made:

4.1 Avoidable Tax Paid and Understated Inventories

The expenditure includes payments totalling to Kshs.1,105,402 made to a clearing and forwarding firm to clear Kenya Revenue Authority customs taxes on donated masks from China. It was however not clear why tax waivers were not sought on the donations received by the Hospital as a Government Agency. The taxes excluding freight charges resulted to rising the price of the donated face masks at Kshs.19 per unit which was higher than the then prevailing market prices at the time of import. Further, the donations were not recognized in the Hospital's inventory.

4.2 Unsupported Legal Expenses

Included in the expenditure is legal payment amounting to Kshs.1,113,325 paid to a law firm which was not supported by a break down of charges as per Advocates Remuneration Amendment Order, 2014 or the Advocates Roll. Further, no evidence was provided on how the firm was procured.

4.3 Unsupported Allowances to Police Officers

The expenditure includes payments totalling to Kshs.8,497,961 made to various police officers as special duty allowances for officers stationed at the Hospital. Review of the National Police Service Act, 2014, Kenya Gazette Notice No.955 dated 29 December, 2006 indicates that the Hospital is described as a public good and interest where the Inspector General can deploy police officers.

Further, the allowances were paid to individual police officers instead of to the National Police Service.

In the circumstances, the regularity of the expenditure could not be ascertained.

4.4 Payment of National Industrial Training Levy Arrears

The expenditure includes payments totalling to Kshs.5,829,450 made to National Industrial Training Authority (NITA) being arrears of employer contributions dating back to year 2007. However, it is not clear why the statutory payments which are likely to attract penalties were not made in time.

Further, the expenses were not included in prior year payables and were therefore expensed in the current year. Management did not remit any claims to the National Industrial Training Authority for reimbursement of training expenses incurred as required by the NITA Act, 2011.

In the circumstances, the regularity of the accuracy and regularity of payments totalling to Kshs.27,782,725 could not be confirmed.

5. Unaccounted for Board Expenses

The statement of financial performance reflects Board expenses amounting to Kshs.9,147,015 as disclosed in Note 9 to the financial statements. Review of the Board expenditure records revealed that the Board Members refunded a total of Kshs.366,943 on various dates during the year under audit. This was as a result of Members not attending meetings as anticipated or attending the meetings virtually and yet the meetings

were physical with travelling and accommodation allowances sent to the Board Members before the actual attendance. Although the Board Members refunded the amounts and posted in the ledgers as a reduction of the expenses, the total expenditure was however not reduced by the refunds and therefore, the refunds remained unaccounted for as at 30 June, 2021. The Hospital risks losing funds through payment of allowances for meetings not attended.

In the circumstances, the accuracy and completeness of the Board expenses of Kshs.9,147,015 could not be confirmed.

6. Unsupported Trade and Other Payables

The statement of financial position reflects trade and other payables balance of Kshs.640,049,544 which, as disclosed in Note 22 to the financial statements includes trade payables balance of Kshs.543,681,933. However, schedules in support of the balance amounted to Kshs.534,681,989 resulting to an unexplained variance of Kshs.8,849,944. Further, review of the trade and other payables ledgers revealed that the supplier ledger included drugs totalling to Kshs.3,697,324 invoiced and delivered during the financial year 2019/2020 but were included as additions for the year under review, and journal vouchers were not provided to support the movement.

In addition, review of ageing analysis revealed pending payments for goods, services and works amounting to Kshs.229,249,771 which were outstanding for over ninety (90) days with some old payables amounting to Kshs.14,849,527 dating back to over six (6) years. All the old payables disclosed in the payable ledgers lacked accountable documents such as invoices, delivery notes, goods received notes, requisitions from user departments and contracts with the suppliers. No explanation was provided for the delayed payment to the suppliers and lack of adequate supporting documents.

In the circumstances, accuracy and completeness of the trade and other payables balance of Kshs.534,681,933 could not be confirmed.

7. Disputed Loan Advanced by the National Hospital Insurance Fund (NHIF)

The statement of financial position reflects under current liabilities, long term loan balance of Kshs.238,547,781 as disclosed in Note 25 to the financial statements. Review of records revealed that the Ministry of Health in collaboration with International Atomic Energy Agency (IAEA) offered a grant towards procurement of a radiotherapy equipment for the Hospital on cost sharing basis with IAEA contributing 25% of cost and Kenya Government, through National Hospital Insurance Fund (NHIF) contributing 75%. However, there was no contract or agreement between NHIF and IAEA or between the Hospital and NHIF.

Further, an amount of Kshs.36,229,963 was paid to NHIF in the year under review, as loan repayment by the Hospital for which 100% of the parts of the equipment had been received, installed and was in operation at the time of audit in March, 2022.

In addition, the financial statements of NHIF for the year ended 30 June, 2021 reflected an investment of a loan advanced to the Hospital of Kshs.312,669,869 with a procurement acquisition and legal fee of Kshs.68,800,240 which is disputed by the Hospital. The interest earned on the loan amounts to Kshs.35,520,880, and was capitalized. A loan

recovery balance of Kshs.130,256,431 and a loan balance of Kshs.286,734,558 is still outstanding as at 30 June, 2021.

In the circumstances, the accuracy and completeness of the long term loan balance of Kshs.238,547,781 could not be confirmed.

8. Inaccuracy in Budget Information

During the year under review, the Hospital had a total revenue budget of Kshs.12,338,323,000 comprising of recurrent budget amount of Kshs.11,972,203,000 and capital budget amount of Kshs.366,120,000. Further, the approved budget did not provide adequate disclosure on capital projects and amount allocated per project but instead reflected a block amount.

In the circumstances, the completeness of the statement of comparison of budget and actual amounts could not be confirmed.

9. Inaccuracies in Opening Balances

The statement of financial performance reflects comparative balance of Kshs.7,320,147,670 in respect of transfers from Ministries, Departments and Agencies revenue. However, the audited financial statements for 2019/2020 reflected a balance of Kshs.7,950,897,374 resulting to an unexplained variance of Kshs.630,749,704.

Further, the statement of financial position reflects net assets balance of Kshs.5,200,768,535 which constitutes revenue reserves of Kshs.712,096,629 and capital reserve balance of Kshs.4,488,671,906. However, the audited statement of financial position for the previous year 2019/2020 reflected a closing capital reserve balance of was Kshs.3,564,740,441 resulting to an unexplained variance of Kshs.923,931,465.

In the circumstances, the completeness and disclosure of capital reserves balance of Kshs.4,488,671,906 could not be confirmed.

10. Unupdated Assets Register

The statement of financial position reflects property, plant and equipment balance of Kshs.3,148,197,575 as disclosed in Note 20 to the financial statements. Review of the assets register, revealed that it lacked vital information such as land title deed numbers, size of each land, terms under which each land is held and serial numbers and tag numbers of the assets. Further, the asset register includes value of motor vehicles amounting of Kshs.12,753,391 which had been disposed-off but transfer details of the new owner's had not been recorded. There was no disclosure of the locations of some of the movable assets which lacked serial numbers and tags.

In the circumstances, the accuracy, existence, and completeness of the property, plant and equipment could not be confirmed.

11. Current Receivables from Exchange Transactions

The statement of financial position reflects current receivables from exchange transactions balance of Kshs.1,712,470,275 as disclosed in Note 18(a) to the financial statements. The following unsatisfactory matters were noted:

11.1 Unsupported Rent Receivables

The balance comprises rent receivable balance of Kshs.8,605,862. Review of records revealed that a balance of Kshs.5,020,725 had been outstanding for more than three hundred and sixty (365) days. However, lease agreements with the tenants were not provided to establish if Management is holding any security deposit from the tenants. Management did not also provide any evidence to prove it has taken legal action against the rent defaulters. Further, no debtors' ageing analysis was provided contrary to Section 6.1 of the Moi Teaching and Referral Hospital Credit Policy which requires the same to be maintained.

11.2 Unrecoverable Individual Clients Receivables

The balance comprises of individual clients amounting to Kshs.292,226,351. However, review of records revealed that the receivable balance had increased by 105% from the previous balance of Kshs.142,411,851, with debts amounting to Kshs.147,687,270 relating to outstanding balances of more than 1 year, and some debts stretching as far back as the year 2003. Whereas Management is in possession of numerous land title deeds and motor vehicle log books for these debtors, there were no sworn affidavits or duly-signed land transfer forms or motor vehicle transfer forms provided. There were no evidence of the charges having been registered on the titles, rendering retention of these documents futile as a debt security measure. No evidence was provided showing any legal measures on the pursuits of these debts. The Hospital is likely to lose revenue due to failure to institute debt recovery measures.

11.3 Anomalies in Receivables

The balance includes National Hospital Insurance Fund (NHIF) balance of Kshs.1,152,168,823, corporate clients balance of Kshs.191,395,578 and AMPATH balance of Kshs.75,736,375 all totalling to Kshs.1,419,300,776. Out of the NHIF balance an amount of Kshs.686,004,915 relates to balances brought forward for more than one year. No reason was given for failure to collect the outstanding balances. The NHIF submitted-claims file and correspondences was not provided for audit, hence it was possible to establish the number of rejected claims that the Hospital has in its books.

Further, ageing analysis was not provided for the corporate clients hence, it was not possible to establish how long the debts have been outstanding. Review also revealed that a total of Kshs.84,197,398 of the corporate clients' balance of Kshs.191,395,578 was from clients who did not have valid contracts expired or had been suspended. This was contrary to Appendix 1(a) of the Hospital's Credit Policy. In addition, there was no evidence that the clients and other existing clients with valid contracts had made the minimum amount of Kshs.500,000 deposit required of corporate institutions under Section 7.1 of the Credit Policy. The Hospital is likely to incur losses due to failure to recover debts and failure to renew corporate contracts on time.

In addition, the contract and Memorandum of Understand relating to the AMPATH balance of Kshs.74,473,489 was not provided for audit.

In the circumstances, the accuracy, completeness and regularity of receivables balance of Kshs.1,712,470,275 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 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 adverse opinion.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Audit Matters

There were issues raised in the audit report for 2019/2020 financial year of which no report or recommendations from the Hospital Management and oversight bodies were submitted for audit verification and clearance. Further, the issues remain unresolved contrary to Section 149(2)(l) of the Public Finance Management Act, 2012 which require accounting officers designated for county government entities to try to resolve any issues resulting from an audit that remain outstanding.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, because of the significance of the matters discussed in the Basis for Adverse Opinion and Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections of my report, based on the audit procedures performed, I confirm that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Non-Compliance with the Procurement Law

1.1 Unsupported Framework Agreements

The Hospital had nine (9) open tenders advertised on "my gov" newspaper on 4 July, 2020 for the supply of various goods. However, the advert failed to mention that the Hospital had an intention to enter into framework agreements with the qualified suppliers. The tenders were opened, evaluated and several bidders were awarded tenders under different categories as advertised. Notification letters addressed to the awarded bidders indicated that the contracts would run for two (2) years from 2018-2020. However, no contracts were signed with the suppliers and no supporting evidence was provided to show that the bidders were to enter into a framework agreement which is contrary to Section 35 of the Public Procurement and Asset Disposal Act, 2015.

1.2 Non-Existing Contracts for Supply and Delivery of Foodstuff

Review of procurement process for tender of supply of foodstuffs revealed that the tender was opened on 31 May, 2021. The Hospital sent letters titled "notification of intention of entering into contracts" to three suppliers on 16 July, 2021. However, the suppliers did not acknowledge receipt of the contracts. This was contrary to Section 35 of the Public Procurement and Asset Disposal Act, 2015.

1.3 Supply and Delivery of Admission Packs for Private Wing

Review of the procurement process for tender for the supply of admission packs for private wing revealed that there were three (3) proposed awards for the tender. The first two proposals for award showed one firm as the awarded bidder and another firm as the 1st alternative bidder. The proposal was signed on 8 November, 2018. However, remarks made in support of this change stated that no marks were awarded for bag, bath towel and face towel despite a sample being submitted by the company which was awarded the contract.

The company scored 50% in evaluations against a 70% requirement to move to the next stage. The supply company which was also (Bidder No. 13) did not meet the specifications required for the sample towel, bag and face towel and scored 50% but still moved to the next evaluation stage. The company was registered under the tender for supply of the admission packs contrary to Section 84 of the Public Procurement and Asset Disposal Act, 2015.

1.4 Procurement of Face Masks Under Disaster Emergency Response

During the year under review, the Hospital awarded a tender for the supply and delivery of surgical masks N95 face masks to a firm to supply the masks at a cost of Kshs.11,500,000. However, minutes of the tender evaluation committee meeting held on 12 August, 2020 revealed that due diligence report or evidence that this was done by the Evaluation Committee was not provided. The Head of Procurement in the signed professional opinion indicated that due diligence was not undertaken for the tender procurement proceeding. This contravened Section 83(1) of the Public Procurement and Asset Disposal Act, 2015.

1.5 Procurement of Oxygen Generating Plant and Medical Gas Piping

During the year under review, the Hospital awarded a tender for supply, delivery, installation, testing and commissioning of 2x1000 LPM Oxygen Generating Plant. Review of the tender documents revealed that the Tender Evaluation Committee recommended due diligence to be undertaken before award of the tender bearing in mind the technical nature of the project. However, Management failed to conduct due diligence in this regard, contrary to Section 83(1) of the Public Procurement and Asset Disposal Act, 2015 and Regulations 30 and 80 of the Public Procurement and Asset Disposal Regulations, 2020.

Physical inspection revealed that two oxygen plants each with a capacity to produce 1000lts per minute were installed. However, only one plant was in use, while the demand for oxygen was high and it was not clear what informed the capacity that was ordered and installed. Further, the existing plant of 500lts per minute capacity was relocated and was lying idle. No periodic test runs were conducted and is likely to be rendered obsolete due

to non-use despite being in a functional state. The final project appraisal document provided for audit was not signed by the project engineer.

1.6 Irregular Extension of Contract for Maintenance of Vacuum Contract

Review of payment records revealed a firm was contracted for the repairs and servicing of hospital vacuum plant. However, the contract was later extended on 17 January, 2020, five (5) months after expiry of an earlier period for another period of one year. However, no evidence was provided to confirm the competitiveness of the prices charges as the service was not competitively sourced. Further, there was no evidence provided showing that the firm was the only dealer and the services could not be alternatively sourced.

1.7 Single Sourcing of Motor Vehicles Insurance Covers

Review of expenditure records revealed that the Hospital entered into a contract with an insurance company on 13 February, 2020 for provision of motor vehicle insurance cover for fourteen (14) vehicles for a period of one year with effect from 13 February, 2020 up to 12 February, 2021 at a contract sum of Kshs.1,686,224. However, three (3) Local Service Orders, LSO's were issued to the insurance company to cover nine (9) other vehicles at a cost of Kshs.1,250,844. However, there was no evidence on how the new tender was awarded without any evidence of procurement for the services.

In the circumstance, the propriety of the expenditure could not be confirmed.

2. Irregular Payments on Repairs and Maintenance

As disclosed under Note 11 to the financial statements, the statement of financial performance reflects an amount of Kshs.69,152,584 in respect of repair and maintenance. However, review of expenditure documents revealed there were two (2) firms contracted for the maintenance of walkways and asbestos removal from the roofs of Surgical Wards under contract issued on 29 October, 2020 at a contract sum of Kshs.12,967,224 running for a period of sixteen (16) weeks. However, the following observations were made:

- (i) Prime costs of Kshs.1,000,000 and the contingencies amount of Kshs.500,000 included in the Bills of Quantities (BQ) for the works were not accounted for through documentary evidence as the engineer's certificate attached was not broken down to actuals. Management provided minutes of the 6th Contract Implementation Committee meeting held on 23 March, 2021 indicating variances in measurements, instruction on utilization of the prime costs and contingencies and a final appraisal was not provided.
- (ii) There was no inspection and acceptance report accompanying the certificate of works done.
- (iii) The certificates issued was actually a typed BQ similar to the bid of the contractor while the statement of account was not raised for each payment certificate and Engineer's estimates for the works was not provided.

Further, payments amounting to Kshs.4,726,205 and Kshs.2,129,635 in respect to maintenance of plant and buildings and maintenance of Biomedical Equipment,

respectively were single-sourced as request for quotation was only obtained from one supplier who was later awarded the contract contrary to Sections 91(1) and 106(2) of the Public Procurement and Asset Disposal Act, 2015.

In the circumstances, Management was in breach of the law and value for money on the payments on repairs and maintenance balance of Kshs.69,152,584 could not be confirmed.

3. Irregular Employment of Staff

Management made an advertisement for seventy (70) vacancies for employment of additional registered nurse. However, after due recruitment process, Management approved a total of eighty-eight (88) successful candidates for the position of registered nurse resulting to an additional eighteen (18) staff. Further, the human resource and recruitment plans and approval from The National Treasury to hire staff were not submitted for audit.

Further, review of staff records revealed gross pay of Kshs.7,567,577 made to two (2) foreigners. However, Management did not provide proof of seeking locally qualified staff for the positions and proof of application to the Public Service Commission for approval. This is contrary to the Public Service Code of Regulation of 2006 Section 0.1 (1-2) on the hire and conditions of employment of foreigners.

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

4. Non-Compliance with the Law on Staff Ethnic Composition

Review of personnel records revealed during the year under review, the Hospital recruited one hundred and eighty-eight (188) new employees during the year out of whom one hundred and thirty-seven (137) equivalent to seventy three percent (73%) came from dominant ethnic community. This was contrary to the provisions of the National Cohesion and Integration Act 2008 and Moi Teaching and Referral Hospital Human Resource Policy and Procedures Manual, 2018.

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

5. Non-Compliance with the One Third Basic Salary Rule

Review of the payrolls for the year ended 30 June, 2021 revealed that a number of employees between the range of twenty-four (24) and five hundred and forty-four (544) in any particular month were earning a net salary of less than one third of their basic pay. This was contrary to Section 19(3) of Employment Act, 2007 and the Hospital Human Resource Policy and Procedures Manual, 2018.

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

6. Unrecovered Imprest

The statement of financial position as at 30 June, 2021 reflects current receivables from exchange transactions balance of Kshs.1,712,470,275 which comprises of un-surrendered imprest amounting to Kshs.3,884,027. Review of records provided revealed that a total of Kshs.2,014,605 was held by officers who have since left service more than a year ago without surrendering their imprest and may not be recoverable.

Further, a number of staffs were issued with additional imprest contrary to Regulation 93(4) of the Public Finance Management Act, 2012.

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

7. Composition and Rotation of Board Committees

Review of records on Board expenses revealed that two (2) Committees (People Management Committee and Hospital Standards and Operations Committee) had a composition of five (5) members contrary to Paragraph B (4) of circular No. OP/CAB.9/1A which requires that the number of members to any committee should be no more than one third (1/3) of the full Board which is three (3) members as the full Board has nine (9) directors. It was noted that members to the committees were not rotated annually contrary to Paragraph B (6) of circular No. OP/CAB.9/1A.

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

8. Irregular Waivers and Exemptions

The statement of financial performance reflects waivers and exemptions balance of Kshs.211,185,290 as disclosed in Note 15 to the financial statements. Review of the schedule and documents provided in support of the waivers and exemptions revealed that Management waived revenues of Kshs.106,282,213 and Kshs.104,903,077 which were in excess of the authorized limit of Kshs.100,000 at any one incidence. This was contrary to Regulation 148(6) of the Public Finance Management Regulations, 2015 which provides that approval of the Cabinet Secretary should be sought.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, because of the significance of the matters discussed in the Basis for Adverse Opinion and Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections of my report, based on the audit procedures performed, I confirm that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Long Outstanding Salary Advance

The statement of financial position reflects current receivables from exchange transactions balance of Kshs.1,712,470,275 which, as disclosed in Note 18(a) to the

financial statements includes salary advance amounting to Kshs.5,388,197. Review of records revealed that an amount of Kshs.1,559,732 comprised outstanding balances older than three hundred and sixty-five (365) days, with some outstanding advances going as far back as 1999, contrary to Section 3.9.7 of the Hospital Human Resource Manual which requires that recoveries of salary advance be made within maximum period of twelve (12) months. No evidence was provided to show any recovery efforts for these long outstanding advances. Further, it was noted that a number of staffs had outstanding salary advances of more than one (1) month's salary, contrary to Section 3.9.1 of the Hospital Human Resource Policy and Procedures Manual. The Hospital is likely to lose funds due to lack of controls in issuance of salary advances and failure to recover the same while employees are still in service.

In the circumstances, existence of effective internal control measures on receivables could not be confirmed.

2. Unrecoverable Staff Guarantors

The statement of financial position reflects current receivables from exchange transactions balance of Kshs.1,712,470,275 which, as disclosed in Note 18(a) to the financial statements comprises staff guarantors balance of Kshs.2,774,768. Review of records revealed that an amount of Kshs.1,498,587 has been dormant as no collections were made from staff during the year and no evidence was provided to show that the guarantors were being pursued. It was noted that some staff guarantors had left service without clearing their debts. The Hospital is likely to lose income due to failure to recover debts from staff guarantors.

In the circumstances, existence of effective internal control measures to safeguard against loss could not be ascertained.

Responsibilities of Management and the Board of Directors

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

In preparing the financial statements, Management is responsible for assessing the Hospital's ability to continue to sustain its 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 Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

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

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

14 October, 2022

XII. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED JUNE 30, 2021

	Notes	2020/2021	2019/2020
Revenue from Non-Exchange Transactions			
Government grants	6(a)	8,213,266,926	7,320,147,670
		8,213,266,926	7,320,147,670
Revenue from Exchange Transactions			
Sale of Goods and Services	6(b)	3,220,812,901	3,127,253,973
Rental Revenue from Facilities and Equipment	6(c)	24,500,212	9,434,759
Other Income	6(d)	178,082,064	218,332,244
		3,423,395,177	3,355,020,976
Total Revenue		11,636,662,103	10,675,168,646
EXPENDITURE			
Use of Goods and Services	7	2,377,805,409	2,596,988,345
Employee Cost	8	8,298,230,854	7,224,783,060
Board Expenses	9	9,147,015	11,434,299
Depreciation and Amortization Expense	10	241,470,784	174,151,765
Repairs and Maintenance	11	69,152,584	106,787,968
Contracted Services	12	27,782,725	18,709,466
Corporate Social Responsibility	13	2,060,830	1,690,895
Gain on Sale of Assets	14	-	384,737
Impairment Allowance on Receivables	18(b)	126,352,425	35,508,439
Waivers and Exemptions	15	211,185,290	371,573,303
Provision for Audit fee	16	1,160,000	1,160,000
Total Costs		11,364,347,917	10,543,172,277
Net Surplus/ (Loss)		272,314,187	131,996,369
Revenue reserves b/f		439,782,442	307,786,073
Revenue reserves c/f		712,096,629	439,782,442

The notes set out on pages 7 to 56 form an integral part of the Financial Statements.

The Board approved the financial statements on 24th September 2021 and signed on its behalf by:


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


MATHEWS BIRGEN
ICPAK NO. 3915
DIRECTOR, FINANCE


MR. SITOI O. LOPOKOIYIT
BOARD CHAIRMAN

DATE: 12/07/2022

DATE: 12/07/2022

DATE:





*Moi Teaching and Referral Hospital
Annual Report and Financial Statements
For the year ended June 30, 2021*


XIII. STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2021

		2020/2021	2019/2020
		As at 30 June	As at 30 June
	Notes	KSHS.	KSHS.
CURRENT ASSETS			
Cash and Cash Equivalents	17	780,113,924	708,389,959
Current Receivables from Exchange Transactions	18(a)	1,712,470,275	1,302,549,618
Current Receivables from Non-Exchange Transactions	18(c)	703,951,799	-
Inventories	19	413,824,376	356,222,655
NHIF Loan Prepayment	21	-	87,557,456
		3,610,360,374	2,454,719,688
Non-Current Assets			
Property, Plant and Equipment	20	3,148,197,575	2,510,567,120
		3,148,197,575	2,510,567,120
TOTAL ASSETS		6,758,557,950	4,965,286,808
CURRENT LIABILITIES			
Trade and Other Payables	22	640,049,544	582,193,589
Refundable Deposits and Prepayments from Customers	23	9,616,214	6,062,069
Finance Lease	24	4,240,316	6,795,836
Long Term Loan	25	238,547,781	-
Employee Benefit Obligations	26	665,335,560	365,712,430
TOTAL		1,557,789,415	960,763,924
NET ASSETS		5,200,768,535	4,004,522,884
FINANCED BY			
REVENUE RESERVES		712,096,629	439,782,442
CAPITAL RESERVES		4,488,671,906	3,564,740,441
TOTAL		5,200,768,535	4,004,522,883

The Financial Statements set out on pages 1 to 2 signed on behalf of the Board of Directors by:


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


MATHEWS BIRGEN
ICPAK NO, 3915
DIRECTOR, FINANCE


MR. SIOYO LOPOKOIYIT
BOARD CHAIRMAN

DATE: 12/07/2022

DATE: 12/07/2022

DATE:

XIV. STATEMENT OF CHANGES IN NET ASSETS

	CAPITAL RESERVES	REVENUE RESERVES	TOTAL
Balance as at 30th June 2019	2,933,990,737	307,786,070	3,241,776,807
Capital grants for the period	451,250,000	-	451,250,000
Donations	179,499,704	-	179,499,704
Surplus /(Deficit) for the Period	-	131,996,369	131,996,369
BALANCE AS AT 30TH JUNE 2020	3,564,740,441	439,782,439	4,004,522,880
Balance as at 1st July 2020	3,564,740,441	439,782,439	4,004,522,880
Capital grants for the period	923,931,465	-	923,931,465
Donations	-	-	-
Surplus /(Deficit) for the Period	-	272,314,187	272,314,187
BALANCE AS AT 30TH JUNE 2021	4,488,671,906	712,096,626	5,200,768,532

*Moi Teaching and Referral Hospital
Annual Report and Financial Statements
For the year ended June 30, 2021*

XV. STATEMENT OF CASHFLOWS AS AT JUNE 30, 2021

1. CASH FLOW FROM OPERATING ACTIVITIES.	NOTE	2021 KSHS.	2020 KSHS.
Surplus/Deficit	15	272,314,187	131,996,369
Add:			
Gain on Disposal	14	-	384,737
Depreciation of Assets	10	241,470,784	174,151,765
		241,470,784	174,536,502
Operating Profit Before Working Capital Changes		513,784,970	306,532,871
Working capital changes:			
Change in Current Receivables from Exchange Transactions	18	(409,920,656)	(185,243,799)
Change in Current Receivables from Non-Exchange Transactions		(703,951,799)	-
Change in Stock	19	(57,601,721)	(27,011,941)
NHIF Loan Prepayment (Assets)	21	87,557,456	(36,229,962)
NHIF Loan (Liability)	26	238,547,781	-
Change in Trade and other Payables	22	57,855,955	89,754,902
Prepaid Fees	23	3,554,145	(2,393,351)
KCB Finance Lease	24	(2,555,520)	(2,361,920)
Unremitted Salary Obligations	25	299,623,129	(81,761,019)
		(486,891,231)	(245,247,090)
Net Cash In/Outflow from Operating Activities.		26,893,740	61,285,781
2. CASH FLOW FROM INVESTING ACTIVITIES.			
Purchase of Fixed Assets	20	(879,101,239)	(418,986,719)
Net Cash used in investing activities		(879,101,239)	(418,986,719)
3. CASH FLOW FROM FINANCING ACTIVITIES			
Government Grants - Capital	6	923,931,465	451,250,000
Donations		-	179,499,704
		923,931,465	630,749,704
Change in Cash and Cash Equivalents (i).		71,723,966	273,048,767
Cash and Cash Equivalent at the beginning of the year (ii)	17	708,389,959	435,341,192
Cash and Cash Equivalents {(i) + (ii)}	17	780,113,925	708,389,959

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

MATHEWS BIRGEN
ICPAK NO, 3915
DIRECTOR, FINANCE

MR. SITOYO LOPOKOIYIT
BOARD CHAIRMAN

DATE: 12/07/2022

DATE: 12/07/2022

DATE:

XVI. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS AS AT JUNE 30, 2021

CODE		Original Budget 2020/21 (Kshs '000')	Adjustment (Kshs '000')	Final Budget (Kshs '000')	Actual Vote book Expenditure (Kshs '000')	Financial Statement (Kshs '000')	Performance Difference (Kshs '000')	% Achieved
REVENUE								
01	Recurrent	6,941,000	1,107,000	8,048,000	8,048,000	8,048,000	-	100%
02	Conditional Grants	-	-	-	-	-	-	100%
	UHC Pilot	-	-	-	-	-	-	100%
	Recruitment of additional Staff for COVID-19 containment and suppression	-	-	-	-	-	-	100%
	Covid-19 Allowances for Frontline Health Workers Grant	106,680	-	106,680	106,680	106,680	-	100%
	Total Condition Grant	106,680	-	106,680	106,680	106,680	-	100%
	Sub Total	7,047,680	1,107,000	8,154,680	8,154,680	8,154,680	-	100%
03	Capital	366,120	157,811	523,931	523,931	523,931	-	100%
	Covid-19 Emergency Response Grant	400,000	-	400,000	400,000	400,000	-	100%
	Sub-total	766,120	157,811	923,931	923,931	923,931	-	100%
04	Cost Sharing	3,086,561	-	3,086,561	3,245,313	3,245,313	158,752	105%
05	Other Income	173,151	-	173,151	178,065	178,065	4,914	103%
	Sub-total	3,259,711	-	3,259,711	3,423,378	3,423,378	163,667	105%
	TOTAL	11,073,511	1,264,811	12,338,323	12,501,990	12,501,990	163,667	101%

CODE	Expenditure Item	Original Budget 2020/21 (Kshs '000')	Adjustment (Kshs '000')	Final Budget (Kshs '000')	Actual Vote book Exp (Kshs '000')	Financial Statement (Kshs '000')	Performance Difference (Kshs '000')	% Utilization
10	Personnel Emoluments	7,017,680	1,107,000	8,124,680	8,266,032	8,298,231	(141,352)	102%
20	Purchase of Drugs	737,213	35,000	772,213	857,914	666,911	(85,701)	111%
25	Renal Consumables	36,000	(15,000)	21,000	11,891	9,438	9,109	57%
35	Disaster/ Emergency Response	30,000	-	30,000	18,919	22,613	11,081	63%
36	Covid-19 Emergency Response Fund	100,000	-	100,000	41,110	4,151	58,890	41%
40	Dressings/theatre supplies	301,620	10,000	311,620	315,924	288,955	(4,304)	101%

*Model Reporting and Expenditure Report
Annual Report on Expenditure for the year 2020/21*

CODE	Expenditure Item	Original Budget 2020/21 (Kshs '000')	Adjustment (Kshs '000')	Final Budget (Kshs '000')	Actual Vote book Exp (Kshs '000')	Financial Statement (Kshs '000')	Performance Difference (Kshs '000')	% Utilization
45	Dental Supplies	12,239	-	12,239	9,337	1,977	2,902	76%
50	Food & Ration	201,777	-	201,777	199,250	127,490	2,527	98%
60	Doctors' Fees	261,110	-	261,110	241,510	219,679	19,599	92%
70	Lab reagents/chemicals	162,272	-	162,272	151,978	13,919	10,294	94%
90	Cleansing materials	61,325	20,000	81,325	71,625	56,017	9,700	88%
95	Admission Packs	11,395	(8,000)	3,395	1,420	2,106	1,975	42%
100	Hospital Linen	4,000	2,000	6,000	5,939	2,861	61	98%
110	X-ray/ Radiology supplies	49,797	15,000	64,797	68,059	43,197	(3,263)	105%
120	Oxygen	75,600	8,000	83,600	86,950	68,829	(3,350)	104%
140	Fuel & Gas	17,948	(4,900)	13,048	9,537	11,658	3,511	73%
150	Uniforms for patients	9,102	-	9,102	5,225	850	3,877	57%
160	Materials for Specialized units	25,373	(5,000)	20,373	10,707	1,093	9,666	53%
170	Farewell Home supplies	2,784	-	2,784	1,209	833	1,576	43%
180	Course Administration and subscription fees	11,174	(6,000)	5,174	4,421	5,253	753	85%
190	Cafeteria supplies	6,000	-	6,000	4,112	4,335	1,868	69%
200	Library services	5,660	-	5,660	1,610	3,569	4,050	28%
210	Maintenance of building & station	51,813	32,000	83,813	81,706	48,377	2,107	97%
220	Maintenance plant & equipment	38,432	14,750	53,182	56,259	20,775	(3,078)	106%
230	Electricity Expenses	77,701	7,000	84,701	84,527	84,651	175	100%
240	Stationery	16,706	2,000	18,706	14,951	17,535	3,755	80%
250	Water & Conservancy	41,389	4,000	45,389	44,954	44,952	435	99%
260	Transport Operating Expenses	13,470	-	13,470	9,048	8,815	4,422	67%
270	Printing of Accountable documents, Medical Records and HRIS and stationery	26,176	(20,000)	6,176	5,913	5,629	263	96%
280	Telephone expenses	7,335	5,000	12,335	12,249	12,888	86	99%
290	Plant and Equipment Insurance policy	6,600	(6,600)	-	-	-	-	0%
300	Rents & Rates	2,408	-	2,408	1,212	893	1,196	50%
310	Bank charges	9,277	5,775	15,053	15,448	15,546	(395)	103%

*Moit Teaching and Referral Hospital
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CODE	Expenditure Item	Original Budget 2020/21 (Kshs '000')	Adjustment (Kshs '000')	Final Budget (Kshs '000')	Actual Vote book Exp (Kshs '000')	Financial Statement (Kshs '000')	Performance Difference (Kshs '000')	% Utilization
320	Postal Charges	1,127	-	1,127	928	724	199	82%
330	Motor Vehicle Insurance	3,467	-	3,467	1,853	1,360	1,614	53%
340	Patient Traveling Expenses	133	661	795	713	513	81	90%
345	Issue Based Committees	2,915	(2,000)	915	639	339	276	70%
350	Staff uniforms & protective gear	7,667	-	7,667	3,771	5,660	3,896	49%
355	Occupational Health Safety	7,061	-	7,061	7,293	3,106	(232)	103%
360	Traveling and Accommodation	45,115	(30,000)	15,115	17,432	21,081	(2,317)	115%
365	Universal Health Coverage (UHC) Outreach	30,000	(25,000)	5,000	3,512	222	1,488	70%
370	Board of Management Expenses	20,909	-	20,909	8,228	9,147	12,681	39%
380	Computerization	110,145	15,000	125,145	125,324	6,635	(179)	100%
390	Comprehensive Group Personal accident cover	8,800	6,424	15,224	16,224	10,705	(1,000)	107%
392	Doctor's Indemnity Insurance Cover	-	5,000	5,000	-	-	5,000	0%
395	Group Life Insurance Cover	23,000	5,771	28,771	28,771	27,894	-	100%
400	Staff development & training	51,784	(35,000)	16,784	16,201	17,623	583	97%
401	Medical Officers Post-Graduate Training	15,000	-	15,000	8,272	7,672	6,728	55%
405	Health Research, Development & Innovation	5,000	-	5,000	2,021	2,054	2,979	40%
410	Advertising & Publicity	9,421	-	9,421	3,837	3,870	5,584	41%
415	Hospital Security services	1,203	-	1,203	34	3,804	1,169	3%
420	Contracted Professional Services	15,903	10,000	25,903	26,590	27,783	(688)	103%
430	ISO	10,832	(4,500)	6,332	3,618	2,464	2,715	57%
440	Office Equipment	15,061	-	15,061	15,076	8,132	(15)	100%
460	External Traveling & Allowance	8,108	(5,334)	2,774	-	-	2,774	0%
470	Internet Expenses	6,791	-	6,791	2,063	782	4,728	30%
480	Staff Medical Scheme	250,000	21,953	271,953	263,890	263,337	8,062	97%
490	Corporate Social Responsibility	3,520	(1,500)	2,020	940	2,061	1,080	47%
500	IREC	1,000	-	1,000	1,000	1,000	-	100%
520	Continuous Professional Development	847	-	847	-	53	847	0%

*Not Teaching and Referral Hospital
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CODE	Expenditure Item	Original Budget 2020/21 (Kshs '000')	Adjustment (Kshs '000')	Final Budget (Kshs '000')	Actual Vote book Exp (Kshs '000')	Financial Statement (Kshs '000')	Performance Difference (Kshs '000')	% Utilization
530	Hospital Equipment(AIA Contribution)	200,000	101,311	301,311	92,307	597,753	209,004	31%
545	Purchase of Medical Appliances	20,000	-	20,000	17,720	17,720	2,280	89%
550	C. A.R.E.	1,205	-	1,205	765	479	440	63%
555	Covid-19 Emergency Response	400,000	-	400,000	223,904	4,151	176,096	56%
560	Capital Expenditure	366,120	-	366,120	224,856	224,856	141,264	61%
	TOTAL	11,073,511	1,264,811	12,338,322	11,828,730	11,367,005	509,592	96%

Explanation of Material difference over (10%)

- i. Travelling and accommodation variances was due to increase in number of travelling by staff on official duties to support counties in management of covid-19
 - ii. Purchase of drugs variance was due to high number of hospitalizations / increased patient numbers
 - iii. Cleansing materials, Course Administration and Subscription Fees, Postal charges, Stationery, Dental Supplies, Fuel & Gas, Universal Health Coverage, Issue Based Committees, Cafeteria supplies, Transport Operating Expenses, CARE, Disaster/ Emergency Response, Uniform for patients, ISO, Renal Consumables, Covid-19 Emergency response, Medical Officers post-graduate Training, Motor Vehicle Insurance, Materials for specialized unit, Rent and Rates, Staff uniforms and Protective gear, Corporate social responsibility, Farewell Home Supplies, Admission Packs, Covid-19 Emergency Response Funds, Advertising and Publicity, Health Research, Development & Innovation declined due to reduction in number of activities in the Hospital due to Impact of Covid-19
 - i. Board of management expenses was less than budgeted due holding of d meetings Virtual.
 - ii. Internet expenses reduced in the year due to changes in cost of internet by service providers
 - iii. Library services expenses due to non-procurement of College of Health Sciences books as per plan due to suspension of student from continuing with studies due to covid-19
 - iv. Hospital Security expenses reduce due to procurement process
 - v. Doctors Indemnity Insurance Cover reduce due to procurement process.
 - vi. External Travelling & Allowance reduce due to restriction on staff travelling outside the country.
 - vii. Continuous Profession Development reduced due to holding of continuous Profession Development virtually.
 - viii. Purchase of Medical Appliance, Hospital Equipment (AIA Contribution) and Capital Expenditure due to procurement process.
- The changes between original and final budget was due to budget reallocations either due to Supplementary Budgets for GOK funded activities or virements for AIA funded activities.

XVII. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

Principal activities

The Hospital mandate is to:

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

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

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

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

*Moi Teaching and Referral Hospital
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Standard	Effective date and impact:
	(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2023:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>

iii. Early adoption of standards

Moi Teaching and Referral Hospital did not early – adopt any new or amended standards in year 2020/2021.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

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

Transfers from other government entities

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

Rendering of services

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

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

Sale of goods

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

Interest income

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

ii) Revenue from exchange transactions

Dividends

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

Rental income

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

b) Budget information

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

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

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

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

c) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in

the area where MTRH operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

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

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

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

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

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

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets.



Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Sales tax

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

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

d) Investment property

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

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 30-year period.

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

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

e) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, MTRH recognizes such parts as individual assets with specific useful lives and depreciates them

accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Depreciation and impairment of property, plant and equipment

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

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

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

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

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

f) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to MTRH. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. MTRH also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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

g) Intangible assets

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

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

h) Research and development costs

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

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

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

i) Financial instruments

a) Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Held-to-maturity.

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

Impairment of financial assets

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

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

b) Financial liabilities

Initial recognition and measurement

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

Loans and borrowing

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

j) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

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

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

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

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

k) Provisions

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

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

l) Contingent liabilities

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

m) Contingent assets

MTRH does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

n) Nature and purpose of reserves

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

o) Changes in accounting policies and estimates

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

p) Employee benefits

Retirement benefit plans

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

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

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

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

q) Foreign currency transactions

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

r) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

s) Related parties

MTRH regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

t) Service concession arrangements

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

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

u) Cash and cash equivalents

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

v) Comparative figures

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



w) Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions

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

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available.

Additional disclosure of these estimates of provisions is included in **Note 40**.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

6. Revenue

a) 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 transfers 2020/21	Prior year 2019/2020
	KShs	KShs	KShs	KShs	KShs
Ministry of Health	8,154,680,000	-	923,931,465	9,078,611,465	7,801,163,290
Ministry of Health (World Bank Grant for NCDs)	58,586,926	-	-	58,586,926	149,734,084
Total	8,213,266,926	-	923,931,465	9,137,198,391	7,950,897,374

b) Sale of Goods and Services

Description	2020-2021	2019-2020
	KShs	KShs
Sale of goods		
Cost Sharing Income	3,220,812,901	3,127,253,972
Total revenue from the sale of goods	3,220,812,901	3,127,253,972

c) Rental Revenue from Facilities and Equipment

Description	2020-2021	2019-2020
	KShs	KShs
Staff houses	24,500,212	9,434,760
Total rentals	24,500,212	9,434,760

d) Other Income

Description	2020-2021	2019-2020
	KShs	KShs
Mortuary Fees	53,871,289	64,167,703
College Students Fees	69,754,494	87,902,522
Group Insurance Refunds Received	46,413,671	57,221,943
Surcharge	953,982	890,957
Salary Recovery	629,081	743,258
Administrative fees	6,459,547	6,470,895
Training Levy	-	45,000
Small Business Unit	-	873,409
Tender Fees	-	13,427

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Description	2020-2021	2019-2020
	KShs	KShs
Library Services	-	3,130
Total other income	178,082,064	218,332,244

Cost of Sales

7. Use of Goods and Services

Description	2020-2021	2019-2020
	KShs	KShs
Consumables Goods	1,288,447,191	1,409,651,606
Transport Operating Expenses	8,815,379	6,550,473
Patient Travelling Expenses	513,144	124,268
Advertising and Publicity	3,870,341	12,463,276
Staff Development	17,623,054	44,134,119
Continuous Professional Development	52,600	-
Travelling and Accommodation	21,080,806	42,931,160
Centre for Assault Recovery of Eldoret	478,550	585,800
Group Personal Accident Cover	10,705,185	8,428,929
Comprehensive Group Life Insurance Cover	27,893,799	25,835,098
Comprehensive Staff Medical Scheme	263,337,390	250,103,825
ISO Secretariat	2,463,760	2,034,096
Issue Based Committees	338,500	951,165
Occupational Health and Safety	3,105,504	8,754,532
Disaster Emergency Response 035	22,613,276	34,395,966
Disaster Emergency Response 036 (Internal Funds)	29,577,636	-
Medical Officers Post Graduate Training	7,672,487	9,661,674
Cleansing Materials	56,017,433	49,332,847
Stationery	17,774,476	14,933,309
Telephone Expenses	12,887,917	8,341,862
Universal Health Coverage(UHC)Outreach	221,600	1,385,262
Electricity	84,651,191	78,783,253
Medical Records and Accountable Documents	5,629,247	20,582,960
Water and Conservancy	44,952,215	45,846,714
Computerization	6,634,894	2,141,383
Internet Expenses	781,684	2,443,395
Postal and Telegram	723,897	352,479
Library Services	3,569,370	3,175,519
Doctors' Fees	219,678,947	281,195,756
Patient Refunds/ Deposit Refunds	13,120,507	12,808,927
Group Insurance Compensation Refund	46,603,204	57,221,943
Course Admin & Subscription Fee	5,252,743	8,549,368
Rent and Rates	892,914	1,834,153
Staff Uniforms	5,660,493	1,430,100
Hospital Linen	2,860,971	4,432,930

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7. Use of Goods and Services			
Description	2020-2021		2019-2020
Patients Uniforms	850,000		3,677,370
Hospital Security services	3,803,876		1,597,393
Health Research and Innovation	2,054,023		2,852,284
Institutional Research Expenses	1,000,000		1,000,000
Motor Vehicle Insurance Expenses	1,360,464		2,295,465
Bank Charges	15,546,281		21,931,723
NCD Project	112,537,681		111,955,299
Taxes	-		280,665
COVID-19 Emergency Response Fund	4,150,780		-
Total	2,377,805,409		2,596,988,345

8. Employee Costs			
	2020-2021		2019-2020
	KShs		KShs
Basic Pay	3,931,700,783		3,247,053,665
House Allowance	789,439,818		705,989,800
Call Allowance	190,961,334		173,042,277
Risk Allowance	173,981,279		165,257,868
Private Wing Executive Committee	11,449,891		10,435,614
Private Wing Administrative Committee	563,764		737,114
Training Centre Allowance	15,407,848		13,995,076
RCO Call Allowance	19,205,000		19,021,000
Health Workers Service Allowance	319,926,588		304,982,083
Non Practice Allowance	115,354,138		104,019,301
Extraneous Allowance	932,435,540		859,298,533
Mortuary Allowance	16,081,398		21,331,425
Locum Allowance	13,610,515		220,849,244
Uniform Allowance	23,879,167		18,340,000
Taskforce Allowance/Meal	11,507,000		525,000
Responsibility Allowance	46,268,273		3,968,008
Registrars Stipend COVID-19	123,141,366		7,875,228
Entertainment Allowance	4,228,998		3,940,984
Acting Allowance	4,935,357		7,470,784
Telephone Allowance	120,000		116,500
Special Duty Allowance	14,591,415		18,870,767
Medical Board Allowance	846,354		514,000
Remunerative Allowance	720,000		720,000
Security Allowance	-		9,282
Commuter Allowance	299,988,978		281,812,066
Amenity Allowance	20,104,629		19,273,917
Memorial Allowance	58,669,407		48,740,973
Salary refund	66,227		-

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8. Employee Costs

	2020-2021	2019-2020
	KShs	KShs
Salary Arrears	18,678,021	14,212,484
Nursing Service Allowances	349,339,667	288,792,249
Annual Leave Allowance	228,066,791	202,530,034
NSSF Company	9,019,400	8,806,400
Pension Company	530,291,795	443,569,509
Gratuity	12,458,458	3,567,310
Casual Wages	11,191,656	5,114,565
Total	8,298,230,854	7,224,783,060

9. Board Expenses

Description	2020-2021	2019-2020
	KShs	KShs
Chairman Honoraria	960,000	960,000
Telephone Allowances	84,000	84,000
Sitting allowances	4,610,000	4,020,000
Travel and accommodation	3,375,015	6,345,799
Airtime	118,000	24,500
Total	9,147,015	11,434,299

10. Depreciation and Amortization Expense

Description	2020-2021	2019-2020
	KShs	KShs
Property, Plant and Equipment	241,470,784	174,151,765
Total depreciation and amortization	241,470,784	174,151,765

11. Repairs and Maintenance

Description	2020-2021	2019-2020
	KShs	KShs
Maintenance of Plant and Buildings	47,942,255	73,801,617
Maintenance of Biomedical Equipment	21,210,330	32,986,351
Total repairs and maintenance	69,152,584	106,787,968

12. Contracted Services

Description	2020-2021	2019-2020
	KShs	KShs
Contracted Professional Services and Legal Fees	27,782,725	18,709,466
Total contracted services	27,782,725	18,709,466

13. Corporate Social Responsibility

Description	2020-2021	2019-2020
	KShs	KShs
Social development	2,060,830	1,690,895
Total grants and subsidies	2,060,830	1,690,895

14. Gain on Sale of Assets

Description	2020-2021	2019-2020
	KShs	KShs
Property, plant and equipment	-	384,737
Total gain on sale of assets	-	384,737

15. Waivers and Exemption

Description	2020-2021	2019-2020
	KShs	KShs
Waivers and Exemption on Sale of Goods and Services	211,185,290	371,573,303
Total gain on sale of assets	211,185,290	371,573,303

16. Provisions for Audit Fees

Description	2020-2021	2019-2020
	KShs	KShs
Trade and Other Payables	1,160,000	1,160,000
Total gain on sale of assets	1,160,000	1,160,000

17. Cash and Cash Equivalents

Description	2020-2021	2019-2020
	KShs	KShs
Current account	776,348,158	705,071,062
Cash in Hand	224,538	91,201
M-pesa Accounts	3,541,228	3,227,696
Total cash and cash equivalents	780,113,924	708,389,959

17 (a) Detailed Analysis of the Cash and Cash Equivalents

Financial institution	Account number	2020-2021	2019-2020
		KShs	KShs
a) Current account			
Mortuary account	1103031457	789,896	416,220
Private wing	1103464396	792,717	102,918,804
Main account	1103464329	36,640,647	438,663,589
Training Centre	1151682268	638,650,742	1,490,678
MTRH NCD Project		76,856,173	86,349,866
MTRH EAPHLN Project	1216421927	22,617,984	75,231,905
Sub- total		776,348,158	705,071,062

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17 (a) Detailed Analysis of the Cash and Cash Equivalents

		2020-2021	2019-2020
Financial institution	Account number	KShs	KShs
cash in hand			
Main account		24,712	-
Private wing Account		80,000	-
Farewell Home Account		-	-
Petty cash		119,826	91,201
Sub- total		224,538	91,201
Mobile money accounts			
M-pesa Collection Account	175599	1,792,615	1,247,240
M-pesa Utility Account	951253	1,748,613	1,980,456
Sub- total		3,541,228	3,227,696
Grand total		780,113,924	708,389,959

18 (a) Current Receivables from Exchange Transactions			
	2020-2021	2019-2020	
	KShs	KShs	
Institutions			
NHIF	1,152,168,823	736,791,092	
Corporate Clients	191,395,578	225,438,164	
AMPATH	75,736,375	71,827,717	
Sub Totals	1,419,300,777	1,034,056,973	
Individuals			
Individual Clients	292,226,351	142,411,851	
Student Fees (MTRH College of Health Sciences)	13,809,824	16,928,835	
Staff Guarantors	2,774,768	2,880,002	
Salary advance	5,388,197	4,205,989	
Imprests	3,884,027	6,031,171	
Farewell Home	879,202	534,242	
Rent	8,605,862	6,900,284	
Prepayments	15,358,520	13,508,478	
Legal Deposit	1,503,380	-	
Proposed for write-off	522,046,162	522,046,162	
Sub Total	866,476,292	715,447,014	
Grand Total	2,285,777,069	1,749,503,987	
Less; Accumulated provision	573,306,794	446,954,369	
Net Debtors	1,712,470,275	1,302,549,618	

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

Impairment Allowance/ Provision	2020-2021		2019-2020
	KShs		KShs
At the beginning of the year	446,954,369		411,445,930
Additional provisions during the year	126,352,425		35,508,439
At the end of the year	573,306,794		446,954,369

18 (c) Receivables from Non-Exchange Transactions

Description	2020-2021		2019-2020
	KShs		KShs
MOH Grant	1,148,561,788		444,609,989
Total current receivables	1,148,561,788		444,609,989
Less; Accumulated provision	444,609,989		444,609,989
Net Debtors	703,951,799		-

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

Impairment Allowance/ Provision	2020-2021		2019-2020
	KShs		KShs
At the beginning of the year	444,609,989		444,609,989
Additional provisions during the year	-		-
At the end of the year	444,609,989		444,609,989

19. Inventories

Description	2020-2021		2019-2020
	KShs		KShs
Drugs	251,435,194		206,563,966
Dressings and Theatre Supplies	128,466,592		98,884,201
Lab Reagents	7,753,050		8,677,610
X-Ray Supplies	6,110,284		4,984,959
Food and Ration	3,963,358		1,008,145
Cleansing Materials	2,540,908		1,208,739
Hospital Linen	2,704,000		6,395,214
Maintenance Materials	5,948,313		14,015,938
Operational and Maintenance Stores	3,734,389		11,579,295
Stationery	1,168,289		2,904,588
Total inventories at the lower of cost and net realizable value	413,824,376		356,222,655

20. PROPERTY PLANT & EQUIPMENT MOVEMENT SCHEDULE FOR THE PERIOD ENDING JUNE 30, 2021

Assets	Land	Buildings	Plant, Equipment, Furniture & Fittings	Computers, Telephones & TV Sets	Motor Vehicles	Heavy Earth Moving Machine	Project Cost	TOTAL
Rate of Depreciation	0.00%	2.50%	12.50%	30.00%	25.00%	37.50%		
Cost/Valuation	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
As at 1st July 2019	101,577,820	1,797,946,958	1,290,015,306	204,565,067	90,949,676	-	30,712,237	3,515,767,064
Additions:	-	-	275,992,024	6,214,109	7,911,207	1,850,000	127,019,379	418,986,719
Disposal					(12,753,391)			(12,753,391)
Donations	-	-	-	-	-	-	-	-
Project Cost Capitalized	-	-	-	-	-	-	-	-
As at 30th June 2020	101,577,820	1,797,946,958	1,566,007,330	210,779,176	86,107,492	1,850,000	157,731,616	3,922,000,392
Additions:		987,760	629,984,333	12,119,125	-		236,010,022	879,101,239
Disposal								-
Donations								-
Project Cost Capitalized		184,924,423	18,824,500				(203,748,923)	-
As at 30th June 2021	101,577,820	1,983,859,141	2,214,816,163	222,898,301	86,107,492	1,850,000	189,992,715	4,801,101,631
Depreciation:								-
As at 1st July 2019	-	372,388,463	653,363,232	162,792,643	48,737,169	-	-	1,237,281,507
Charge for the period	-	35,638,962	114,080,512	14,395,960	9,342,581	693,750	-	174,151,765
Disposal					-			-
As at 30th June 2020	-	408,027,425	767,443,744	177,188,603	58,079,750	693,750	-	1,411,433,272
As at 1st July 2020	-	408,027,425	767,443,744	177,188,603	58,079,750	693,750		1,411,433,272

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Assets	Land	Buildings	Plant, Equipment, Furniture & Fittings	Computers, Telephones & TV Sets	Motor Vehicles	Heavy Earth Moving Machine	Project Cost	TOTAL
Rate of Depreciation	0.00%	2.50%	12.50%	30.00%	25.00%	37.50%		
Cost/Valuation	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Charge for the period	-	39,395,793	180,921,552	13,712,909	7,006,936	433,594	-	241,470,784
Disposal								-
As at 30th June 2021	-	447,423,218	948,365,296	190,901,512	65,086,686	1,127,344	-	1,652,904,056
NBV As at 30th June 2021	101,577,820	1,536,435,923	1,266,450,867	31,996,788	21,020,807	722,656	189,992,715	3,148,197,575
NBV As at 30th June 2020	101,577,820	1,389,919,533	798,563,586	33,590,573	28,027,742	1,156,250	157,731,616	2,510,567,120

NOTE ON CORRECTION OF PRIOR YEAR SCHEDULE

In the Audited Financial Statements for the year ending 30th June 2020, the Cost/ Valuation (Totals Column) on Property, Plant and Equipment as at 30th June 2019 was reflected as Kshs. 3,485,054,827 instead of Kshs. 3,515,767,064 due to omission of Project Cost value of Kshs. 30,712,237. Consequently, this error of omission was carried forward to the Cost/ Valuation (Totals Column) as at 30th June 2020 in which an amount of Kshs. 3,891,288,114 was reported instead of Kshs. 3,922,000,392.

This error did not however affect the Net Book Values hence did not result to any misreporting in other financial statements.

The error has now been corrected in the Property, Plant and Equipment Schedule for the period ending 30th June 2021.

20 (a) Project Cost - FY 2020/2021

#	Project Name	Supplier	Contract Sum	Paid as at 30/06/2020	Paid during the FY 2020/2021	Total paid as at 30/06/2021	Projects Capitalized As at 30/06/2021	Work in Progress as at 30/06/2021
1	Fun-Soft HMIS	System Partners Ltd	18,303,400	15,902,631	-	15,902,631	-	15,902,631
2	Asset Tagging, E-notice Board	Technology Associates Ltd	14,809,605	7,404,803	-	7,404,803	-	7,404,803
3	Network Upgrade	Synchronized Technologies Ltd	142,000,000	28,132,297	75,260,711	103,393,008	-	103,393,008
4	CCDC Radiology Bunkers	Linton Contractors Ltd	25,896,095	19,964,627	5,931,468	25,896,095	25,896,095	-
5	Isolation Units	Resjos Enterprises Ltd	59,583,587	50,561,949	9,021,638	59,583,587	59,583,587	-
6	Biosafety Level two Laboratory (BSL II)	Resjos Enterprises Ltd	93,089,050	32,283,033	60,806,017	93,089,050	93,089,050	-
7	Incinerator House	Northern Dynamics Ltd	6,355,691	3,482,276	2,873,415	6,355,691	6,355,691	-
8	Water Upgrade	ABMO LTD	20,581,050	-	16,810,683	16,810,683	-	16,810,683
9	Radiotherapy Bunker No2	Neelcon Contractors Ltd	74,533,731	-	26,833,520	26,833,520	-	26,833,520
10	Medical gas piping Shoe 4 Africa	Spine Engineering Ltd	18,824,500	-	18,824,500	18,824,500	18,824,500	-
11	Oxygen piping in Rafiki Isolation Unit	M/S MEDIQUEIP LTD	6,445,000	-	5,800,500	5,800,500	-	5,800,500
12	Installation of HVAC in MTRH World Bank Isolation Unit	OZONECOOL INVESTMENTS LTD	15,386,190	-	13,847,570	13,847,570	-	13,847,570
13	Installation of HVAC in Rafiki Isolation Unit	RICOT ENTERPRISES LTD	7,412,600	-	-	-	-	-
		TOTAL	503,220,499	157,731,616	236,010,022	393,741,638	203,748,923	189,992,715

21. Long Term Loans

Description	2020-2021	2019-2020
	KShs	KShs
NHIF Loan Prepayment	-	87,557,456
Total	-	87,557,456

22. Trade and Other Payables

Description	2020-2021	2019-2020
	KShs	KShs
Trade payables	543,531,933	542,418,291
NCD Project	93,037,611	37,455,298
Audit Fees	3,480,000	2,320,000
Total trade and other payables	640,049,544	582,193,589

23. Refundable Deposits and Prepayments from Customers

Description	2020-2021	2019-2020
	KShs	KShs
Prepayments	9,616,214	6,062,069
Total deposits	9,616,214	6,062,069

24. Finance Lease Obligation

Description	2020-2021	2019-2020
	KShs	KShs
At the start of the year	6,795,836	9,157,756
Paid during the year	2,555,520	2,361,920
At end of the year	4,240,316	6,795,836

25. Long Term Loans

Description	2020-2021	2019-2020
	KShs	KShs
NHIF Loan	238,547,781	-
Total	238,547,781	-

26. Employee Benefit Obligations

Description	Defined benefit plan	Post-employment medical benefits	Other Benefits	2020-2021	2019-2020
	KShs	KShs	KShs	KShs	KShs
Current benefit obligation	67,264,678	-	598,070,882	665,335,560	365,712,430
Non-current benefit obligation	-	-	-	-	-
Total employee benefits obligation	67,264,678	-	598,070,882	665,335,560	365,712,430

MTRH also 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 MTRH also has a defined contribution scheme operated by MTRH Pension Scheme. Employees contribute 7% while employers contribute 14% of basic salary. Employer contributions are recognized as expenses in the statement of financial performance within the period they are incurred

27. Cash Generated from Operations

	2020-2021	2019-2020
	KShs	KShs
Surplus for the year before tax	272,314,187	131,996,369
Adjusted for:		
Depreciation	241,470,784	174,151,765
Gains and losses on disposal of assets	-	384,737
Working Capital adjustments	241,470,784	174,536,502
Increase in inventory	(57,601,721)	(27,011,941)
Increase in receivables from Exchange Transactions	(409,920,656)	(185,243,799)
Increase in receivables from Non-Exchange Transactions	(703,951,799)	-
NHIF Loan	326,105,237	(36,229,962)
Increase in payables	57,855,955	89,754,902
Employee Benefit Obligations	299,623,129	(81,761,019)
Increase in payments received in advance	3,554,145	(2,393,351)
KCB Finance Lease	(2,555,520)	(2,361,920)
Sub Totals	(486,891,231)	(245,247,090)
Net cash flow from operating activities	26,893,740	61,285,781

28. Financial Risk Management

The Hospital activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Hospital overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Hospital does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

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

i) Credit risk

The entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with

banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment.

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

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

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

	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
As at 30 June 2021				
Receivables from exchange transactions	1,712,470,275	573,306,794	1,712,470,275	573,306,794
Receivables from non-exchange transactions	1,148,561,788	703,951,799	1,148,561,788	444,609,989
Bank balances	780,113,924	780,113,924	-	-
Total	3,641,145,987	2,057,372,518	2,861,032,063	1,017,916,783
As at 30 June 2020				
Receivables from exchange transactions	1,749,503,987	857,939,629	1,749,503,987	891,564,358
Receivables from non-exchange transactions	444,609,989	-	444,609,989	444,609,989
Bank balances	708,389,960	708,389,960	-	-
Total	2,902,503,936	1,566,329,589	2,194,113,976	1,336,174,347

ii) Liquidity risk management

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

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
As at 30 June 2021				
NHIF Loan	238,547,781			238,547,781
Trade payables	640,049,544	-	-	640,049,544
Prepaid Fees	9,616,214	-	-	9,616,214
KCB Finance Lease	4,240,316	-	-	4,240,316
Employee benefit obligation	665,335,560	-	-	665,335,560
Total	1,557,789,414	-	-	1,557,789,414
As at 30 June 2020				
Trade payables	582,193,589	-	-	582,193,589
Prepaid Fees	6,062,069	-	-	6,062,069
KCB Finance Lease	6,795,836	-	-	6,795,836
Employee benefit obligation	365,712,430	-	-	365,712,430
Total	960,763,924	-	-	960,763,924

FY 2021

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
As at 30 June 2021			
Financial assets			
Cash	779,475,859	-	779,475,859
Debtors	1,712,470,275	-	1,712,470,275
Total financial assets	2,491,946,134	-	2,491,946,134
Financial Liabilities			
Trade and other payables	640,049,544	-	640,049,544
Total financial liabilities	640,049,544	-	640,049,544
Net Current Asset/(liability)	1,851,896,590	-	1,851,896,590

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FY 2020

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
As at 30 June 2020			
Financial assets			
Cash	708,389,960	-	708,389,960
Debtors	1,302,549,618	-	1,302,549,618
Total financial assets	2,010,939,578	-	2,010,939,578
Financial Liabilities			
Trade and other payables	582,193,589	-	582,193,589
Total financial liabilities	582,193,589	-	582,193,589
Net Current Asset/(liability)	1,428,745,989	-	1,428,745,989

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:

	2020-2021	2019-2020
	Kshs	Kshs
Retained earnings	734,174,959	439,782,442
Capital reserve	4,488,671,906	3,564,740,441
Total funds	5,222,846,865	4,004,522,883
Total borrowings	-	-
NHIF Loan	238,547,781	-
Less: cash and bank balances	779,475,859	708,389,960
Net debt/(excess cash and cash equivalents)	4,204,823,225	3,296,132,923
Gearing	81%	82%

	2020-2021	2019-2020
	Kshs	Kshs
Transactions with related parties		
b) Grants /Transfers from the Government		
Grants from National Government	8,154,680,000	7,170,413,586
Donations in kind	58,586,926	149,734,084
Total	8,213,266,926	7,320,147,670

29 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 2021 the Ministry of Health transaction with the MTRH is as per the table below

	2020-2021	2019-2020
	Kshs	Kshs
b) Grants /Transfers from the Government		
Grants from National Government	8,154,680,000	7,170,413,586
Donations in kind	58,586,926	149,734,084
Total	8,213,266,926	7,320,147,670

ii) Moi University

In the period ended 30 June 2021 no transaction was done between Moi University and Moi Teaching and Referral Hospital

iii) AMPATH

The transaction with AMPATH in the period ending 30 June 2021 amounted to Kshs 56,962,659.00 in relation to NCD project.

iv) Key management;

The key management transactions in the period ending 30 June 2021 amounted to Kshs 172,605,988.00 in relation to salary payments.

v) Board of directors;

Expenditure relating to board of directors being Sitting Allowance, Honoraria, Telephone Allowance and travel expenses in the period ending 30th June 2021 amounted to Kshs 9,147,015.00

Events after the Reporting Period

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

30 Ultimate And Holding Entity

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

31 Currency

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

APPENDICES

XVIII. APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

i) Basis for Qualified Opinion

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
			(Resolved / Not Resolved)	(Put a date when you expect the issue to be resolved)
1	Variance in Revenue Collection and Invoicing	The huge variances reported between the Invoiced Amount and Actual Collections was as a result of erroneous entries to the Credited Amount (Bill Settlement part of the Invoice) in the Fun soft system where a credit amount of Kshs. 327,885.64 was posted as Kshs. 327,885,327,886. As well, a credit amount of Kshs. 58,938 was erroneously posted as Kshs. 5,805,658,938.00 These errors have been addressed through staff training and supervision. The revenue reported in the financial statements is however correct.	Resolved	
1.1	Unsupported Out-Patient Cost Sharing Revenue	The analysis and reporting of the revenues, were done separately for the inpatient & outpatient services. This is because the inpatient billing module in Funsoft HMIS is currently complete whereas outpatient revenues are reported as per actual cash collected from Point of Sales and posted to the cashbooks.	Resolved	
1.2	Unsupported Medical Records and Accountable Documents	Management wish to confirm that the procurement documents in regard to Medical Records & Accountable Document tenders were availed for audit verification; a) MTRH/T/111/2018-2020 b) MTRH/T/18/2018-2020 c) MTRH/T/C1/2016-2018	Resolved	
2.1	Unsupported Institutional Research Expenses	Institutional Research and Ethics Committee (IREC) is jointly funded by MTRH and Moi University to enable it undertake regulation of research conducted at MTRH. Each institution therefore contributes Kshs. 1,000,000 each year to enable IREC undertake its activities. Going forward, MTRH will support IREC by	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)
		directly processing approved expenditure from MTRH accounts.		
3	Anomalies in Cash and Cash Equivalents	The Financial Statement were amended to reflect the correct the Cash and Cash Equivalent Balances. The NCD project cash book is maintained and audited separately being a donor funded project.	Resolved	
4	Long Outstanding Debts	The long outstanding debts have been analysed with aging analysis accordingly. The long outstanding MOH grant of Kshs 444,609,989 for the FY 2015/16 and FY 2017/18 have been proposed for write-off and management is awaiting approval from The Ministry of and The National Treasury.	Partly resolved	30 th June 2023
4.1	Unsupported Prepayments and Proposed Write-off	The support schedules for prepayments and write-offs have been availed.	Partly resolved	30 th June 2023
4.2	Irregular Extension of Credit Services	These are credits extended to indigent clients who have no security. Access to Medical care is a Constitutional right to every Kenyan Citizen, and the Government's commitment that Public Hospitals offer Medical care to patients regardless of their ability to pay. In pursuit of affordable Health Care as one of the key Agenda items under the Big 4, the Government is implementing Universal Health Coverage (UHC) and this is expected to resolve this scenario.	Resolved	
4.3	Irregular Salary Advance to Interns	Management wish to clarify that it receives Medical Doctors Interns posted from the Ministry of Health. Due to delays in processing the payroll by the Ministry, the Hospital advances them a salary advance to enable them meet their upkeep expenses and the same is recoverable before they clear their internship. However, a few cases of those not clearing procedurally occurs and the Hospital is forced to recover and follow them up with their current employers. Management is in active pursuit of those who	Partly Resolved	30 th June 2023

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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)
		have not cleared through the Ministry of Health & County Governments to ensure they pay the salary advances		
4.4	Lack of Policy on Provision for Doubtful Debts	Management currently makes provision for bad and doubtful debts based on aging and collectability of its outstanding debts. However, Management appreciates the audit recommendations and is in the process of developing a policy on provision of doubtful debts to guide in making provisions.	Partly Resolved	30 th June 2023
5	Unsigned Stock Take Report Containing Expired Drugs	Management has ensured the expired drugs are excluded in the stock take report and the unsigned stock take report has been signed. The same has been correctly captured in the revised financial statements.	Resolved	
6	Undisclosed and Unaccounted for Radiotherapy Equipment	Management confirms that the Radiotherapy Equipment was supplied, delivered and installed at MTRH and in use. The Radiotherapy Equipment has been disclosed in the Property, Plant and equipment Schedule for the year ended 30 th June 2021 and capitalized accordingly.	Resolved	
6.1	Unsupported Disposal of Motor Vehicles	The disposal records for Motor Vehicles have been availed for audit review	Partly Resolved	30 th June 2023
7	Unsupported National Hospital Insurance Fund Loan	The NHIF Loan has been captured correctly in the financial statements as a liability and the Asset financed (Radiotherapy Equipment) capitalized accordingly	Resolved	30 th June 2023

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ii) Other Matter

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	Budgetary Control and Performance	Reconciliations between Budgeted and actual amounts done.	Resolved	

iii) Report on Lawfulness and Effective use of Public Resources

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
			(Resolved / Not Resolved)	(Put a date when you expect the issue to be resolved)
1	Staff on Acting Capacity Confirmed without Interviews	The officers were appraised and they met the required performance criteria for positions they were acting and subsequently they were confirmed. As a result, the positions were not advertised.	Resolved	
1.1	Non-Compliance with Law on Ethnic Composition	Management is progressively working towards compliance to the law on Ethnic Composition through approved new recruitments.	Partly Resolved	Progressively
1.2	Failure to Comply with a Third of Basic Pay Rule	Management has put all measures in place to ensure staff meet the requirements of 1/3 rule. These include staff sensitizations and stringent approval process for new loan applications.	Resolved	
1.3	Payment of Salaries to Staff Beyond Sixty (60) Years	The four (4) officers mentioned in the audit finding are Persons Living With Disability (PLWD) whose retirement age is 65 years.	Resolved	
2	Unapproved and Irregular Medical Officers Post Graduate Training	The trainings were planned as per the approved Departmental Training Needs Analysis duly reviewed and recommended by the Human Resource Management Advisory Committee and budgeted for.	Resolved	
3	Anomalies in Course Administration and Subscriptions	Basic Life Support and Advanced Cardiac Life Support services training is a specialized training conducted only by accredited Trainers.	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)
3.4	Anomalies in Award of Tenders for Maintenance of Building and Stations	Upon evaluation of tender number MTRH/T/15/2018 -2019, it was noted that there were errors which was processed pursuant to provision of section 81 of the PPADA, 2015.	Resolved	
3.5	Unsupported Supply of Hospital Linen	Management wish to confirm that the procurement documents in regard to Hospital linen tenders have been availed for audit verification; MTRH/T/31/2018-2020 & MTRH/T/D11/2016-2018	Resolved	
3.6	Anomalies in Police Allowances	The payments made are guided by The Kenya Gazette Notice No. 955 of 29 th December 2006 and The Police Act (Cap 84).	Resolved	
3.7	Unsupported Patient Refunds	Management wish to clarify that the Patient/Deposit Refunds are for unutilized payments for medical bills and refunds are duly approved. Management is developing a policy to guide this.	Partially Resolved	30 th June 2023
4	Avoidable Mileage Allowance	Management always considers cost effectiveness while choosing the mode of transport for board members when attending meetings. In exceptional and justified cases where a board member uses own vehicle, management strictly reimburses at prevailing AA rates as per Annex IV(1)(f) of guidelines on terms and conditions of service for State Corporations.	Resolved	
4.2	Irregular Procurement of Air Ticketing Services	A total of Four (4) service Providers were prequalified to provide Air ticketing services to the Hospital, and were subsequently given the opportunity during the financial year to serve various sections of the Hospital. Whereas the flight bookings for Board members was done with one supplier; the other prequalified suppliers were also used by other sections of the Hospital during the period under review.	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)
5	Unsupported and Unapproved Waivers and Exemptions	On average, 120 patients are discharged daily in MTRH, of whom up to half the number are unable to pay/or have no Medical insurance cover, hence end up being given credits to pay later or waived. It is also practically impossible to refer every case of waiver request in excess of Kshs. 100,000 to the Cabinet Secretary, The National Treasury before discharge as this would mean patients take longer in the Hospital waiting discharge with possible delay for several months.	Partly Resolved	Progressively
6	Anomalies in Supply of White/Whole Meal Bread	An open tender evaluation was carried out on 9th March 2020 for tender no. MTRH/T/35/2019-2020 with a recommendation to award, after a due diligence which upon being carried out established that the recommended bidder did not have capacity. Another tender was floated out and tender evaluation was carried out on 4th September 2020 for tender number MTRH/T/8/2019-2020 whose results came out without a successful supplier. These two situations left the hospital with no source of bread for patients. Invitation was then done to the bakery which upon engagement ensured a sustained supply of bread in the intervening period. A new open tender was done out of which a new supplier was engaged. The Local Purchase Orders (LPOs) to the Bakery indicated were erroneous. They were meant to be Tender for Provision of Foodstuff (perishables).	Resolved	
7	Irregular Purchase of Rice from National Cereals and Produce Board (NCPB)	Tender No. MTRH/DP/248/2019-2020 was a Government to Government Procurement. This is as per the Government directive through Circular Ref No. MOH/ADM/1/1/169 dated 3rd August 2020. Since MTRH does not permit advance payment to suppliers, an imprest is issued to a member of staff for accountability through full receipt of goods.	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)
8	Anomalies in Provision of Hotel Services	The anomaly arose due to difference in business name and trade name of the Hotel.	Resolved	
9	Anomalies in Supply of Food Stuff	The Tender was for two years' framework contracts which the tender advertisement and the notification letter did indicate the framework feature. However, there was an error in the paper work (The Advertisement and The award letter) which indicates a one-year period.	Resolved	
10	Anomalies in Supply of Human Drugs	There was an oversight by the tender evaluation committee (TEC) who did not check that the audited accounts for the year 2017 were missing. MTRH has sensitized the Evaluation Committee members to ensure full adherence to the requirements of PPADA 2015 AND PPADR 2020.	Resolved	
11	Anomalies in Supply of X-Ray Materials	There was an oversight by the tender evaluation committee (TEC) who did not check that the audited accounts for the year 2017 were missing. MTRH has sensitized the Evaluation Committee members to ensure full adherence to the requirements of PPADA 2015 AND PPADR 2020.	Resolved	
12	Irregular Supply of X-Ray Materials	<p>i)The PPADA 2015 stipulates direct procurement as one of the procurement method pursuant to section 103(1) once satisfying the provisions under section 103(2)(a), 103 (2)(b), 103 (2)(c), 103 (2)(d) and 103 (2)(e). Whereas section 90 (1), (a), (b), (c), (d) and 90(1), (e) of PPADR2020 were met.</p> <p>ii)The head of procuring entity gave a professional opinion pursuant to section 84(1), 84(2) and 84(3) of PPADA 2015 stating all the facts of direct procurement to M/s Vanguard Limited being the sole dealer of the SD-Q14X17 Laser Films 125SH. The professional opinion is hereby attached.</p> <p>iii) The PPADA 2015 section 103 (2), (a) state that the goods, works or services are available only from a particular supplier or</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>contractor having exclusive rights in respect of goods, works or services and no reasonable alternatives or substitutes exists. Thus, the exclusive rights including the technical specifications bestowed to the sole tenderer.</p> <p>iv)The PPADA 2015 section 103 (2), (a) state that the goods, works or services are available only from a particular supplier or contractor having exclusive rights in respect of goods, works or services and no reasonable alternatives or substitutes exists. Thus, the exclusive rights including the technical specifications bestowed to the sole tenderer.</p> <p>Whereas the PPADA 2015 envisaged written contract agreements, orders are raised as and when required to the supplier and documented in compliance with the PPADA2015.</p> <p>v) The Hospital sends notifications to the public procurement and regulatory authority of the direct procurement on monthly basis in compliance to the provisions of PPADA 2015.The PPADR 2006 has since been repealed in legal notice number 69 Kenya Gazette and PPADR 2020 came into force 22nd April,2020.</p> <p>(see the attached)</p> <p>The Hospital ensures value for money through planned negotiations and other open transparent procurement processes. The PPADR 2006 has since been repealed in legal notice number 69 Kenya Gazette and PPADR 2020 came into force 22nd April, 2020.</p>		
13	Anomalies in Supply of Renal Unit Consumables	<p>MTRH has strengthened its commands and knowledge of Tenders Evaluation Committees by:</p> <p>a) Sensitization conducted by PPRA Officers on online authentication of Tax Compliance Certificates</p> <p>b) Internal reviews of Tenders to address any errors.</p> <p>These measures will ensure full</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)
		compliance to the requirements of PPADA 2015 and PPADR 2020.		
14	Anomalies in Supply, Delivery, Installation and Commissioning of Medical Equipment (Autoclave Machine)	Tender validity period for this procurement proceeding was extended pursuant to provision of section 88 of the Public Procurement AND Asset Disposal Act, 2015. It is also worth noting that in Standard bidding document under provision of section 8.1 form of Tender under item no 5. Provides that in absence of the contract, the tender together with written acceptance binds the parties. Due to urgency of the of the requirement, the above provision in the form of tender was used to process the local purchase tender, the supplier had returned the form of tender on 13th June, 2019 fully endorsed. The performance bond was to be valid until 11th October, 2019 hence extension was not necessary. It is always prudent for the performance bond to be issued prior to signing of the contract	Resolved	
15	Anomalies in Network Upgrade	The initial tender validity period for this product proceeding was 120 days. Pursuant to provision of Section 88 of the PPADA, 2015 the validity period of this tender was extended due to its complexity. The contractor had Mobilized resources on site and works had commenced to a huge percentage to cover any eventuality as liquidated damages.	Resolved	

iv) Basis for Conclusion

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	Incomplete Ledgers and Stock Take Reports	Access control to the stores has been enhanced through installation of Biometric and Card Access System Measures have been put in place to ensure completeness of Ledgers and Stock Take Reports.	Resolved	
2	Information and Communication Technology (ICT)	MTRH has developed a new Network Infrastructure, Data Centre and is currently deploying an internally developed Enterprise Resource Planning System. MTRH has a Data Handling Procedure in place (Copy attached). MTRH has Information Security Management System (ISMS) in place (Copy attached). ICT Business Continuity Plan for 2020/2021 attached. There are well documented and tested emergency procedures in place in both Fire Safety and Management Policy Guidelines and Occupational Safety and Health Policy. Both documents are hereby attached.	Resolved	
3	Lack of Operationalization of Fun-Soft HMIS System	Management has progressively implemented modules in the Funsoft system, including the Revenue, patient registration, supplies, payroll modules, through automation and adoption of more efficient and secure systems, services have improved. Due to the deficiencies in the Funsoft HMIS especially in report generation, all invoices are recorded separately for consolidation of reports. MTRH is currently developing its own ERP system which shall address the shortcomings of HMIS Funsoft system.	Resolved	
4	Weaknesses in Internal Audit Function & Audit, Risk and Compliance Committee	The MTRH Board, through its meeting of 30 th October 2020 recruited Head of internal Audit and Risk who has qualification and expertise in Audit, Financial Management and knowledge in Risk management and is a member of a	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)
		professional body in good standing. The Head of Internal Audit (at the Director Level) reported on 10 th January 2022.		

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

CHIEF EXECUTIVE OFFICER

DATE *12/7/2022*



XIX. APPENDIX II: PROJECTS IMPLEMENTED BY MTRH

Projects implemented by the State Corporation/ SAGA Funded by development partners and/ or the Government.

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
A Case Study on Integrated Delivery of Selected Non-Communicable Diseases In Kenya	PHGF Grant No. TFOA5636	World Bank	28 th February 2018 to 31 st January 2022	Kshs 263,225,0000	Yes	Yes

Status of Projects completion

The Hospital status of projects as at 30 June 2021 was as follows,

	Project Name	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Funsoft HMIS	18,303,400	15,902,631	87%	18,303,400	18,303,400	AIA
2	Asset Tagging and E-Notice Boards	14,809,605	7,404,803	50%	14,809,605	14,809,605	AIA
3	Network Upgrade	142,000,000	103,393,008	73%	142,000,000	142,000,000	AIA
4	Water Upgrade	20,581,050	16,810,683	82%	20,581,050	20,581,050	AIA
5	Radiotherapy Bunker No. 2	74,533,731	26,833,520	36%	74,533,731	74,533,731	GOK Grants
6	Medical Gas Piping at Children Hospital	18,824,500	15,355,617	82%	18,824,500	18,824,500	GOK Grants
7	Medical Gas Piping to Isolation Unit	6,445,000	5,800,500	90%	6,445,000	6,445,000	GOK Grants
8	Installation of HVAC to Isolation Unit	15,386,190	13,847,570	90%	15,386,190	15,386,190	GOK Grants
9	Installation of HVAC to Rafiki Isolation Unit	7,412,600	-	0%	7,412,600	7,412,600	GOK Grants
	TOTAL	318,296,075	205,348,331		318,296,075	318,296,075	

XX. APPENDIX III: INTER-ENTITY TRANSFERS

	Moi Teaching and Referral Hospital		
	Break down of Transfers from Ministry of Health		
	FY 2020/2021		
a	Recurrent Grants		
	Bank Statement Date	Amount (KShs)	Financial Year
	21/08/2020	685,096,667	2020-2021
	15/09/2020	578,416,667	2020-2021
	09/04/2020	578,416,667	2020-2021
	10/02/2020	578,416,667	2020-2021
	11/09/2020	578,416,667	2020-2021
	01/05/2021	578,416,667	2020-2021
	07/01/2021	822,732,658	2020-2021
	09/02/2021	578,416,667	2020-2021
	03/11/2021	578,416,667	2020-2021
	19/5/2021	1,255,653,338	2020-2021
	28/6/2021	646,140,334	2020-2021
	Total	7,458,539,666	
b	Development Grants		
	Bank Statement Date	Amount (KShs)	Financial Year
	21/08/2020	583,060,000	2020-2021
	4/5/2021	150,000,000	2020-2021
	27/5/2021	183,060,000	2020-2021
	28/06/2021	7,811,465	2020-2021
	Total	923,931,465	
c	Donor Receipts		
	Bank Statement Date	Amount (KShs)	Financial Year
	Bank Statement Date	Amount (KShs)	Financial Year
	24/05/2021	58,586,926	2020-2021
	Total	58,586,926	

The above amounts have been communicated to and reconciled with the parent Ministry

Manager, Finance

Head of Accounting Unit

Moi Teaching and Referral Hospital

Ministry Health

Sign


12/07/2022

Sign
