

REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**

**DATE:** 21 OCT 2021

**DAY:**

Thursday

**TABLED  
BY:**

LOMP

**CLERK-AT  
THE TABLE:**

Maria Wanjiku

**THE AUDITOR-GENERAL**

**ON**

**KENYA MEDICAL TRAINING COLLEGE**

**FOR THE YEAR ENDED  
30 JUNE, 2019**







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KENYA MEDICAL TRAINING COLLEGE

*ANNUAL REPORT AND FINANCIAL STATEMENTS*

FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2019

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

*KENYA MEDICAL TRAINING COLLEGE*

*Quality training of health professionals towards realization of Vision 2030*

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## **KENYA MEDICAL TRAINING COLLEGE**

*Quality training of health professionals towards realization of Vision 2030*

### **I INSTITUTIONAL DETAILS/INFORMATION**

#### **Incorporation/Establishment**

Kenya Medical Training College is a body corporate established under the provisions of the Kenya Medical Training College Act, (Cap 261) of the laws of Kenya and it is domiciled in Kenya. Established in 1927, the College became a State Corporation through an Act of Parliament in 1990 and the name Kenya Medical Training College was adopted

#### **Registered Office and Principal Place of Business**

Kenya Medical Training College  
Off – Ngong Road  
P. O. Box 30195  
Nairobi  
Kenya

#### **Bankers**

- |   |  |
|---|--|
| 1. National Bank of Kenya<br>Kenyatta National Hospital Branch<br>P. O. Box 30763<br>Nairobi, Kenya | 2. Kenya Commercial Bank<br>Moi Avenue Branch<br>P.O Box 30081<br>Nairobi, Kenya |
|---|--|

#### **Independent Auditor**

Auditor General  
Kenya National Audit Office  
Anniversary Towers  
P. O. Box 30084  
Nairobi, Kenya

#### **Principal Legal Adviser**

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

## *KENYA MEDICAL TRAINING COLLEGE*

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### **Vision Statement, Mission Statement and Strategic Objectives**

#### **Mandate**

The mandate of KMTC as stipulated in the Act of Parliament Cap 261 of the Laws of Kenya is:

- To provide facilities for college education for national health manpower requirements
- To play an important role in the development and expansion of opportunities for Kenyans wishing to continue with their education
- To provide consultancy services in health related areas
- To develop health trainers who can effectively teach, conduct operational research, develop relevant and usable health learning materials
- To conduct examinations for and grant diplomas, certificates, and other awards of the College
- To determine who may teach and what may be taught and how it may be taught in the College, and;
- To examine and make proposals for establishment of constituent training centers and faculties.

#### **Vision Statement**

A model institution in the training and development of competent health professionals

#### **Mission Statement**

To produce competent health professionals through training and research, and provide consultancy services.

#### **Strategic Objectives**

1. To ensure KMTC retains the quality of its training
  2. To maintain KMTC as the institution of choice for training of health professionals by the year 2022
  3. To increase KMTC's internally generated revenue by 50% by the year 2022.
-



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### BOARD OF DIRECTORS

#### **Prof. Philip Kaloki, MBS (D.O.B 10.12.1960)**

Prof. Kaloki was appointed the Chairman of the Kenya Medical Training College Board of Directors on 18<sup>th</sup> April 2018. Prior to his appointment, he was a Professor of Business Administration for over 20 years at Dallas Baptist University, Dallas, Texas, USA. He is a leading expert in governance, leadership and strategic management with national as well as international experience. He is an expert in consultancy of business administration, market linkages and International Trade. Prof. Kaloki was a Member of Parliament from 2008 - 2013, during which he served in various parliamentary committees, was a member of the Speaker's Panel. He holds a PhD in Business Administration from the University of Nairobi and has undertaken various corporate governance and leadership trainings. He is a member of the KMTC Staff Retirement Benefits Scheme, Board of Trustees.



#### **Mr. Mithamo Muchiri (D.O.B 6.06.1982)**

Mr. Muchiri was appointed to the Kenya Medical Training College Board of Directors on 6<sup>th</sup> June, 2018 to represent public interest. He is a Certified Public Accountant – Kenya (CPA (K)), with over 14 years of experience in finance, leadership and governance. He holds a Bachelor of Arts in Criminology and Security studies and is currently pursuing a Bachelor of Law. He is member of the Audit Committee and chairs the Human Resource Committee.



#### **Mr. Fredrick Wamwaki (D.O.B1.12.1959)**

Mr. Wamwaki was appointed to the Kenya Medical Training College Board of Directors on 3<sup>rd</sup> May, 2019 to represent public interest. He holds a Bachelor of Science in Business Administration from United States International University and has undertaken training in strategic planning and implementation. He has over 25 years of leadership experience and expertise involving strategic formulation, financial leadership, and corporate governance. He is passionate about transformational leadership & organizational growth. Mr. Wamwaki is a member of the Human Resource Committee and chairs the Finance, Planning and Development



Committee.

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### **Ms. Ruth Okowa (D.O.B 4.02.1971)**

Ms. Okowa was appointed to the Kenya Medical Training College Board of Directors on 6<sup>th</sup> June, 2018 to represent public interest. She holds a Master's degree in Demography, with over 20 years' experience in local and international advocacy as well as child welfare. She also has experience in vision & strategy development, resource mobilization, human capital development, monitoring & evaluation, and program development. She is a member of the Human Resource Committee and chairs the Audit Committee.



### **Mr. Samuel Arachi (D.O.B 9.04.1962)**



Mr. Arachi was appointed to the Kenya Medical Training College Board of Directors on 4<sup>th</sup> March, 2019 to represent the Principal Secretary, Directorate of Public Service Management. He has a Master's degree in International Studies from the University of Nairobi and has undertaken several trainings locally and internally in areas of: administration, leadership, counter terrorism, border security, special firearms, elections security, and large-scale sudden disasters management, among others. He has over 28 years of experience in administration. He is a member of the Human Resource as well as Finance, Planning and Development Committees.

### **Dr. Emily Koech (D.O.B 7.05.1974)**

Dr. Koech was appointed to the Kenya Medical Training College Board of Directors on 6<sup>th</sup> June, 2018 to represent public interest. She has a Master of Public Health (MPH) in Epidemiology and has extensive programmatic and clinical experience in HIV/AIDS prevention, care and treatment. Dr. Koech has extensive experience in the leadership and implementation of public health programs at national and regional level. She is a member of the Audit Committee and chairs the Academic/Training, Standards and Ethics Committee.





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**Dr. Evans Amukoye (D.O.B 18.01.1959)**

Dr. Amukoye represents the Director of Kenya Medical Research Institute (KEMRI) in the Kenya Medical Training College Board of Directors. He is a Medical Doctor with over 20 years' experience in his field of study and holds a Master of Medicine in Pediatric from the University of Nairobi. He has over 20 years of experience in medical research and is a consultant in the same field. He has been a member of the Pharmacy and Poisons Board, is a member of Kenya Medical Association, European Respiratory Society, Gertrude's Ethics Committee, among others. He serves in the Audit as well as Academic/Training, Standards and Ethics Committees.

**Ms. Susan Mucheru (D.O.B 30.12.1962)**

Ms. Mucheru represents the Principal Secretary National Treasury in the Kenya Medical Training College Board of Directors. She holds a Master of Arts in International Studies, is a Certified Public Secretary – Kenya (CPS (K)), and has over 33 years of experience in human resource management. She serves in the Finance, Planning & Development and Audit Committees.



**Prof. James Machoki M'imunya (D.O.B 25.07.1959)**



Prof. Machoki represents the University Of Nairobi College Of Health Sciences in the KMTC Board of Directors as the Principal. He is an Obstetrician/Gynaecologist & Andrologist, a Medical Anthropologist, Master Trainer, a Cochrane Author, Reviewer, and member of the Society for Research Administrators International, USA. Prof. Machoki has both local and international knowledge and experience in clinical care, teaching, research and community services of over 20 years. He serves in the Academic/Training, Standards and Ethics as well as the Finance, Planning & Development Committees.

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### **Dr. Ishepe Nandili (D.O.B 22.11.1964)**

Dr. Nandili sits in the Kenya Medical Training College Board of Directors as the Ag. Director Nursing Services in the Ministry of Health. She holds a PhD in Public Health & HIV/AIDS and has been a nurse midwife in community health with over 20 years of experience. She holds various governance and leadership trainings. Dr. Nandili serves in the Audit as well as the Academic/Training, Standards and Ethics Committees.



### **Dr. Evanson Kamuri (D.O.B31.3.1971)**



Dr. Kamuri represents the Kenyatta National Hospital (KNH) in the Kenya Medical Training College Board of Directors as the Ag. Chief Executive Officer. He is a researcher, publisher, lecturer as well as consultant and holds a Master of Business Administration in Strategic Management from the University of Nairobi and a Master of Science in Clinical Dermatology from the University of London. He has over 20 years of experience in health sector – healthcare regulatory compliance, clinical processes, budget and financial analysis, among others. He is a member of the Kenya Medical Practitioner's and Dentistry Board, Kenya Medical Association (KMA), Kenya Association of Dermatology, among others. He serves in the Academic/Training, Standards and Ethics as well as the Finance, Planning & Development Committees.

### **Prof. Michael Kiptoo (D.O.B 18.09.1971)**

Prof. Kiptoo was appointed as the Chief Executive Officer of Kenya Medical Training College by the Board of Directors on 30<sup>th</sup> November, 2018. He has held several positions of honor professionally and administratively. Prof. Kiptoo holds a PhD in Immunology and has undertaken several leadership and professional trainings at local and international level. He is a member of the Kenya Society for Immunology, has contributed to book publication, peer reviewed journals and conference abstracts. He has over 20 years' experience in research, training and consultancy.





**Dr. Miriam Muthoka (D.O.B 9.09.1985)**







Dr. Miriam Muthoka is the Kenya Medical Training College Corporation Secretary. She holds a PhD in Strategic Management and a Certified Public Secretary – Kenya (CPS(K), is a member of certified public secretary, member no. 3365 in good standing, with over 15 years' experience in leadership, governance and strategic management. She is a member of the KMTC Staff Retirement Benefits Scheme, Board of Trustees. Dr. Muthoka is a researcher in governance, business administration and management and a part time lecturer. She

is the head of Governance, Compliance and Corporate Affairs Department at the College.

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### III MANAGEMENT TEAM

NAME	PHOTO	PROFESSIONAL/ACADEMIC QUALIFICATIONS	MAIN AREAS OF RESPONSIBILITY
Prof. Michael Kiptoo		PhD Epidemiology	Chief Executive Officer
Dr. Miriam Muthoka		PhD –Strategic Management CPS(K)	Corporation Secretary  A member of institute of certified Secretary, No. 3365
Dr. Kelly Olouch		PhD – Strategic Management	Ag. Deputy Director (Finance and Administration)
Mrs. Nancy Michire		Masters of Mental Health/Psychiatric Nursing	Deputy Director Academics








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Dr. Lucy Waweru		PhD, Nursing Education	Registrar Academic
Dr. Silas E. Njeru		PhD (Supply chain Management)	Supply Chain Manager
Mr. John I. Obiye		Masters of Business Administration (MBA) - HR	Human Resource Manager
Mr. David O. Ondeng		Masters of Business Administration	Administration Manager

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CPA Elijah Mititi		Masters of Business Administration (MBA) – Finance CPA (K)	Finance Manager
Ms. Callen Nyabuto		Bachelor of Commerce (BCOM)	Chief Internal Auditor
Ms. Onsomu Marcellah		Masters of Communication Studies	Corporate Communications Manager
Mr. Kenneth Riany		Master of Science Strategic Business Information Technology	Information and Communication Technology (ICT) manager
Mr. David Sifuna Kinisu		Master of Arts in Governance and Ethics	Legal Services Manager

**REPORT OF THE CHAIRMAN**

**Opening Statement**

On behalf of the Board of Directors, I am pleased to present the College annual Report statement for the year ended 30<sup>th</sup> June, 2019, I wish to point out an impressive performance characterized by remarkable improvements in financial and operational performance as well as expansion of the College in the entire Country.

**College Mandate**

Kenya Medical Training College is a State Corporation under the Ministry of Health established under Chap 261 of laws of Kenya, and exists to train and develop competent health professionals through training and research, and provision of consultancy services. It is the main arm of the Government that trains mid-level health professionals and contributes to over 90% of the health care workforce in Kenya. The College has 67 campuses spread across the country, with a total student population of 39,000 attending 76 courses in 18 departments. I am confident that the College performance mandate is at high level to address human resource for health gaps in the country.

**College Performance**

In line with the Government agenda on Universal Health Coverage (UHC) the College is committed in training adequate health care workers providers to create adequate workforce to support accessible, equitable and affordable health care services to all Kenyans. It is for this reason that the Board of Directors has deliberately grown the College in pursuit of the College Expansion Policy into a regional health training hub with a network of 67 campuses spread out in 43 out of 47 counties in Kenya. During the year under review, the Board ensured that quality of training is maintained and more programs are introduced to support achievement of UHC.

The Board has continued to oversee the College and the implementation of the Strategic Plan 2018-2023 which provides a clear direction of the College and specific performance targets that we seek to achieve in the next five years. Specifically, the Strategic Plan sets out eight strategic issues for achievement in the plan period.

Further the Board has developed a cordial working relationship with devolved units of Government, Members of Parliament and development partners resulting to attraction of support totaling to proposals of approximately Ksh.7 Billion in the year. I wish to acknowledge the county governments and support from H.E the President, Hon. Uhuru Kenyatta for officiating key College functions.



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### **Future Outlook**

The Board is spearheading the revision of KMTC tools of governance; Statutes, and various policies to ensure they are properly aligned to the emerging governance issues. This will ensure that the College's Competitive edge is sharpened as we continue to offer training services from a more broadened perspective. We are committed as a Board to introduce programs that seek to address emerging and re-emerging diseases in the country in support of Universal Health coverage.

### **In conclusion**

I wish to convey my sincere gratitude to H.E the president Hon. Uhuru Kenyatta, the Deputy President, H.E Hon. William Ruto, Cabinet Secretary Ministry of Health, Mrs. Sicily Kariuki, Principal Secretary, Mrs. Susan Mochache, County Governments and development partners for their immense support. I also thank fellow Board of Directors, Chief Executive Officer, Management team, Campus Principals, Staff as well as Students, for their steadfast support and contribution towards KMTC success in the year.



**Prof. Philip Kaloki, MBS**

**Chairperson, Kenya Medical Training College Board**

**20<sup>th</sup> September, 2019**

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### **CHIEF EXECUTIVE OFFICER'S STATEMENT**

The year 2019 was a great success to Kenya Medical Training College. As we conclude the year it gives me and staff joy and confidence that our understanding and implementation of strategies and policies set by the Board has and is yielding results and KMTC is on course as it continues to be a model institution in providing quality training for health professionals.

#### **College Performance**

During the year, 12,942 new students joined the College for training while 10,869 graduated with various Certificates, Diplomas and Higher Diplomas in different courses to serve Kenyans. As part of efforts to generate new knowledge that is aimed at advancing the health of Kenyans. The College is ISO 9001:2015 certified and has maintained the quality standards over the year in focus. The College successfully achieved all the performance contract targets set by the Board of Directors during the year and the results are impressive. The College Introduced family health, Community extension workers and Community Health Development courses that seek to address primary health care in the country. The number of graduates each year is a testimony that the College is playing its part in supporting the government deliver Universal Health Coverage to the citizens.

The Board approved an ICT Policy and framework and Enterprise Resource Planning project which is a game changer and transformative to College operations. This is because ICT plays a crucial role in supporting growth and excellent service delivery to our customers and stakeholders. The main focus is to lay a foundation for Information technology transformation journey whose main objective is to see KMTC fully automated.

#### **Way Forward**

I am dedicated to the College performance and seeking to ensure that KMTC continues to offer quality training to alleviate the gap of health professionals in the various courses. It is my believe that the road KMTC has taken in opening up more training opportunities will yield fruits and contribute to the Health Human Resource in the Country. I am also confident that the team work demonstrated by all the stakeholders will propel the College to be able to address Human resource for health gaps by ensuring that new programs are introduced to support delivery of Universal Health Coverage.

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### **Conclusion**

The impressive performance has been due to support from all our stakeholders and I wish to convey my sincere gratitude to the Cabinet Secretary Ministry of Health Mrs. Sicily Kariuki, Principal Secretary Mrs. Susan Mochache, County Governments and development partners for their immense support. I also thank to the Board of Directors, Executive management, Principals, Staff as well as Students, for their steadfast support and contribution towards KMTC success in the year.



**Prof. Michael Kiptoo**  
**Chief Executive Officer**  
**20<sup>th</sup> September, 2019**



**CORPORATE GOVERNANCE STATEMENT**

One of the core values is effective corporate governance. There are benefits of a properly implemented effective corporate governance system as it provides stakeholders confidence. The College has built its operations on very strong corporate governance principles based on the application of high and consistent ethical standards in its relationships with all customers, employees and other stakeholders.

This is consistent with the Institutions core values of effective corporate governance that has led to a strong commitment to conduct business in accordance with best practices based on principles of transparency, accountability and responsibility, monitoring compliance with relevant laws and regulations, risk management, appropriate checks and balances and the delivery of commitments to all stakeholders.

Ethical leadership and integrity, socio-environmental responsibility and determination of group strategy are the key principles that are taken into account while setting governance standards for the College. The College has kept abreast with international developments in corporate governance for the promotion of enhanced transparency, integrity and rule of law.

The Board of Directors is the representative of the stakeholders, and has the duty of validating financial results and the review of College performance, protecting assets, counseling the CEO on strategy and nurturing the next generation of leaders. The Directors are all responsible for ensuring proper and sound corporate governance within the College. Good corporate governance has therefore been a fundamental part of the culture and the business practices of the College during the year in focus.

**Oversight role of Board of Directors**

The Board of Directors' most significant responsibilities includes guiding the institution with view to ensuring long-term, sustainable returns for stakeholders, whilst delivering exceptional services to our customers and having regard to the interests of all other stakeholders, including staff, regulators and the communities in which the College operates. The Board has provided strategic direction with a focus on consistent business performance in an atmosphere of transparency and accountability whilst reviewing and monitoring proper governance throughout the College. The Board has provided strong

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leadership to the institution, resulting to institutional expansion to different parts of the country and generation of stakeholder wealth.

The Board has attracted outstanding Directors who have shown great commitment and enthusiasm in discharging their duties and obligations to the institution while also demonstrating the spirit and ethos of the organization. The Directors subscribe to the code of corporate governance and practices which guides them in the fulfillment of their duties and responsibilities to stakeholders, customers, employees and respective communities. The code of corporate practices provides guidance on the following principles among others.

#### **a) Process of Appointment, removal, composition, and qualification of the Board members**

During the year under review, the Board held 10 meetings, 4 quarterly and 6 special to discuss strategic issues of the College. The Members who attended the meetings are as provided for in the Board composition. The Board has developed a succession plan policy to ensure sustainability of the College operations. There exists a Board charter that guides the Board business in the College. The Board is headed by a Board chairperson appointed by the president, 4 independent members appointed by the Cabinet Secretary for the time being in charge of Health, a Chief Executive Officer (Ex-officio) appointed by the Board to manage the day to day affairs of the College, 3 alternate members representing various government institutions, the Chief Nursing officer, Ministry of Health, the CEO Kenyatta National Hospital, and the Principal College of Health Sciences, University of Nairobi. All the Board members including the Chairperson are appointed for 3 year term renewable once. The appointment to the Board considers academic qualifications, technical expertise, experience, age and gender.

#### **Board composition**

In accordance with the code, the Board ensures that no one person or group of persons have unfettered power and that there is an appropriate balance of power on the Board, and one third are independent members to enable the board exercise objective and independent judgment, as well as adequately represent minority shareholders.

**Fiduciary Duties of the Board of Directors**

- I. Duty to act within its powers; a Director is required to only exercise their powers for purposes which they were conferred.
- II. Duty to avoid conflicts of interest; a Director should identify and disclose the nature of a conflict and procure authorization for the same if permitted. Conflicts of interests include situational conflict, transactional conflicts and third party benefits.
- III. Duty to declare interests in proposed or existing transactions or arrangements.
- IV. Exercise their role collectively and not individually.
- V. Determine the organization's mission, vision, purpose and core values
- VI. Set and oversee the overall strategy and approve significant policies of the organization.
- VII. Ensure that the strategy is aligned with the purpose of the organization and the legitimate interests and expectations of its shareholders and other stakeholders.
- VIII. Ensure that the strategy of the organization is aligned to the long term goals of the organization on sustainability so as not to compromise the ability of future generations to meet their own needs.
- IX. Approve the organizational structure.
- X. Approve the annual budget of the organization.
- XI. Monitor the organization's performance and ensure sustainability.
- XII. Enhance the corporate image of the organization.
- XIII. Ensure availability of adequate resources for the achievement of the organization's objectives.
- XIV. Hire CEO, on such terms and conditions of service as may be approved by the relevant government organ(s) and appointment of senior management staff.
- XV. Ensure effective communication with stakeholders.

**b) Principle on roles of chairperson and chief executive officer and the Corporation Secretary**

The code recognizes the need to differentiate and distinguish between the roles played by the Chairman, Chief Executive Officer and the Corporation secretary. During the year under review, the roles remained distinct and there was clear separation and the offices were held by different people in the College.

**c) Induction and Training for continuous skill development**

The code points out that on appointment to the Board and Board Committees, all Directors will receive a comprehensive induction on their individual requirements in order to become as effective as possible in their role within the shortest applicable time.



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The objective of the training is to among others, build an understanding of the College main relationships and ensure an understanding of the role of Directors and the framework within which the Board operates. The Directors are well trained and updated on matters of the College and governance from time to time.

#### **d) Principle on Board tools**

The College formulated a code of Ethics and Conduct, which has been cascaded down to all employees. Additionally, the College Board has a Board Charter and a Board calendar developed annually to guide the activities of the Board.

#### **Conflict of Interest**

A conflict of Interest Register is kept, where any member has an interest is declared during all the meetings and recorded accordingly.

#### **e) Principle on governance and legal audit**

During the year under review, an annual governance audit meant to ensure and confirm that the College is operating on sound governance practices was conducted and reports discussed by the Board and filled with relevant authorities.

#### **g) Compliance with laws and regulations**

The College complies with the Constitution of Kenya 2010, the KMTC Act of 1990, code of governance, and other government law, regulations and procedures.

#### **h) Committees of the Board**

To effectively discharge its mandate, the Board functions through four committees as stated below with specific terms of reference:

##### **1. Human Resource Committee**

- a. Human Resource Strategy, Policies and Procedures.
- b. Terms and conditions of employment for the College staff.
- c. To discuss all personnel issues affecting College employees.
- d. The College Retirement Benefits Scheme.
- e. Staff recruitment, selection, deployment and career development.

**2. Academic, Training, Standards and Ethics Committee**

- a. To receive and consider reports from the Academic Board and make appropriate recommendations to the Board.
- b. To advise the Board on issues relating to students affairs.
- c. To receive and consider reports from regulatory bodies pertaining to KMTC's programs.
- d. To recommend and advice the Board on establishment of new Campuses.
- e. Admissions and examinations.
- f. Curriculum development.
- g. Quality Management Systems.

**3. Finance, Planning and Development Committee**

- a. The College planning and financial strategy.
- b. Annual budget and Medium Term Expenditure Framework.
- c. Appointment of bankers, opening of accounts and signatories.
- d. Resource mobilization.
- e. Purchase and sale of property and disposal of idle assets.
- f. The College investment and borrowings.
- g. The progress of the implementation of plans and policies as outlined in the strategic plan.
- h. Approval of new construction projects.
- i. The progress of building projects.
- j. Maintenance and development of buildings and land.
- k. Development, investment and enterprise.

**4. Audit, Risk, Governance and Compliance Committee**

- a. Internal and external audit reports.
- b. Internal Audit annual plan.
- c. Internal control.
- d. Risk management.
- e. Compliance to laws, regulations and standards.
- f. Governance.
- g. Implementation of Performance Contract.

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KMTC Board remains collectively responsible for the decisions and actions taken by any committee. A committee only perform the tasks delegated to it by the Board and does not exceed the authority or the powers of the Board.



**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FINANCIAL HIGHLIGHTS**

Internally generated revenue has declined from Kshs.3.488B in 2017/2018 to Kshs.3.414B in 2018/2019 Financial Year. This is attributable to the fact the faculty of clinical medicine students joining the college reported in March 2019 in line with regulatory bodies' requirement to realign the curriculum and practicum programmes.

The internally generated revenue surpassed the grant allocation in financial 2018/2019 as result of strategic focus on expansion. The internally generated revenue amounted to Kshs 3.4B against recurrent grants of Kshs 3.0B

Total revenues from various streams during the year amounted to Kshs.6.4billion against a resource application of Kshs.5.7billion thus yielding a surplus of Kshs.775million.

**Capital Expenditure**

The College committed additional resources to the tune of Kshs.757 million on capital expenditure mainly building works, software computers and accessories, teaching equipment and furniture and fittings.

**COMPLIANCE WITH STATUTORY REQUIREMENTS**

The college has also been remitting statutory deductions such as Pay As You Earn, NHIF, NSSF and HELB as required by law.

In compliance with the Public Finance and Management Act, the college did the following:

- i. Submission of the Financial Programme Performance report to Controller of Budget every quarter within the deadline
- ii. Submission of Draft Budget Estimates by 30<sup>th</sup> April 2019
- iii. Submission of Annual Procurement Plan by 30<sup>th</sup> July 2018.
- iv. Submission of Annual Work plan and Cash flow projections by 30<sup>th</sup> July 2018.
- v. Compliance with other circulars from National treasury issued in 2018/2019

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### **CONCLUSION**

The college's financial performance has been strong and improving. There have not been any material arrears in statutory or any other financial obligations that are likely to affect the going concern status of the college. The college is impressively performing and has a lot of opportunities for growth.

## **CORPORATE SOCIAL RESPONSIBILITY STATEMENT**

The KMTC Board of Directors has over the years supported efforts to give back to the community through various Corporate Social Responsibility (CSR) initiatives. As an organization, KMTC believes that sustained economic growth cannot be achieved without social progress and well-being of local communities and as such undertakes CSR initiatives with the aim of benefiting those residing in regions of our operations.

The College through its CSR initiatives has continued to enhance value and promote environmental sustainability, provide medical services, disaster response and social upliftment of the society and more specifically the deprived and underprivileged persons.

### **Environment Sustainability**

KMTC Lodwar staff and students joined the Turkana County Government officials in marking the World Environment Day on 5<sup>th</sup> June, 2018, an event that was presided over by Turkana County Deputy Governor Mr. Peter Lotesiro. Among activities carried out during the day included planting trees, giving health talks and cleaning streets.

KMTC Bomet planted over 1,000 trees in a drive launched by Bomet East Member of Parliament (MP) Hon. Beatrice Kones on March 26, 2018. The aim of the drive was to increase tree cover in the County. Speaking during the launch, the MP commended the KMTC students, for their contribution towards improving health care systems in the country and for the invaluable support offered to hospitals and health centers in the country.

On the other hand, KMTC Mwingi campus Principal Ms. Mary Kibui led staff and students in a tree planting exercise on 28<sup>th</sup> March, 2018, during which several tree seedlings were planted in an effort to improve the tree cover within the campus and its environs. The Campus has a tradition of planting trees every year to accelerate Kenya's achievement of 10 per cent tree cover recommended by the United Nations (UN).

KMTC Kabarnet President's Award team members on 26<sup>th</sup> November, 2017 participated in a cleanup exercise which was presided over by Baringo Deputy Governor Mr. Jacob



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Chepkwony. The exercise was aimed at conserving the environment and maintain a safe and attractive environment to support teaching and learning.

KMTC Gatundu staff and students also took part in tree and flower planting exercise in the campus and its environs on 15<sup>th</sup> November, 2017, as part of efforts to beautify the environment and increase the tree cover.

### **Medical Services**

A combined team of students and staff from Nairobi, Kabarnet and Nakuru campuses treated more than 1,500 residents of Tiaty in Baringo County of various ailments between 11<sup>th</sup> and 14<sup>th</sup> October, 2017. More than 150 students from the campuses camped at Chemolingot, Tangulbei, Nginyang', Kolowa, Kongor and Akichatis in Tiaty Sub-County of Baringo County, where a malaria upsurge had been reported. The KMTC team collaborated with the Red Cross, World Vision, Baringo County Health team, Medecins San Frontieres (MSF) and the Kenya Defense Forces to carry out malaria and other treatment, immunization, and health education in the area. They also distributed food supplements. Health PS Mr. Julius Korir officially launched the free medical camp and commended the KMTC team for always being ready to respond to eventualities like sudden disease upsurge.

Another team of 20 students and 10 staff from Kapenguria campus carried out immunization, ante natal care, malaria treatment and provision of food supplements to residents was in Lomut, West Pokot during the same period.

KMTC Kilifi Campus staff and students on 14<sup>th</sup> November, 2017 participated in marking the World Diabetes Day celebrations at Karisa Maitha Stadium in Kilifi town. Themed *'Women and Diabetes, the Right to a Healthy Future'*, the event was the culmination of campaigns held throughout the year to raise awareness of diabetes, its prevention, complications and care that persons with the condition require. The key address during the event was on management of complications related to diabetes, early warning signs of diabetes and the importance of regular medical checkups. KMTC staff and students offered various medical services including: checking blood pressure, blood glucose levels,

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Body Mass Index measurements, HIV/AIDs testing and counseling as well as education on prevention.

On 1<sup>st</sup> of December, 2017, more than 100 students and staff from the College participated in World AIDS day on the in which the Ministry of Health Principal Secretary Mr. Julius Korir was the chief guest. The annual event aims at educating the public at large on the risks of HIV and AIDS. The event, which was coordinated by the National AIDS Control Council (NACC), run under the theme “Step Up for HIV Prevention: Youth Na Plan.” KMTC staff and students offered various medical services including; HIV testing, HIV pre-exposure prophylaxis (PrEP), counseling, blood sugar and hypertension screening, Body Mass Index (BMI), among others.

On the other hand, over 700 residents of Korogocho informal settlement in Nairobi County benefited from a free medical camp organized by KMTC Nairobi’s departments of Nursing and Clinical Medicine held in the area on 2<sup>nd</sup> and 9<sup>th</sup> December, 2017. The camp was hosted by African Population and Health Research Center (APHRC). Residents turned out in large numbers to get free medical check-up from KMTC staff and students. APHRC, who coordinated the exercise, provided the drugs, while Nairobi County Health department provided logistical support and the College provided various medical services.

### **KMTC Participates in Public sensitization on road safety**

KMTC in collaboration with the National Transport and Safety Authority (NTSA) participated in a public sensitization on road safety campaign at Nairobi’s Railway Station and Karai, Naivasha. The two-day event, which took place on the 18<sup>th</sup> and 19<sup>th</sup> November, 2017, was meant to educate drivers, conductors, motor cycle riders and other road users on transport safety.

This was the first awareness campaign on road safety that the College participated in. The NTSA CEO Mr. Francis Meja commended the KMTC team and undertook to work closely the College in the future to educate the public on road safety and the effects of alcohol.

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All 65 KMTC Campuses across the country participated in various CSR activities that sought to promote good governance and corporate citizenship and enhancing the relationships with the surrounding communities.

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### **REPORT OF THE DIRECTORS**

The directors have the pleasure of presenting their report together with the audited Financial Statements for year ended 30<sup>th</sup> June 2019 which show the state of the Board's affairs.

### **PRINCIPAL ACTIVITIES**

The Board is primarily engaged in management of Kenya Medical Training College together with other mandates specified in KMTC Act Cap 261.

### **RESULTS**

The results of the college for the year ended June 30, 2019 are set out on pages 33 to 57

### **DIRECTORS**

The Board of Directors who held office during the year are shown on pages 5 to 9.

In accordance with section 9 (2) of KMTC Act, the Board of Directors other than an ex officio member, shall hold office for a period of three years from the date of appointment as specified in the instrument of appointment, but shall be eligible for re-appointment. The appointment and vacation of office of any member of the Board shall be in accordance with section 9 sub section 3 of Kenya Medical Training College Act.

### **FINANCIAL STATEMENTS**

At the date of this report, The Board was not aware of any circumstances which would have rendered the financial statement misleading.

### **AUDITORS**

The Auditor General is responsible for statutory audit of Colleges accounts in accordance with section 81 of the Public Finance Management (PFM) Act, 2012 and section 14 and 39 (i) of chapter 12 of the Laws of Kenya, Public Audit Act, 2015.



**CS Dr. Miriam Muthoka**  
**Corporation Secretary**  
**20<sup>th</sup> September, 2019**



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### **STATEMENT OF BOARD OF DIRECTORS RESPONSIBILITIES**

The Public Finance Management Act Section 81, requires the Directors to prepare financial statements in respect to the college which give a true and fair view of the state of the college affairs at the end of each financial year and operating results of the college for that year. The Board of Management is required to ensure that the college maintains proper accounting records which disclose, with reasonable accuracy, the financial position of the college. The Directors are responsible for safeguarding the assets of the college.

The Directors are responsible for preparation and presentation of the Colleges Financial Statements, which give a true and fair view of the state of affairs of the college for and as at the end of financial year ended June 30, 2019. This responsibility includes:

- i. Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the period;
- ii. Maintaining proper Accounting records, which disclose reasonable accuracy at any time financial position of the college;
- iii. Designing, implementing and maintaining Internal Controls relevant to preparation and fair presentation of Financial Statements, and ensuring they are free from Material Misstatements, whether due to error or fraud;
- iv. Safeguarding the assets of the college;
- v. Selecting and applying appropriate Accounting Policies; and
- vi. Making accounting estimates that are responsible in the circumstances.

The Directors accepts responsibility of Financial Statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimate, in conformity with International Public Sector Accounting Standards (IPSAS), and in manner required by PFM Act and State Corporations Act. The Directors confirm the completeness of accounting records maintained for the College; which have been relied upon in the preparation of the Colleges financial statements as well as the adequacy of the systems of financial control. Nothing has come to the attention of the

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Directors to indicate that the College will not remain a going concern for at least the next twelve months from the date of this statement.

The Directors are of the opinion that the College's financial statements give a true and fair view of its transactions during the financial year ended June 30, 2019.

The colleges Financial Statements were approved by the Board and signed on behalf by:



**PROF. MICHAEL KIPTOO**  
**CHIEF EXECUTIVE OFFICER**  
**20<sup>th</sup> September, 2019**



**PROF. PHILIP KALOKI, MBS**  
**CHAIRMAN**  
**20<sup>th</sup> September, 2019**

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**X REPORT OF THE AUDITOR GENERAL**



# REPUBLIC OF KENYA

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NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON KENYA MEDICAL TRAINING COLLEGE FOR THE YEAR ENDED 30 JUNE, 2019**

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### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of Kenya Medical Training College set out on pages 33 to 60, which comprise of the statement of financial position as at 30 June 2019, statement of financial performance, statement of changes in equity, 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 and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Kenya Medical Training College as at 30 June 2019, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with Kenya Training College Act, Cap 261 and the Public Finance Management Act, 2012.

#### **Basis for Qualified Opinion**

##### **1. Inaccuracies in the Financial Statements Balances**

As disclosed in Note 25 to the financial statements, the statement of financial performance reflects a balance of Kshs.3,618,552,292 in respect of employee costs during the year under review. However, the comparative balance of Kshs.3,590,678,857 reflected in the statement of financial performance differs significantly with the figure of Kshs.4,144,802,563 reflected in the respective notes to the financial statements by Kshs.554,123,706. Similarly, the statement of financial performance reflects a balance of Kshs.1,748,981,591 in respect of general expenses which differs significantly with the figure of Kshs.1,194,857,885 reflected in Note 26 to the financial statements by Kshs.554,123,706.

In the circumstances, the accuracy of statement of financial performance for the year ended 30 June, 2019 could not be confirmed.



## **2. Cash and Cash Equivalent**

As disclosed in Note 32 to the financial statements, the statement of financial position reflects cash and cash equivalents balance of Kshs.1,559,738,289. However, a review of the bank reconciliation statements revealed un-presented cheques totalling to Kshs.2,675,022, receipts in bank not in cashbook totalling to Kshs.2,352,722, payments in bank not in cashbook totalling to Kshs.6,611,634. Further, there were receipts in cashbook not in bank statements totalling to Kshs.8,156,280 an indication that cash was not banked intact contrary to the financial regulations.

Consequently, the accuracy of the cash and cash equivalents balance of Kshs.1,559,738,289 reflected in the statement of financial position as at 30 June, 2019 could not be ascertained.

## **3. Long Outstanding Balances - Receivables from Exchange Transactions**

As disclosed in Note 25 to the financial statement, the statement of financial position reflects a balance of Kshs.458,872,363 in respect of receivables from exchange transactions which constitutes an amount of Kshs.73,883,540 in respect of accumulated rent arrears. The amount is due from the University of Nairobi for ninety-six (96) rooms occupied by the university's medical students at Kshs.80 per day. However, lease agreement between the College and the University was provided for audit review. Although Management has indicated that the college has issued demand letters to the University for the clearance of the outstanding amounts and a vacation notice to enable the College student occupy the hostels, the rents is said to continue to accumulate for over 20 years now.

Further, the balance includes outstanding fees balance of Kshs.380,130,614 out of which Kshs.46,791,116 has been outstanding for more than one year. In particular, the balance includes outstanding fees balance of Kshs.10,362,171 under Kuria Campus out of which an amount of Kshs.7,102,021 represents money collected in form of cash directly from students but was not banked or reflected in the students' accounts.

In the circumstances, the validity, accuracy, and full recoverability of total receivables balance of Kshs.120,674,656 included as receivables from exchange transactions in the statement of financial position as at 30 June, 2019 could not be confirmed.

## **4. Property, Plant and Equipment**

As disclosed in Note 35 to the financial statements, the statement of financial position reflects an amount of Kshs.6,859,247,709 under property, plant and equipment. However, and as previously reported, this constitutes the value of eighteen (18) parcels of land at the Headquarters and constituent colleges with a total acreage of 241.731 acres all valued at Kshs.333,385,000 but whose title documents were not availed for audit review. It has also been noted that land occupied by forty-five (45) campuses located across the country have not been valued and disclosed in records.

Consequently, the accuracy, completeness and ownership of land valued at Kshs.333,385,000 as at 30 June, 2019 could not be confirmed.



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

### **Key Audit Matters**

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

### **Other Matter**

### **Unresolved Prior Year Matters**

In the audit report of the previous year, several issues were raised. However, the Management has not resolved the issues nor given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates and The National Treasury's Circular reference No PSASB/1/12/(44) of 25 June 2019.

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

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

### **Basis for Conclusion**

#### **Rental Revenue from Facilities and Equipment**

The statement of financial performance reflects rental revenue from facilities and equipment of Kshs.35,970,532. However, review of records revealed that six (6) tenants residing at the College Headquarters and whose annual rent amounts to Kshs.5,892,000 did not have valid lease agreements in place.

Consequently, the validity of rental income totalling to Kshs.5,892,000 in respect of the six (6) tenants could not be confirmed.

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

## REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### Conclusion

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

### Basis for Conclusion

#### Lack of Land Valuation

As disclosed in Note 35 to the financial statements, the statement of financial position reflects an amount of Kshs.6,859,247,709 in respect of property, plant and equipment. However, the movement schedule reflects land with a cost value of Kshs.1,165,920,000 which is based on a valuation done in 2005 over fourteen (14) years ago, an indication that the College's land may be grossly undervalued as at 30 June, 2019. Management has not explained why the College's land has not been revalued since 2005 to obtain the fair value of the land.

In the circumstances, I am unable to confirm existence of effective internal controls on the land.

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

### Responsibilities of Management and Board of Directors

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

In preparing the financial statements, Management is responsible for assessing the College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to liquidate the College 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 College's financial reporting process, reviewing the effectiveness of how the entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

### **Auditor-General's Responsibilities for the Audit**

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

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

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

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



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

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

  
**Nancy Gathungu**  
**AUDITOR-GENERAL**

**Nairobi**

**19 August, 2021**

KENYA MEDICAL TRAINING COLLEGE

Quality training of health professionals towards realization of Vision 2030

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30TH JUNE 2019

	Notes	2018-2019	2017-2018
		Kshs	Kshs
<b>Revenue from Non-Exchange Transactions</b>			
Grants and donations	21	3,919,313,218	3,582,904,400
		<b>3,919,313,218</b>	<b>3,582,904,400</b>
<b>Revenue From Exchange Transactions</b>			
Tuition, Boarding and application fees	22	3,414,107,035	3,432,127,210.00
Rental revenue from facilities and equipment	23	35,970,532	22,491,583
Other income	24	34,557,973	33,834,050
		<b>3,484,635,540</b>	<b>3,488,452,843</b>
<b>Total Revenue</b>		<b>7,403,948,758</b>	<b>7,071,357,243</b>
<b>Expenses</b>			
Employee costs	25	3,618,552,292	3,590,678,857
General expenses	26	1,119,803,612	1,748,981,591
Repairs and maintenance	27	263,131,568	265,185,604
Operational expenses	28	329,775,137	404,985,893
Depreciation and amortization expense	29	357,016,057	295,541,344
Expenses of the boards, committees & conferences	30	49,131,292	34,982,237
Finance costs	31	4,972,778	4,317,442
<b>Total Expenses</b>		<b>5,742,382,736</b>	<b>6,344,672,968</b>
<b>Surplus for the Period</b>		<b>1,661,566,021</b>	<b>726,684,275</b>

The notes set out on pages 38 to 57 form an integral part of the Financial Statements

**KENYA MEDICAL TRAINING COLLEGE**

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**STATEMENT OF FINANCIAL POSITION**

**AS AT 30TH JUNE 2019**

	Note	2018-2019	2017-2018
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	32	1,559,738,289	1,623,526,964
Receivables from exchange transactions	33	458,872,363	428,189,979
Receivables from non-exchange transactions	34	782,376,064	19,812,180
Inventories	36	32,309,146	21,394,795
<b>Total Current Assets</b>		<b>2,833,295,861</b>	<b>2,092,923,918</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	35	6,859,247,709	6,393,208,699
<b>Total Assets</b>		<b>9,692,543,571</b>	<b>8,486,132,617</b>
<b>Current Liabilities</b>			
Trade and other payables from exchange transactions	37	796,648,585	1,251,803,653
<b>Total Liabilities</b>		<b>796,648,585</b>	<b>1,251,803,653</b>
<b>Net assets</b>		<b>8,895,894,985</b>	<b>7,234,328,964</b>
<b>Equity</b>			
Capital fund	38	4,727,538,005	4,727,538,005
Accumulated fund	39	4,168,356,980	2,506,790,959
<b>Total Equity</b>		<b>8,895,894,985</b>	<b>7,234,328,964</b>

The Financial Statements set out on pages 32 to 56 were signed on behalf of the Board of Directors by:



**Prof. Michael Kiptoo**  
Chief Executive Officer

**20<sup>th</sup> September, 2019**



**CPA Elijah Mititi**  
Finance Manager  
ICPAK No: 23480

**20<sup>th</sup> September, 2019**



**Prof. Philip Kaloki, MBS**  
Chairman of the Board

**20<sup>th</sup> September, 2019**



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**STATEMENT OF CASHFLOWS  
FOR THE YEAR ENDED 30TH JUNE 2019**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>Note</b>	<b>2018-2019</b>	<b>2017-2018</b>
		<b>Kshs</b>	<b>Kshs</b>
Cash generated from operations	40	759,266,392	1,869,105,223
<b>Net cash flow from operating activities</b>		<b>759,266,392</b>	<b>1,869,105,223</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant, equipment and intangible assets	35	(823,055,067)	(848,617,251)
<b>Net cash flows used in investing activities</b>		<b>(823,055,067)</b>	<b>(848,617,251)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase /(decrease) Bank overdraft		-	(161,088)
<b>Net cash flows used in financing activities</b>		<b>-</b>	<b>(161,088)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(63,788,675 )</b>	<b>1,020,326,884</b>
Cash and cash equivalents at 1 JULY 2018		1,623,526,964	603,200,080
<b>Cash and cash equivalents at 30 JUNE 2019</b>		<b>1,559,738,289</b>	<b>1,623,526,964</b>



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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30TH JUNE 2019**

	Capital Fund	Accumulated Funds	Total
	Kshs.	Kshs.	Kshs.
Balance as at 01.07.2017	4,727,538,005	1,780,106,684	6,507,644,689
Surplus for the year		726,684,275	726,684,275
<b>Balance as at 30.06.2018</b>	<b>4,727,538,005</b>	<b>2,506,790,959</b>	<b>7,234,328,964</b>
Balance as at 01.07.2018	4,727,538,005	2,506,790,959	7,234,328,964
Surplus for the year		1,661,566,021	1,661,566,021
<b>Balance as at 30.06.2019</b>	<b>4,727,538,005</b>	<b>4,168,356,980</b>	<b>8,895,894,985</b>

# KENYA MEDICAL TRAINING COLLEGE

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## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

FOR THE YEAR ENDED 30TH JUNE 2019

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	%	No te
	2018-2019	2018-2019	2018-2019	2018-2019	2018-2019		
	Kshs	Kshs	Kshs	Kshs	Kshs		
<b>Revenue from Non-Exchange Transactions</b>							
Grants and donations	3,366,313,218	553,000,000	3,919,313,218	3,919,313,218	0	0	
	<u>3,366,313,218</u>	<u>553,000,000</u>	<u>3,919,313,218</u>	<u>3,919,313,218</u>	<u>0</u>		
<b>Revenue from Exchange Transactions</b>							
Tuition, Boarding and application fees	3,461,523,000	-	3,461,523,000	3,414,107,035	-47,415,965	1	
Rental revenue from facilities and equipment	31,795,000	-	31,795,000	35,970,532	4,175,532	13	(a)
Other income	<u>38,815,000</u>	-	38,815,000	34,557,973	-4,257,027	10	
	<u>3,532,133,000</u>	<u>0</u>	<u>3,532,133,000</u>	3,484,635,540	-47,497,460		
<b>Total Revenue</b>	-	-	-	<u>7,403,948,758</u>			
<b>Expenses</b>							
Employee costs	7,911,245,288	4,268,560,038	3,642,685,250	3,618,552,292	24,132,958	0.6	
General expenses	2,167,274,277	982,293,277	1,184,981,000	1,119,803,612	65,177,388	5	
Repairs and maintenance	347,000,000	-	347,000,000	263,131,568	83,868,432	24	(b)
Operational expenses	507,776,291	115,000,000	392,776,291	329,775,137	63,001,154	16	c
Depreciation and amortization expense	268,177,460	100,000,000	368,177,460	357,016,057	11,161,403	3	
Expenses of the boards, committee & conferences	50,000,000	-	50,000,000	49,131,292	868,708	2	
Finance costs	<u>9,670,370</u>	4,500,000	5,170,370	4,972,778	197,592	4	
<b>Total Expenses</b>	<u>11,261,143,686</u>	<u>5,470,353,315</u>	<u>5,990,790,371</u>	<u>5,742,382,736</u>			

(a) Rental income target was under achieved due to occupation and conversion of staff houses to hostels. Corresponding increment was realised in boarding fees.

(b) Increase in repairs and maintenance was attributed to college branding and minor repairs to student hostels

(c) The operational expenses increased by 16% due to students increase and more programmes

## KENYA MEDICAL TRAINING COLLEGE

*Quality training of health professionals towards realization of Vision 2030*

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

#### General Information

The college is established by and derives its authority and accountability from Kenya Training College Act. The college is wholly owned by the Government of Kenya and is domiciled in Kenya.

#### Statement of Compliance and Basis of Preparation

The college's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the college and all values are rounded to the nearest shillings. The accounting policies have been consistently applied to all the years presented.

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

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

#### ADOPTION OF NEW AND REVISED STANDARDS

Relevant new standards and amendments to published standards effective for the year ended 30<sup>th</sup> June 2019

STANDARD	IMPACT
IPSAS40: Public Sector Combination	<b>Applicable: 1st January 2019</b> The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations. <i>The college does not have any combinations and therefore the standard does not apply</i>



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH JUNE 2019**

**New and amended standards and interpretations in issue but not yet effective  
In the year ended 30<sup>th</sup> June 2019**

Standard	Effective date and impact
<b>IPSAS41: Financial Instruments</b>	<p><b>Applicable: 1<sup>st</sup> January 2022:</b></p> <p>The objective of IPSAS 41 is to establish principles of financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for the assessment of amounts, timing and uncertainty of the colleges' cash flows.</p> <p>IPSAS 41 provides users of financial with more useful information than IPSAS 29, by</p> <ul style="list-style-type: none"> <li>•Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;</li> <li>•Applying a single forward looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>•Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul> <p><i>This standard will not have an impact on the colleges activities</i></p>
<b>IPSAS42: Social Benefits</b>	<p><b>Applicable: 1<sup>st</sup> January 2022</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in the financial statements about social benefits.</p> <p>The information provided should help users of the financial statements and the general purpose report to assess</p> <ol style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the entity</li> <li>(b) The key features of operation of those social benefit schemes and,</li> <li>(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flow.</li> </ol> <p><i>This standard will not have an impact on the colleges activities</i></p>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH JUNE 2019**

**iii. Early adoption of standards**

The entity did not early – adopt any new or amended standards in year 2019

**Summary of Significant Accounting Policies**

**1) Revenue Recognition**

**i) Revenue from Non – Exchange Transactions**

**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 college and can be measured reliably.

**ii) Revenue from Exchange Transactions**

***Rendering of Services***

The college 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 labor hours incurred to date as a percentage of total estimated labor 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 college.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH JUNE 2019**

***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.

***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.

**2) Budget Information**

The original budget for FY2018/2019 was approved by the National Assembly on 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 553 Million on the 2018/2019 budget following the governing body's approval.

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

**3) Property, Plant and Equipment**

- (i) All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the college 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 the



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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

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.

- (ii) Basis of Depreciation: Non-current assets are fully depreciated in the year of disposal and no depreciation is provided for in the year of acquisition using the straight line basis at annual rates estimated to write off the asset over useful lives. The following annual depreciation rates in use are:-

	<u>Percentage (%)</u>
1. Land	Nil
2. Buildings	2.5
3. Work in Progress	Nil
4. Motor Vehicles	25
5. Plant, Office and Other Equipment	12.5
6. Furniture and Fittings	12.5
7. Computers and Accessories	30

#### 5) 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.

#### 6) Financial Instruments

##### *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 College determines the classification of its financial assets at initial recognition.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH JUNE 2019**

***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.

***Impairment of Financial Assets***

The College assesses at each reporting date whether there is objective evidence that a financial asset is impaired. A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that 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 college of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

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

**7) 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 College 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.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH JUNE 2019**

*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.

IPSAS 29.65

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.

**8) Inventories – IPSAS 12**

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:

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labor 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 College.

**9) Nature and Purpose of Reserves**

The College creates and maintains reserves in terms of specific requirements. College to state the reserves maintained and appropriate policies adopted.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH JUNE 2019**

**10) Changes in Accounting Policies and Estimates**

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

**11) Employee Benefits**

**Retirement Benefit Plans**

The College provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which a college pays fixed contributions into a separate college (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.

**12) Related Parties**

The College 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 College, or vice versa. Kenya Medical Training College is related to The National government, The Ministry of Health, Key management personnel and the Board of management. The board of management consists of 9 members who are responsible for strategic direction and operational management of KMTC and is entrusted with significant authority to execute KMTC's mandate.

<b>Related party transactions</b>		
<b>Ministry of health</b>	<b>2019</b>	<b>2018</b>
Transfers from Ministry of Health	3,067,766,608	3,577,950,000
Transfers to Ministry of Health	Nil	Nil

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**NOTES TO THE FINANCIAL STATEMENTS  
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<b>Compensation to key Management</b>	<b>2019</b>	<b>2018</b>
Directors Emoluments	15,574,450	14,128,004
Key management staff	40,840,804	37,128,004
<b>Due from related parties</b>		
Due from Ministry of Health	19,812,180	19,812,180

**13) 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 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.

**14) Comparative Figures**

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

**15) Significant Judgments and Sources of Estimation Uncertainty**

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

**16) 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 College based its assumptions and estimates on parameters