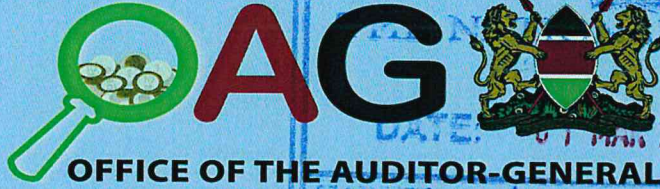


REPUBLIC OF KENYA



Enhancing Accountability

NATIONAL ASSEMBLY	
DATE: 01 MAR 2022	DAY: TUES
TABLED BY:	LOM
CLERK-AT THE TABLE:	G. Chebet
NATIONAL ASSEMBLY	
DATE: 01 MAR 2022	DAY:
TABLED BY:	

REPORT

OF

THE AUDITOR-GENERAL

ON

**KENYA MEDICAL TRAINING
COLLEGE**

**FOR THE YEAR ENDED
30 JUNE, 2020**





KENYA MEDICAL TRAINING COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2020**

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

TABLE OF CONTENTS	
	PAGE
Institutional Details/Information	3 – 5
Board of Directors	6 – 11
Management Team	12 – 14
Chairman’s Report	15 – 18
Report of the Chief Executive Officer	19 - 22
Review of Performance	23
Corporate Governance Statement	24 – 28
Management’s Discussion and Analysis	29 – 30
Corporate Social Responsibility Statement	31 – 33
Report of the Directors	34
Statement of Board of Directors Responsibilities	35–36
Report of the Auditor General	37
Financial Statements:	
Statement of Financial Performance	38
Statement of Financial Position	39
Statement of Cash Flows	40
Statement of Changes in Equity	41
Statement of Comparison of Budget and Actual Amounts	42
Notes to the Financial Statements	43 – 61
Appendices	62 – 64

KENYA MEDICAL TRAINING COLLEGE
Quality training of health professionals towards realization of Vision 2030

INSTITUTIONAL 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 as amended by Act No.5 of 2019 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.

Mandate

The mandate of Kenya Medical Training College is to provide training for mid-level health professionals for the national health manpower requirements, conduct research and provide consultancy services in health related areas.

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.

Principal activities

The Principal Activities of KMTC as stipulated in the Act of Parliament Cap 261 of the Laws of Kenya as amended by Act No.5 of 2019 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.

KENYA MEDICAL TRAINING COLLEGE
Quality training of health professionals towards realization of Vision 2030

Key Management

The colleges day to day management is under the following key organs.

- Board of Directors
- Academic council
- Management team
- Staff

Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2020 and who had direct fiduciary responsibility were:

No	Designation	Name
1.	Chief Executive Officer	Prof. Michael Kiptoo
2.	Corporation Secretary	Dr. Miriam Muthoka
3.	Deputy Director (F,P&A)	Dr. Kelly Oluoch
4.	Deputy Director(A)	Mrs.Nancy Michire
5.	Finance Manager	CPA Elijah Mititi
6.	Supply Chain Manager	Dr. Silas Njeru
7.	Human Resources Manager	Mr. John Obiye
8.	Administration Manager	Mr. David Ondeng
9.	Information and Communication Technology (ICT) manager	Mr. Kenneth Riary
10.	Corporate Communications Manager	Ms. Onsomu Marcellah
11.	Legal Services Manager	Mr. David Sifuna Kinisu

Fiduciary oversight arrangements

Audit committee of the Board

In addition to its main mandate which is to develop and promote internal audit standards and risk management for use in college, Audit Committee is responsible to monitor the college's internal control environment and provide advise on areas of improvement.

Internal Audit Function

The College internal audit function is supported by members of staff who carry quarterly audit on the colleges operations ensuring that these operations are carried out in line with the organization's policies and procedures.

KENYA MEDICAL TRAINING COLLEGE
Quality training of health professionals towards realization of Vision 2030

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
Kenyatta National Hospital Branch
P. O. Box 30763
Nairobi, Kenya | 2. Kenya Commercial Bank
Moi Avenue Branch
P.O Box 30081
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
Quality training of health professionals towards realization of Vision 2030



BOARD OF DIRECTORS PROFILES

PHOTO	NAME AND DATE OF BIRTH (D.o.B)	PROFILE
	Prof. Philip Kaloki, EBS (D.o.B 10.12.1960)	Prof. Kaloki was appointed the Chairman of the Kenya Medical Training College Board of Directors on 18 th April 2018. Prior to his appointment, he was a Professor of Business for over 21 years at Dallas Baptist University, Texas, USA. He has expertise in governance, leadership and strategic management with national as well as international experience. He is also a consultant in business administration and management. Prof. Kaloki was a Member of the Kenyan Parliament from 2008 - 2013, during which he served in various parliamentary committees and 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 and is a trustee of the KMTC Staff Retirement Benefits Scheme.
	Mr. Mithamo Muchiri (D.o.B 6.06.1982)	Mr. Muchiri was appointed to the Kenya Medical Training College Board of Directors on 6 th June, 2018 to represent public interest. He holds Certified Public Accountant – Kenya Part 11, with over 10 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 finance planning and development committee and chairs the Human Resource Committee.



KENYA MEDICAL TRAINING COLLEGE
Quality training of health professionals towards realization of Vision 2030

	<p>Ms. Ruth Okowa (D.o.B 4.02.1971)</p>	<p>Mrs. Okowa was appointed to the Kenya Medical Training College Board of Directors on 6th June, 2018 to represent public interest. She holds a Master’s degree in Demography and Population Studies, with over 15 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 as well as the Academic, Training, Standards and Ethics Committees and chairs the Audit Committee.</p>
	<p>Mr. Fredrick Wamwaki, (D.o.B 27.12.1959)</p>	<p>Mr. Wamwaki was appointed to the Kenya Medical Training College Board of Directors on 3rd 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 experience and expertise in strategic formulation, financial leadership and corporate governance. He is passionate about transformational leadership and organizational growth. Mr. Wamwaki is a member of the Human Resource Committee and chairs the Finance, Planning and Development Committee.</p>
	<p>Mr. Samuel Arachi (D.o.B 9.04.1962)</p>	<p>Mr. Arachi was appointed to the Kenya Medical Training College Board of Directors on 4th March, 2019 to represent the Principal Secretary, Directorate of Public Service Management, having been appointed on 4th March, 2019. He has a Masters 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</p>



KENYA MEDICAL TRAINING COLLEGE
Quality training of health professionals towards realization of Vision 2030

		<p>security, large - scale- sudden-disasters management, among others. He has over 29 years of experience in administration. He is a member of the Human Resource as well as Finance, Planning and Development Committees.</p>
	<p>Dr. Emily Koech (D.o.B 7.05.1974)</p>	<p>Dr. Koech was appointed to the Kenya Medical Training College Board of Directors on 6th June, 2018 to represent public interest. She has a Masters degree in Public Health (MPH) in Epidemiology and has 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.</p>
	<p>Ms. Susan Mucheru (D.o.B 30.12.1962)</p>	<p>Ms. Mucheru represents the Principal Secretary National Treasury in the Kenya Medical Training College Board of Directors having been appointed on 14th October, 2015. She holds a Master of Arts in International Studies, is a Certified Public Secretary – Kenya (CPS(K)), and has over 34 years of experience in human resource management. She serves in the Finance, Planning & Development and Audit Committees.</p>
	<p>Dr. Pacificah Onyancha (D.o.B 01.01.1965)</p>	<p>Dr. Onyancha was appointed to the KMTC Board of Directors on 24th February, 2020 to represent the Principal Secretary Ministry of Health. She is a Psychiatrist by profession who has over the years acquired skills in health policy formulation, administration and leadership. She holds a Masters in Psychiatry from the University of Nairobi and is currently Acting Director, Directorate of Medical Services/ Preventive and Promotive Health at the Ministry of Health. She serves in the Academic, Training, Standards and Ethics; Finance, Planning & Development as well as Audit Committees.</p>

KENYA MEDICAL TRAINING COLLEGE
Quality training of health professionals towards realization of Vision 2030

		<p>She is the Chairlady to National Medical Board and a member of the Ministerial Human Resource Advisory; Budget Implementation and Public Private Partnership Node Committees. She is also a member of the Medical Practitioners and Dentist Board and the Health Sector Intergovernmental Thematic Committee.</p>
	<p>Dr. Evans Amukoye (D.o.B 18.01.1959)</p>	<p>Dr. Amukoye represents the Director of Kenya Medical Research Institute (KEMRI) in the Kenya Medical Training College Board of Directors having been appointed on 10th April, 2018. He is a Medical Doctor with over extensive 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, Gertrudes Ethics Committee, among others. He serves in the Audit as well as Academic/Training, Standards and Ethics Committees.</p>
	<p>Dr. Ishepe Nandili (D.o.B 22.11.1964)</p>	<p>Dr. Nandili sits in the Kenya Medical Training College Board of Directors as the Director Nursing Services in the Ministry of Health having been appointed on 5th January, 2018. 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; Human Resource as well as in the Academic, Training, Standards and Ethics Committees.</p>

KENYA MEDICAL TRAINING COLLEGE
Quality training of health professionals towards realization of Vision 2030

	<p>Dr. Martin Sirengo (D.o.B 27.07.1972)</p>	<p>Dr. Sirengo was appointed to the KMTTC Board of Directors on 5th February, 2020 to represent the Director General Ministry of Health. He is a Reproductive Health and Program Management Specialist, Public Health Practitioner and a Policy adviser with over 18 years of professional experience. He holds a Master of Medicine (MMed), Obstetrics and Gynaecology from the University of Nairobi. He currently serves as Head, Department of Health Infrastructure Management at the Ministry of Health.</p> <p>Dr. Sirengo is a member of the Kenya Medical, Dentists and Pharmacists Board (KMDPB), Kenya Obstetrical and Gynaecological Society (KOGS) and Kenya Medical Association (KMA). He serves in the Finance, Planning & Development as well in the Academic, Training, Standards and Ethics Committees.</p>
	<p>Prof. Michael Kiptoo (D.o.B 18.09.1971)</p>	<p>Prof. Kiptoo was appointed as the Chief Executive Officer of the Kenya Medical Training College by the Board of Directors on 30th November, 2018. He holds a PhD in Immunology and has undertaken several leadership and professional trainings at local and international level. Prof. Kiptoo is a member of the Kenya Society for Immunology, has contributed to book publication, peer reviewed journals and conference abstracts. He has held various professional and administrative positions and has over 20 years' experience in research, training and consultancy.</p>

KENYA MEDICAL TRAINING COLLEGE
Quality training of health professionals towards realization of Vision 2030





**CS
Miriam
Muthoka
(D.o.B
9.09.1985)**

Dr.





Dr. Muthoka is the Kenya Medical Training College Corporation Secretary. She holds a PhD in Strategic Management and is a Certified Public Secretary – Kenya (CPS(K), with over 10 years’ experience in leadership, governance and strategic management. She is a member of the KMTTC Staff Retirement Benefits Scheme, Board of Trustees. Dr. Muthoka is a researcher in governance, business administration as well as management and is a part time lecturer. She is the head of Governance, Compliance and Board Matters at the College.

KENYA MEDICAL TRAINING COLLEGE
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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	Deputy Director (Finance, Planning and Administration)
Mrs. Nancy Michire		Masters of Mental Health/Psychiatric Nursing	Deputy Director Academics

KENYA MEDICAL TRAINING COLLEGE
Quality training of health professionals towards realization of Vision 2030

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

KENYA MEDICAL TRAINING COLLEGE
Quality training of health professionals towards realization of Vision 2030

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

KENYA MEDICAL TRAINING COLLEGE
Quality training of health professionals towards realization of Vision 2030

BOARD CHAIRPERSON'S STATEMENT

On behalf of the Kenya Medical Training College (KMTC), I am delighted to forward the Annual Report and Financial Statements for the 2019/2020 Financial Year.

KMTC is a State Corporation established in 1990 through an Act of Parliament Cap 261 of the laws of Kenya as amended by Act No.5 of 2019. The College is under the Ministry of Health, entrusted with the role of training various disciplines in the health sector to serve the interests of East Africa and beyond. It has 71 Campuses strategically located in 43 of the 47 counties in the country.

The Board continues to provide a clear road map to steer the College towards achieving its Vision of being “a model institution in training and development of competent health professionals”.

During the period under review, two Board Directors namely: Dr. Pacificah Onyancha (representing the Principal Secretary, Ministry of Health) and Dr. Martin Sirengo (representing the Director General Ministry of Health) were appointed to serve in the KMTC Board of Directors. The two Board Directors bring a wealth of experience in leadership, governance, public policy, programme management, reproductive health, psychiatry and administration.

KMTC Strategic Plan

The College is implementing the 2018-2023 Strategic Plan which is aligned with the government's agenda on UHC. The Plan sets us on the path to ensure we train competent health professionals to support healthcare service delivery. The College has continued to embrace good governance, performance contracting and quality management systems, thus recording tremendous achievements over the years.

College Performance

In the year ending 30th June, 2019, KMTC recorded notable achievements, among them growth in the College asset base, establishment of new campuses, recruitment of more staff, enhanced terms and conditions of service, promotions, training, staff rewards and recognition as well as strengthening of transport systems in the College and its Campuses.

KENYA MEDICAL TRAINING COLLEGE
Quality training of health professionals towards realization of Vision 2030

College Expansion

In line with the Board's transformational expansion agenda, the College continues to grow at an impressive rate with the number of campuses, students, graduands and staff population increasing. Five new Campuses: Mandera, Sigowet, Imenti, Taveta and Mbooni were operationalized, bringing the total number of KMTC campuses to 71 spread across 43 out of the 47 Counties in the country. We have continued to expand our programmes to meet the market demand and align them with emerging health needs.

Sound Corporate Governance

The Board has put in place various policies and frameworks to strengthen internal processes and procedures. Further, the Board has embedded and strengthened a culture of good governance and constantly reviewed internal processes to ensure compliance with existing laws and regulations. As a result, during the 10th Champions of Governance 2019 award ceremony by Institute of Certified Secretaries, KMTC was awarded the 1st Runners up position in the Public Bodies Sector category. This is proof that the Board has embraced and upheld sound corporate governance practices.

Infrastructural Development

Towards ensuring students have the best environment for learning, the Board has infrastructural development through construction of tuition and administration as well as other facilities critical for teaching and learning. Further, the Board has availed resources for strengthening transport systems in the College, where by 61 vehicles have been availed to ease mobility of faculty and students to clinical placement sites.

Amendment of the KMTC Act and Re-Categorization

H.E the President assented to the Health Bill 2019 which amended the KMTC Act of 1990, aligning it to other existing legislation and emerging government reforms. Thanks to the successful re-categorization of the College from PC 2 to PC 3 expanding our mandate to include that of research in addition to training and consultancy, the College is now at the same level with other training and research institutions.

KENYA MEDICAL TRAINING COLLEGE
Quality training of health professionals towards realization of Vision 2030

The re-categorization has led to allocation of more resources, staff have continued to enjoy additional benefits through increased remuneration, ongoing promotions, sustainable contribution to the retirement scheme, staff rewards, mortgage facilities among others.

Collaborations

Pursuant to the Collaboration framework, the Board has continued to initiate collaborations with County Governments, National Government Constituency Development Fund and other partners, through which the College has recorded growth in land, infrastructure, equipment and secondment of staff, in support of teaching and training.

Response to COVID-19

Since confirmation of the first COVID-19 case in the country, the College has been highly involved in supporting the Government's efforts in managing the pandemic. KMTC is a member of the National Multi-Agency Team on COVID-19 tasked with quarantine and isolation facilities preparedness. The College is also a member of the National Advisory Committee assisting in planning for COVID-19 containment interventions and strengthening of health systems for UHC in the Counties. Further, 43 of our Campuses are so far offering quarantine services and four being used as isolation/treatment centers.

In the meantime, and as part of our Corporate Social Responsibility, the Board has availed resources to enable our 71 Campuses countrywide to conduct health education and promotion, donate hand washing facilities and provide mental health and psychosocial support, to mitigate the effects of the coronavirus.

ICT Framework

In line with the ICT and E-learning policies, the Board has continued to ensure uptake of ERP in the operations of the College, as well as E-learning to support and strengthen teaching and learning.

Challenges

KMTC plays a key role in supporting the Government achieve the UHC agenda and therefore the College recent expansion supplements these efforts. The Board has made strides to ensure that the

KENYA MEDICAL TRAINING COLLEGE
Quality training of health professionals towards realization of Vision 2030

growth is supported by the available resources. However, I wish to call upon our parent Ministry and the National Treasury for additional funding in order to strengthen the College's infrastructure and build the capacity of faculty to support delivery of the UHC and attainment of Vision 2030.

Future outlook

The Board will remain committed to continually improving infrastructure, strengthening partnerships and resource mobilization efforts as well as put in place strategies to ensure the College is run effectively and utilizes resources prudently as envisaged in its Strategic Plan.

Conclusion

I thank our stakeholders, fellow Board of Directors, the Chief Executive Officer, Management team, Principals, Staff as well as Students, for their steadfast support and contribution towards the College's success in the year and call upon all to remain committed in supporting the government agenda on UHC as well as in the war against COVID-19.

On behalf of the Board of Directors, I thank the Ministry of Health led by Cabinet Secretary Hon. Mutahi Kagwe, EGH, for the support and direction given to the College that has enabled us achieve our Vision and Mission. Finally, I thank the Government led by H.E President Uhuru Kenyatta CGH, for the support towards growth of the College, enabling us realize our mandate.



Prof. Philip Kaloki, EBS
Chairperson, Kenya Medical Training College Board
15th September, 2020

KENYA MEDICAL TRAINING COLLEGE
Quality training of health professionals towards realization of Vision 2030

REPORT OF THE CHIEF EXECUTIVE OFFICER

College performance

It gives me pleasure to present the College Financial Statements and performance for the Financial Year 2019/2020.

During the year under review, the College marked noteworthy milestones including expansion of our training programmes, review, development and implementation of training curricula. Part of the programmes include the introduction and implementation of courses such as the Foundation Course in Community Health Assistants and Community Health Volunteers, which have led to increased access to training opportunities in health for the youth.

We have developed and implemented new programs such as: Higher Diploma in – Oncology; Palliative Care; Audiology and Hearing Care Technology; Emergency and Critical Care Medicine: Chest Medicine; Dermatology; Venereology; Echo-cardiography, Orthotics, Contact Lenses, Family Health for the Clinical Officers, Family Health for Nurses and a Certificate course in Kenya Sign Language for Health Workers in addition to various short courses. To support disability mainstreaming efforts we have implemented a Curriculum for Certificate in Kenya Sign Language for Health Workers as well as mounted a course in Addictive Studies to enable our graduates deal with challenges posed by alcoholism and substance abuse in the society.

Through the Board's transformative agenda, the College has been equipped with a transport network to enhance students' mobility and ensuring they are able to reach their clinical practice and rural experience areas on time. To ensure students have an enabling learning environment, Campuses have been provided with learning materials and skills laboratories equipped.

Further, staff are already enjoying the fruits of the College's re-categorization in addition to participating in competence training to expand their knowledge base, encourage creativity and innovativeness, improve performance, productivity and adhere to quality standards. These efforts have motivated staff, who are ever ready to work hard to support the College produce quality graduands.

KENYA MEDICAL TRAINING COLLEGE
Quality training of health professionals towards realization of Vision 2030

Research

In line with the research Policy, the College has undertaken research with several studies having been funded, conducted, published in peer reviewed journals and presented in various conferences, to contribute to a knowledge-based economy as well as enhance teaching and learning. We continue to encourage staff and faculty to participate in research activities in order to inform policy directions.

Implementation of Strategic Plan

In implementing the Strategic Plan 2018-2023, we have put in place the right measures to support and sustain our excellence in teaching, attracting as well as retaining the best faculty and staff, in order to remain the best mid-level health training institution in Africa and beyond. I can confidently report that our strategic objectives will be attained as the College directs its efforts in achieving the envisaged strategic issues.

Implementation of excellence driven policies

During the period under review, the College implemented policies in Academics, Governance, Finance and Administration as guided by the policy frameworks provided by the Board of Directors. The Policies have created a standard which has continued to shape the strategic focus as well as alignment of operations with emerging trends, strengthening internal capacity and enhancement of quality management systems towards accountability, transparency and sustainability in support of the College mandate.

Efficiency driven systems

Following implementation of Enterprise Resource Planning (ERP) in the College, Management has ensured that the system is continuously rolled out in all Campuses. The system has contributed to enhanced efficiency and effectiveness as well as automation of service in the College leading to tracking of utilization of funds, Campus activities and harmonised reporting.

Further, the platform has enabled uptake of E-learning contributing to continued teaching and learning of our students even during the COVID-19 pandemic. The College faculty has been trained and course content continuously uploaded to the system in order to keep abreast with the changing training needs in the health sector.

Result based collaborations

The College has collaborated with stakeholders to strengthen and uphold the quality of our training to match labour and market needs. We forged strategic partnerships with like-minded Partners resulting to an increase resource base, capacity building and strengthening, equipping libraries, training equipment, exchange programmes and curricula review and development to enhance teaching and learning.

It is in line with these collaborative efforts that we partnered with the Ministry of Health to offer training to National Youth Service in a Community Health Volunteers module on Basic and Advanced Life Support. We have collaborated with St. Johns Ambulance to train Community Health Volunteers and Emergency Medical Technicians/Respondents, to equip them with basic skills for emergency response.

Response to COVID-19

In response to the COVID-19 epidemic, Management distributed 191 hand washing facilities to complement government efforts in the fight against the disease. The College has also availed and trained human resource for health, ensured provision of critical services among them catering, laundry, waste management as well as clinical services, to provide a habitable environment to quarantined as well as isolated persons.

In keeping abreast with uptake of ICT and in the wake of the COVID-19 pandemic which abruptly disrupted the conventional face to face teaching method, the College has leveraged on the use of E-learning platform, built the capacity of faculty and students on the use of E-learning tools and is providing continuous learner and content generation support, to ensure students cover their course content, take exams and graduate without undue delay.

The College continues to uphold the Ministry of Health's protocols in supporting the Government combat the Coronavirus epidemic as well as ensuring compliance with the Head of Public Service circulars on workplace guidelines on COVID-19 in order to ensure our workforce stay safe.

KENYA MEDICAL TRAINING COLLEGE
Quality training of health professionals towards realization of Vision 2030

Way Forward

As we take stock of achievements and challenges registered in the College over the last year, Management thanks the Board for putting in place reforms, policies and strategies to ensure the College runs effectively, utilizes resources prudently and quality of our training is continually enhanced.

Conclusion

We remain indebted to our partners for their commitment and overwhelming support throughout the year, enabling us deliver of our mandate. We look forward to working together in the new year.

I thank the Ministry of Health, our Board of Directors, Management team, Staff and Students for their hard work, dedication and commitment in supporting the College achieve its mandate.



Prof. Michael Kiptoo
Chief Executive Officer
15th September, 2020

KENYA MEDICAL TRAINING COLLEGE
Quality training of health professionals towards realization of Vision 2030

REVIEW OF KMTCS PERFORMANCE FOR FY 2019/2020

Performance against strategic objectives

Kenya Medical Training College has three strategic objectives within 2018 – 2023 strategic plan aimed at sustaining leadership position in training of competent health professionals. The strategic objectives are;

1. KMTTC retains the quality of its training
2. To make KMTTC the institution of choice for training of health professionals by 2023
3. To increase KMTTC's internally generated revenue by at least 50% by 2023

The College achieved its performance targets set for 2019/2020 period for the three strategic objectives as follows;

Strategic Objective	Activity	Measurable indicator/output
1. Retaining quality of training 2. Making KMTTC institution of choice for training of health professionals	Quality Control and assurance	Regular audits were maintained. Surveillance audit was undertaken by KEBS in November 2019
	Academic Research	Twenty two(22) research proposals developed were funded and fourteen (14) research papers were published in peer reviewed journals
	Standardized examinations	End of semester examinations were standardized/harmonized in the year under review
	Aligning courses to emerging global challenges and opportunities	Two training programmes were introduced and two Curricula reviewed
	Infrastructure development	A campus was established (Taita Taveta Campus).Principal and Lecturers were posted and students enrolled.
	Ensure successful implementation of ERP Automated operations	ERP with four modules was rolled out in 23 Campuses. New portal(e-learning) was developed to enhance efficiency, timely and quality interaction between students and lecturers.
To increase KMTTC's internally generated revenue by at least 50% by 2020	Enrollment and training of new students	-A total of 14,403 new students were enrolled against annual target of 12,815 to ensure sustained and growth in revenue generated internally. -Targeted revenue for the year under review however was not fully achieved as anticipated because of disruptions of March classes by COVID 19 Pandemic.

KENYA MEDICAL TRAINING COLLEGE
Quality training of health professionals towards realization of Vision 2030

CORPORATE GOVERNANCE STATEMENT

The importance for all government agencies to apply resources to address national development and spur economic growth remains a fundamental aspect at all times. The benefits of a properly implemented and effective corporate governance system cannot be gainsaid. The College has built its operations on sound corporate governance principles based on the application of high and consistent ethical standards in its relationships with stakeholders creating stakeholder confidence. This is in line with the provisions of transparency, accountability, responsibility, compliance with relevant laws and regulations, risk management, appropriate checks and balances, Ethical leadership and integrity and socio-environmental responsibility. 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 has during the year under review, reviewed the College performance, protected the College assets, counseled the executive management and Chief executive officer on strategy and key aspects of College operations. All Directors have been responsible for ensuring proper and sound corporate governance within the College hence corporate governance has become a fundamental part of the culture and the operational practices of the institution.

Oversight role of Board of Directors

The Board of Directors' most significant responsibilities includes guiding the College with view to ensuring long-term, sustainable returns for stakeholders, whilst delivering exceptional services to students and having regard to the interests of all other stakeholders, including staff, regulators and the communities in which the College operates. The Board provides strategic direction with a focus on consistent business performance in an atmosphere of transparency and accountability whilst reviewing and monitoring proper governance. The Board has provided strong leadership to the College, 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 conduct as well as the code of governance and practices which guides them in the fulfillment of their duties and responsibilities.

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

The Board is headed by a chairperson appointed by the president, four (4) independent members appointed by the Cabinet Secretary in charge of Health, a Chief executive Officer (Ex-official) appointed by the Board to manage the day to day affairs of the College, a representative of the Principal Secretary National Treasury, a representative of Principal Secretary ministry of Health,

KENYA MEDICAL TRAINING COLLEGE
Quality training of health professionals towards realization of Vision 2030

The director Nursing Services ministry of Health, a representative of the director general for Health, a representative of director Kenya Medical Research Institute and a representative to Principal secretary ministry of public service. All Board members including the Chairperson are appointed for a three (3) year term renewable once. The appointment to the Board considers academic qualifications, technical expertise, experience, age and gender and the College Board composition complies with requirements in the constitution of Kenya, 2010, the KMTC Act, 1990 as amended and other relevant law. The appointing authorities have the powers to remove a director from the Board.

During the year under review, the Board held six (6) meetings, four (4) quarterly and two (2) special to discuss strategic issues of the College. The members who attended the meetings are Chairperson of the Board, the Chief Executive officer, the Alternate to Principal Secretary National Treasury, the director Nursing services ministry of Health, four (4) members representing public interest who are also the Board committee chairs, The alternate to Principal Secretary Ministry of public service, and a representative to the director Kenya Medical Research Institute.

The Board has developed a succession plan policy to ensure sustainability and continuity of the College operations. Further, notice of expiration of terms is given to members and to their appointing authorities in order to ensure that the College has a functional Board at all times. The Board and its committees have charters that guides the conduct of its business. The Charter is developed in accordance to the Code of governance for state corporations as issued by H.E The president in 2015.

During the year under review, no one member or group of members had unfettered powers and there was an appropriate balance of power on the Board. One third of the members were independent allowing the board to exercise objective and independent judgment In accordance with the code of Governance for state corporation.

There is a clear separation of roles played by the Board chairperson, the chief executive officer, and that played by the Corporation secretary as provided for by the code of governance for state corporations. The offices are also held by different persons.

b) Induction and Training for continuous skill development

The Board directors were well trained/inducted and updated on matters of governance as provided by the code of governance. This has enabled the Board to become as effective as possible in their roles. The skills and knowledge are updated at regular intervals to ensure that the emerging trends are captured. The induction/training did among others, build an understanding of the College main relationships and created an understanding of the role of Directors and the framework within which the Board operates.

KENYA MEDICAL TRAINING COLLEGE
Quality training of health professionals towards realization of Vision 2030

c) Board tools of governance

The Board has availed various policies to guide the College operations and there exists a code of Ethics and Conduct, which has been cascaded down to all employees. Additionally, there is in place a Board and committee charters which serves as a guide to Board's business. A board calendar is developed and approved annually to guide the activities of the Board.

d) Conflict of Interest

A conflict of Interest Register is kept, where if any member has an interest on matters before the Board for deliberation a declaration is done and recorded accordingly.

e) 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. The findings thereof were picked and actioned for continual improvement.

f) Compliance with laws and regulations

During the year under review, the College complied with the Constitution of Kenya 2010, the KMTC Act of 1990, code of governance for state corporations, the procurement and disposal Act, 2015, the public finance management Act, 2012, and other government law, regulations and procedures.

g) Fiduciary Duties of the Board of Directors

The following are the 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 is expected to identify and disclose the nature of a conflict and procure authorization for the same if permitted.
- iii. Duty to declare interests in proposed or existing transactions or arrangements.
- iv. Duty to Exercise their role collectively and not individually.
- v. To determine the organization's mission, vision, purpose and core values
- vi. Duty to set and oversee the overall strategy and approve 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 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. Duty to approve the organizational structure.
- x. To approve the annual budget of the organization.
- xi. Monitor the organization's performance and ensure sustainability.
- xii. Duty to enhance the corporate image of the organization.

KENYA MEDICAL TRAINING COLLEGE
Quality training of health professionals towards realization of Vision 2030

- xiii. Ensure availability of adequate resources for the achievement of the organization's objectives.
- xiv. Duty to hire the Chef executive officer on such terms and conditions of service as may be approved by the relevant government organ(s) and approve the appointment of senior management staff.
- xv. Duty to ensure effective communication with stakeholders.

h) Board Remuneration

The Board is remunerated in accordance to the relevant government circulars that dictates the allowances payable to Board directors while on duty and any other benefits due to Board members. The Circulars are issued by government from time to time to guide State agencies on the same.

i) 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 student's 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/reviews
- g. Quality Management Systems.
- h. Student extracurricular activities
- i. Graduation updates
- j. Research Activities

KENYA MEDICAL TRAINING COLLEGE
Quality training of health professionals towards realization of Vision 2030

3. Finance, Planning and Development Committee

- a. The College planning and financial strategy.
- b. Annual budget and Medium Term Expenditure Framework.
- c. Appointment of banks, opening of accounts and signatories approvals.
- d. Resource mobilization initiatives.
- e. Purchase and sale of property
- f. The College investment and borrowings.
- g. Progress of implementation of plans and policies
- h. Projects development/reviews
- i. The progress of building/projects implementation
- j. Maintenance and development of buildings and land.
- k. Development, investment and enterprise.
- l. Strategic planning and management
- m. Communication and corporate affairs
- n. Collaboration and Partnerships
- o. Disposal of idle Assets
- p. College Legal Affairs
- q. Information Communication Technology affairs
- r. Performance Contracting activities

4. Audit 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 and standards.
- g. Implementation of Performance Contract.
- h. Implementation of Board resolution
- i. Internal and external audit reports
- j. Internal Audit plans

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.

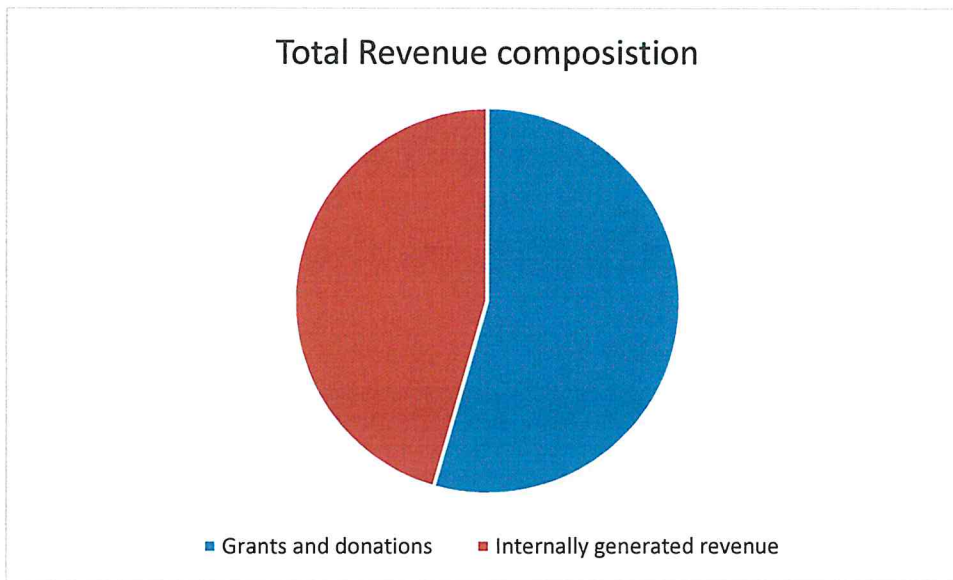
MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS

Internally generated revenue has declined from Kshs.3.414 in 2018/2019 to Kshs. 3.399 in 2019/2020 Financial Year. This is attributable to the fact the semester beginning March 2020 was highly affected by Covid 19. Substantially internally generated revenue is derived from tuition, boarding and application fees

The internally generated revenue is composed of the following:

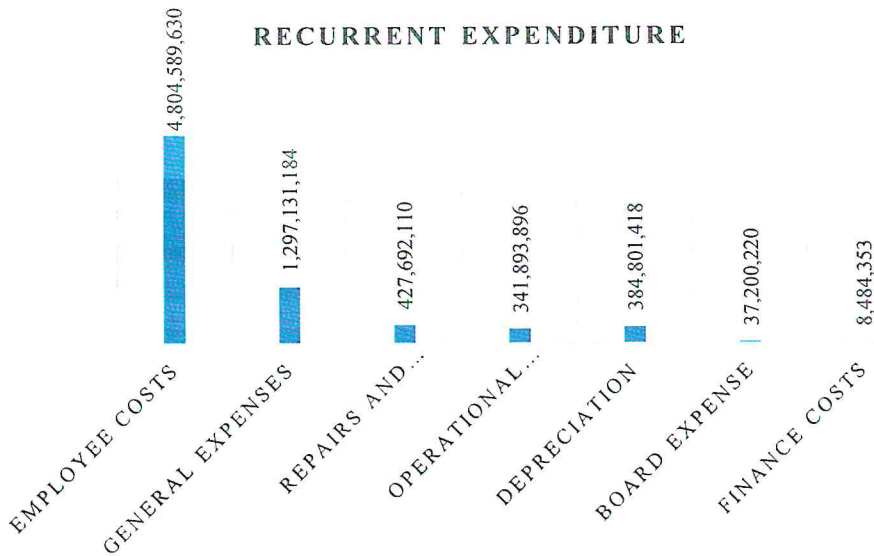
Total revenues from various streams during the year amounted to Kshs.7.4Billion. This is comparatively shown as follows



KENYA MEDICAL TRAINING COLLEGE
Quality training of health professionals towards realization of Vision 2030

Recurrent Expenditure

The total recurrent expenditure amounted to Kshs.7.3Billion of which 66% catered for employee costs.



Capital Expenditure

The College committed additional resources to the tune of Kshs.1.05 Billion 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 30th April 2020
- iii. Submission of Annual Procurement Plan by 30th July 2019.
- iv. Submission of Annual Work plan and Cash flow projections by 30th July 2019.
- v. Compliance with other circulars from National treasury issued in 2019/2020

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

The KMTC Board of Directors remains cognizant of the fact that sustained economic growth cannot be achieved without social progress and the well-being of local communities.

Consequently, the Board has over the years ensured that KMTC is a socially responsible institution by setting aside resources to support Corporate Social Responsibility (CSR) initiatives in an effort to give back to the community.

Guided by the College Policy on CSR, KMTC has continued to enhance value and promote environmental sustainability, provide medical services, social upliftment as well as disaster response, with the aim of benefiting those residing in regions of our operations.

Campuses embrace environmental conservation

The College has embedded a culture of environmental conservation and as such KMTC Campuses undertook various CSR activities aimed at protecting the environment, conserving natural resources and where possible, to repair damage and reverse negative trends.

To commemorate various international environmental related events like the World Wetlands Day and World Environment Day, KMTC campuses partnered with likeminded institutions to plant trees and conduct clean-up exercises. The partners include County Governments, the Kenya Forest Service (KFS), the National Environment Management Authority (NEMA) among others.

The activities were aimed at participating in accelerating the achievement of the Constitutional target of 10% tree cover of the national land area as provided under Article 69(1)(b). Further, the College also aimed at conserving the environment and keeping the Campus surroundings litter free.

Communities receive free Health and Medical Services

Thousands of residents residing within areas of our operations across the country were treated and several others referred for further medical attention during free medical camps organized by various KMTC Campuses on diverse dates.

Campuses pitched medical camps during which free screening, testing, counselling and referral services were offered to members of the public.

During the medical camps, College staff and students attended to members of the public with needs on; alcohol, drug and substance abuse, mental health, cancer, polio, HIV/AIDS, maternal and child

KENYA MEDICAL TRAINING COLLEGE
Quality training of health professionals towards realization of Vision 2030

health, family planning, dental, Ear Nose and Throat infections, lifestyle conditions, emerging and re-emerging diseases among other health conditions.

The members of the public were also sensitized on disease prevention, need for vaccinations, early screening, diagnosis, treatment, lifestyle changes among others. Additionally, various Campuses also took part in a blood donation exercises, in support neighboring health facilities blood banks.

On the other hand, some Campuses took part in a rescue missions within communities affected by the floods and massive landslides. They donated clothes, shoes, foodstuffs and provided medical care to those with minor ailments and gave referrals to main hospital to those with severe cases.

Responsible market practices

The College has in place Marketing Guidelines as well as a Communication Policy which provides mechanisms for retention and growth of its market share. Further, the framework provides for a clear marketing strategy aimed at maintaining responsible involvement in creating brand awareness. The College maintains a good working relationship with its suppliers cognizant of compliance with the Finance and Procurement Manuals in meeting contractual obligations. Additionally, the College is sensitive to the needs of its students and other stakeholders.

Employee Welfare

The College has in place a Policy of stakeholder management providing a framework on its stakeholder engagement which was reviewed in 2019. Further there is in place a Policy on Rewards and Recognition in addition to a training done to improve competence of staff in 2019. In ensuring that employees are safe, the Board has availed a policy detailing issues of safety as well as provisions for compliance with Occupational Safety and Health Act of 2007.

Response to COVID-19

Since confirmation of the first COVID-19 case in the country, the College has been highly involved in supporting the Government's efforts in managing the pandemic. KMTC is a member of the National Multi-Agency Team on COVID-19 tasked with quarantine and isolation facilities preparedness. The College is also a member of the National Advisory Committee assisting in planning for COVID-19 containment interventions and strengthening of health systems for UHC in

KENYA MEDICAL TRAINING COLLEGE
Quality training of health professionals towards realization of Vision 2030

the Counties. Further, 43 of our Campuses are offering quarantine services and four are being used as isolation and treatment centres.

In the meantime, the Board has availed resources enabling our 71 Campuses countrywide to conduct health education and promotion, donate 191 hand washing facilities and provide mental health and psychosocial support, to mitigate the effects of the coronavirus.

As an organization, KMTC believes that sustained economic growth will be achieved with social progress and well-being of local communities and as such will continue to undertake CSR initiatives with the aim of benefiting those residing in regions of our operations

KENYA MEDICAL TRAINING COLLEGE
Quality training of health professionals towards realization of Vision 2030

REPORT OF THE DIRECTORS

The directors have the pleasure of presenting their report together with the audited Financial Statements for year ended 30th June 2020 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, 2020 are set out on pages 36 to 59

DIRECTORS

The Board of Directors who held office during the year are shown on pages 6 to 11.

In accordance with section 9 (2) of KMTC Act as amended by Act No.5 of 2019, 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
15th September, 2020

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, 2020. 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 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.

KENYA MEDICAL TRAINING COLLEGE
Quality training of health professionals towards realization of Vision 2030

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, 2020.

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



PROF. MICHAEL KIPTOO
CHIEF EXECUTIVE OFFICER
15th September, 2020



PROF. PHILIP KALOKI, EBS
CHAIRPERSON
15th September, 2020

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KENYA MEDICAL TRAINING COLLEGE FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kenya Medical Training College set out on pages 38 to 64, which comprise the statement of financial position as at 30 June, 2020, and the 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 matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Kenya Medical Training College as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Kenya Medical Training College Act and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1.0 Cash and Cash Equivalents

The statement of financial position reflects cash and cash equivalents of Kshs.536,976,120 as at 30 June, 2020 which as disclosed at Note 32 to the financial statements included cash at bank balances of Kshs.536,060,228. However, the bank reconciliation statements reflected payments in bank statements not recorded in cashbooks totalling to Kshs.910,482. No satisfactory explanation was provided as to why the cash book had not been updated accordingly. Further, the statement reflected receipts in cashbook not in the bank statements totalling to Kshs.10,265,570. No satisfactory explanation was provided as to why the receipts were not banked.

In addition, the reported bank balance of Kshs.536,060,228 excluded an amount of Kshs.547,997 described as reversed cheques. However, the cheques had not been reversed in the cashbooks as indicated.

It was also noted that the Corporation centralized its revenue collection for tuition fees into two (2) bank accounts held at the headquarters, However, the bank reconciliations for the two (2) bank accounts were performed twice during the year. This is contrary to Regulation 90 of the Public Finance Management (National Government) Regulations, 2015 which

requires Accounting Officers to ensure bank accounts reconciliations are completed for each bank account held by that accounting officer, every month and submit a bank reconciliation statement not later than the 10th of the subsequent month to the National Treasury with a copy to the Auditor-General. Failure to perform monthly bank reconciliations may hinder timely detection of errors including fraud.

Consequently, the validity and accuracy of cash and cash equivalents balance of Kshs.536,976,120 as at 30 June, 2020 could not be confirmed.

2.0 Receivables from Non-Exchange Transactions

The statement of financial position reflected receivables from non-exchange transactions balance of Kshs.519,812,180 as at 30 June, 2020. As previously reported, the balance included Kshs.19,812,181 brought forward from prior years and due from the Ministry of Health. Although the balance was recommended for write-off by the Board in February, 2007, approval from the Parent Ministry had not been obtained by 30 June, 2020.

3.0 Receivables from Exchange Transactions

3.1 Rent arrears

As disclosed under Note 33 to the financial statements, the receivables from exchange transactions balance of Kshs.864,601,096 included a rent receivables balance of Kshs.76,677,780 of which an amount of Kshs.70,263,040 was in respect of accumulated rent arrears due from the University of Nairobi for ninety-six (96) rooms occupied by the University's medical students. However, the agreement between the College and the University regarding accommodation of the students was not provided for audit. In addition, no satisfactory explanation was provided on how the arrears accumulated to Kshs.70,263,040 as at 30 June, 2020.

In addition, the receivables from exchange transactions balance includes rent amounting to Kshs.2,200,000 due for institutional houses that had been allocated to persons not working for the College. Further, rent arrears amounting to Kshs.440,000 in respect of a tenant who was evicted in 2015 had not been recovered as at 30 June, 2020.

Also, an amount of Kshs.2,157,500 was excluded from the rent arrears balance of Kshs.70,263,040.

3.2 Outstanding fees

The receivables from exchange transactions balance includes outstanding fees balance of Kshs.873,727,770 out of which Kshs.70,737,440 had been outstanding for more than one year. Further, the outstanding fees balance of Kshs.873,727,770 included outstanding fees of Kshs.10,362,171 for Kuria Campus of which a balance Kshs.7,102,021 was in respect of money collected in cash directly from students irregularly and neither reflected in the students' accounts nor banked.

3.3 Kenyatta National Hospital Students

The receivables from exchange transactions balance of Kshs.864,601,096 included Kshs.21,831,155 due from Kenyatta National Hospital which, although recommended for

write-off by the Board in February, 2007, approval had not been obtained from the parent Ministry by 30 June, 2020.

In the circumstances, the accuracy, completeness and full recoverability of total receivables from exchange transactions balance of Kshs.864,601,096 could not be confirmed.

4.0 Property, Plant and Equipment

4.1 Lack of Land Ownership Documents and Unvalued Land Parcels

The statement of financial position reflects property, plant and equipment with a net book value of Kshs.7,532,433,366 as at 30 June, 2020 which as disclosed at Note 35 to the financial statements, included Kshs.1,165,920,000 for land. However, as previously reported, title documents for eighteen (18) parcels of land in various locations across the country and valued at Kshs.333,385,000 were not provided for audit.

Further, the land on which forty-five (45) campuses were built, had not been valued or included in the reported balance for property, plant and equipment.

4.2 Land Valuation

As reflected at Note 35 to the financial statements, the reported property plant and equipment balance of Kshs.1,165,920,000 as at 30 June, 2020, was based on a valuation done in 2005. The Company had therefore, not valued its land in the last fourteen (14) years.

4.3 Lack of Fixed Assets Register

The College did not maintain an updated register of fixed assets at the headquarters and the campuses indicating the details and pertinent information as required under Regulation 143 of Public Finance Management (National Government) Regulations, 2015. The assets and liabilities register for the year ended 30 June, 2020 was also not submitted to the National Treasury as required by the National Treasury Circular No.23/20 dated 14 October, 2020 which provides that the Assets and Liabilities Registers as at 30 June, 2020 should be submitted not later than 31 October, 2020.

4.4 Construction of Tuition and Laboratory Building at Kapkatet Campus

The work in progress balance of Kshs.1,144,998,723 reflected at Note 35 to the financial statements, includes the Project for construction of tuition and laboratory building at Kapkatet Campus which was designed and awarded to a contractor at a contract sum of Kshs.37,797,792 on 11 October, 2018, for a contract period of 24 weeks ending April, 2019. However, audit site inspection in February, 2021 revealed that, the Project had stalled, the contractor had abandoned the construction site and the construction works had started to deteriorate due to the effects of weather. The amount certified as at the time of the audit in January, 2021, was Kshs.25,465,325 or 67%. No plausible explanation was provided as to why liquidated damages had not been recovered from the contractor or the contract terminated lawfully.

4.5 Construction of Classrooms and Administration Block for Tana River Campus

The work in progress balance of Kshs.1,144,998,723 included the contract for proposed classrooms and administration block for Tana River Campus awarded to a contractor on 8 July, 2019 at a contract sum of Kshs.26,848,974. The contractor took site possession on 16 March, 2020 for a contract period of 32 weeks, with a completion date of 17 December, 2020. A total of Kshs.4,390,020 had been certified as per the records provided. However, audit inspection of the Project in February 2021 revealed that the contractor had abandoned the construction site after just excavation of trenches at the foundation level. It could therefore not be confirmed whether the Project would be completed as planned.

4.6 Conversion of Mtwapa Health Centre to a Rural Health Training Facility

The work in progress balance of Kshs.1,144,998,723 includes works for conversion of Mtwapa Health Centre to a Rural Health Training Facility. The contract was awarded to a contractor at a contract sum of Kshs.42,133,570 for a contract period of thirty-six (36) weeks commencing on 19 April, 2018 and an envisaged completion date of 27 December, 2018. As at the time of the audit in February, 2021, 82% of the contract amount had been certified. However, works were abandoned by the contractor after Kshs.34,370,695 had been paid. Evidence of Management action to avert possible loss of public funds was not provided.

In the circumstances, it has not been possible to confirm the ownership, accuracy, propriety and completeness of the property, plant and equipment balance of Kshs.7,532,433,366 as at 30 June, 2020.

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, were of most significance in the audit of the financial statements of the current year. There were no key audit matters to report in the year under review.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1.0 Quality of Training

As at 30 June, 2020, the College had sixty-seven (67) campuses spread across the country with a student population of 34,918 and total number of lecturers including principals, dean of students and heads of departments of 1,080. This translates to a lecturer student ratio of 1:32 which is, as previously reported, below the International Standards on Quality Training of Health Workers which places the lecturer student ratio during classroom teaching at 1:10. Therefore, the College had a shortfall of about 2,411 lecturers to attain the desired quality training level.

No evidence of the strategies put in place by the Management to bridge the gap between the current lecturer student ratio and the recommended optimum ratio.

2.0 Opening of New Constituent Colleges

As previously reported, the College opened twenty-two (22) new constituent colleges during the financial years 2013/2014, 2014/2015, 2015/2016 and 2016/2017. The new colleges are Makueni, Vihiga, Chwele, Kapenguria, Migori, Bomet, Kitale, Nyandarua, Kuria, Lake Victoria, Chuka, Gatundu, Iten, Kaptumo, Makindu, Molo, Mosoriot, Mwingi, Nyahururu, Rachuonyo, Rera and Othaya. However, the expansion was contrary to Sections 1 and 3 of Part 4.0 of the Expansion and Policy Guidelines which provide that new infrastructure should only be developed after concept paper and proposal in compliance with the respective Kenya Medical Training College strategic plan are prepared and approved, and source of financing identified.

In addition, the Colleges were not budgeted for in the years they were established and the total expenditure of Kshs.180,997,555 incurred on the same was not included in the annual estimates for the respective years. This is contrary to Section 12 of the State Corporations Act which provides that no corporation shall without the prior approval in writing of the Minister and the Treasury incur any expenditure for which provision has not been made in annual estimates.

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, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

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 governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and the Board of Directors

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

In preparing the financial statements, Management is responsible for assessing the College's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the going concern basis of accounting unless Management is aware of the intention to terminate 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 College's activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public money is applied in an effective manner.

The Board of Directors is responsible for overseeing the College's financial reporting process, reviewing the effectiveness of how the College 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 review is planned and performed to express a conclusion with limited assurance as to 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 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. The nature, timing and extent of the compliance work is limited compared to that designed to express an opinion with reasonable assurance on the financial statements.

Further, in planning and performing the audit of the financial statements and review of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and 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 noncompliance. 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 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 College to cease 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 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.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

11 February, 2022

KENYA MEDICAL TRAINING COLLEGE
Quality training of health professionals towards realization of Vision 2030

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30TH JUNE 2020

	Notes	2019-2020	2018-2019
		Kshs	Kshs
Revenue from Non-Exchange Transactions			
Grants and donations	21	4,065,559,152	3,919,313,218
		4,065,559,152	3,919,313,218
Revenue From Exchange Transactions			
Tuition, Boarding and application fees	22	3,333,842,858	3,414,107,035
Rental revenue from facilities and equipment	23	25,838,038	35,970,532
Other income	24	40,140,792	34,557,973
		3,399,821,688	3,484,635,540
Total Revenue		7,465,380,840	7,403,948,758
Expenses			
Employee costs	25	4,804,589,630	3,618,552,292
General expenses	26	1,308,313,701	1,119,803,612
Repairs and maintenance	27	427,692,110	263,131,568
Operational expenses	28	340,609,304	329,775,137
Depreciation and amortization expense	29	384,801,418	357,016,057
Expenses of the boards, committees & conferences	30	37,200,220	49,131,292
Finance costs	31	8,484,353	4,972,778
Total Expenses		7,311,690,737	5,742,382,736
Surplus for the Period		153,690,103	1,661,566,021

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

KENYA MEDICAL TRAINING COLLEGE
Quality training of health professionals towards realization of Vision 2030

STATEMENT OF FINANCIAL POSITION

AS AT 30TH JUNE 2020

	Note	2019-2020	2018-2019
		Kshs	Kshs
Assets			
Current Assets			
Cash and cash equivalents	32	536,976,120	1,559,738,289
Receivables from exchange transactions	33	864,601,096	458,872,363
Receivables from non-exchange transactions	34	519,812,180	782,376,064
Inventories	36	36,477,432	32,309,146
Total Current Assets		1,957,866,828	2,833,295,861
Non-Current Assets			
Property, plant and equipment	35	7,532,433,366	6,859,247,709
Total Assets		9,490,300,194	9,692,543,571
Current Liabilities			
Trade and other payables from exchange transactions	37	440,715,106	796,648,585
Total Liabilities		440,715,106	796,648,585
Net assets		9,049,585,088	8,895,894,985
Equity			
Capital fund	38	4,727,538,005	4,727,538,005
Accumulated fund	39	4,322,047,083	4,168,356,980
Total Equity		9,049,585,088	8,895,894,985

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

15th September, 2020



CPA Elijah Mititi
 Finance Manager
 ICPAK No: 23480
 15th September, 2020



Prof. Philip Kaloki, EBS
 Chairperson of the Board

15th September, 2020

KENYA MEDICAL TRAINING COLLEGE
Quality training of health professionals towards realization of Vision 2030

STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 30TH JUNE 2020

CASH FLOWS FROM OPERATING ACTIVITES	Note	2019-2020	2018-2019
		Kshs	Kshs
Cash generated from operations	40	35,224,906	759,266,392
Net cash flow from operating activities		35,224,906	759,266,392
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant, equipment and intangible assets	35	(1,057,987,075)	(823,055,067)
Net cash flows used in investing activities		(1,057,987,075)	(823,055,067)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase /(decrease) Bank overdraft		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		(1,022,762,169)	(63,788,675)
Cash and cash equivalents at 1 JULY 2018		1,559,738,289	1,623,526,964
Cash and cash equivalents at 30 JUNE 2019		536,976,120	1,559,738,289

KENYA MEDICAL TRAINING COLLEGE
Quality training of health professionals towards realization of Vision 2030

**STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 30TH JUNE 2020**

	Capital Fund	Accumulated Funds	Total
	Kshs.	Kshs.	Kshs.
Balance as at 01.07.2018	4,727,538,005	2,506,790,959	7,234,328,964
Surplus for the year	0	1,661,566,021	1,661,566,021
Balance as at 30.06.2019	4,727,538,005	4,168,356,980	8,895,894,985
Balance as at 01.07.2019	4,727,538,005	4,168,356,980	8,895,894,985
Surplus for the year	0	153,690,103	153,690,103
Balance as at 30.06.2020	4,727,538,005	4,322,047,083	9,049,585,088

KENYA MEDICAL TRAINING COLLEGE
Quality training of health professionals towards realization of Vision 2030

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE YEAR ENDED 30TH JUNE 2020

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference		Note
						%	
	Kshs	Kshs	Kshs	Kshs	Kshs		
Revenue from Non-Exchange Transactions							
Grants and donations	3,382,309,152	683,250,000	4,065,559,152	4,065,559,152	0	0	
Revenue from Exchange Transactions							
Tuition, Boarding and application fees	3,764,853,000		3,764,853,000	3,333,842,858	-431,010,142	11	(a)
Rental revenue from facilities and equipment	30,010,000		30,010,000	25,838,038	-4,171,962	14	
Other income	37,097,000		37,097,000	40,140,792	3,043,792	8.2	
	<u>3,831,960,000</u>	<u>683,250,000</u>	<u>3,831,960,000</u>	<u>3,399,821,688</u>			
Total Revenue	-	-	-	-			
	-			-			
Expenses	-			-			
Employee costs	4,608,007,001	204,006,000	4,812,013,001	4,804,589,630	7,423,371	0.2	
General expenses	1,717,728,364		1,717,728,364	1,308,313,701	409,414,663	24	(b)
Repairs and maintenance	306,783,350	124,702,187	431,485,537	427,692,110	3,793,427	0.9	
Operational expenses	459,300,020		459,300,020	340,609,304	118,690,716	26	(c)
Depreciation and amortization expense	384,495,000		384,495,000	384,801,418	-306,418	-0.08	
Expenses of the boards, committee & conferences	50,000,000		50,000,000	37,200,220	12,799,780	26	(d)
Finance costs	5,045,000		5,045,000	8,484,353	-3,439,353	-68	(e)
Total Expenses	<u>7,531,358,735</u>	<u>328,708,187</u>	<u>7,860,066,922</u>	<u>7,311,690,736</u>			

- (a) Tuition, Boarding and application fees target was under achieved due to Covid 19 outbreak which affected the second semester.
- (b) Decrease in General expenses was attributed to reduced physical activities due to closure of campuses due to Covid 19
- (c) The operational expenses under-performed by 26% due to reduced operations as result of Covid 19.
- (d) Board expenses was due to activities not undertaken due to Covid 19 outbreak.
- (e) Increase in finance costs is attributable charges arising from increased Bank transactions.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2020**

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 30th June 2020

STANDARD	IMPACT
IPSAS40: Public Sector Combination	Applicable: 1st January 2019 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 2020**

**New and amended standards and interpretations in issue but not yet effective
 In the year ended 30th June 2020**

Standard	Effective date and impact
IPSAS41: Financial Instruments	<p>Applicable: 1st January 2022: 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. IPSAS 41 provides users of financial with more useful information than IPSAS 29, by</p> <ul style="list-style-type: none"> •Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; •Applying a single forward looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and •Applying an improved hedge accounting model that broadens the hedging 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. <p><i>This standard will not have an impact on the colleges activities</i></p>
IPSAS42: Social Benefits	<p>Applicable: 1st January 2022 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. The information provided should help users of the financial statements and the general purpose report to asses</p> <p>(a) The nature of such social benefits provided by the entity (b) The key features of operation of those social benefit schemes and, (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flow.</p> <p><i>This standard will not have an impact on the colleges activities</i></p>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2020

iii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2020

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.

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.

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 2020**

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 FY2019/2020 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 553Million on the 2019/2020 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 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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2020**

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.

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.

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 2020**

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.

Related party transactions		
Ministry of health	2020	2019
Transfers from Ministry of Health	4,065,559,152	3,067,766,608
Transfers to Ministry of Health	Nil	Nil
Compensation to key Management	2020	2019
Directors Emoluments	14,855,533	15,574,450
Key management staff	31,672,619	40,840,804
Due from related parties		
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 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2020**

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 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 College. Such changes are reflected in the assumptions when they occur.

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:

- The condition of the asset based on the assessment of experts employed by the College
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

17) 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, 2020

18) Taxation

The statement of financial performance for the year ended June 30, 2020 does not include a taxation charge since the institution is exempted from corporation tax.

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 2020**

19) Financial Risk Management

The College's activities expose it to a variety of financial risks including credit and liquidity risks. The College does not deal with foreign currency and thus has no effects of changes in foreign

currency. The college's 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 company 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 college's financial risk management objectives and policies are detailed below:

(i) Credit risk

The college 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 trade and other receivables.

Management controls credit risk through a strict fee collection policy that endeavours to ensure revenue is collected in full. Management assesses the credit quality of each customer, mostly sponsors, 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 board of directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the college'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:

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30TH JUNE 2020				
Receivables from exchange transactions	864,601,096	864,601,096	Nil	Ni
Receivables from non-exchange transactions	519,812,180	500,000,000	19,812,180	Ni
Total	1,384,413,276	1,364,601,096	19,812,180	
At 30 June 2019				
Receivables from exchange transactions	459,506,281	459,506,281	Nil	Ni
Receivables from non-exchange transactions	782,376,064	762,563,884	19,812,180	Ni
Total	1,241,882,345	1,222,070,165	19,812,180	

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2020**

Credit risk (Continued)

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 company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The entity has significant concentration of credit risk on amounts due from outstanding tuition fees.

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

(ii) Liquidity risk management

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

20) Contingent Liabilities

The college 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. The following are considered as contingent liabilities.

Wathanagu Holdings Ltd -Vs- The Hon. Attorney General & 4 Others	Plaintiff states that the defendants have been interfering with its rights of ownership and occupation of its property LR No. 209/12109 and prays that the court makes a declaration that the defendants are jointly and severally liable to compensate them by way of damages for the loss of user and other infringement of its rights and privileges amounting to Kshs.1, 652,087,004 and the costs of the suit. Our legal team is pursuing the matter towards speedy conclusion.
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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 2020**

**Note 21:
 Revenue from Non Exchange Transactions**

Grants and Donations

	2020		2019
	(Kshs.)		(Kshs.)
Government of Kenya grants	4,065,559,152		3,919,313,218
TOTAL	4,065,559,152		3,919,313,218

**Note 22:
 Revenue from Exchange transactions**

	2020		2019
	(Kshs.)		(Kshs.)
Tuition and Boarding fees	3,273,632,763		3,374,061,035
Application fees	60,210,095		40,046,000
TOTAL	3,333,842,858		3,414,107,035

Note 23:

	2020		2019
	(Kshs.)		(Kshs.)
Rental income	25,838,038		35,970,532
TOTAL	25,838,038		35,970,532

**Note 24:
 Other Income**

	2020		2019
	(Kshs.)		(Kshs.)
Sale of tender documents	5,000		11,500
Sale of Non-Capital goods	33,032		105,960
Miscellaneous income	40,102,760		34,440,513
TOTAL	40,140,792		34,557,973

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 2020**

Note 25:

Employee Costs

	2020		2019
	(Kshs.)		(Kshs.)
Salaries and wages	1,844,444,543		1,350,718,115
Contributions to pensions	284,754,013		282,804,137
House allowances	438,746,959		388,607,541
Medical insurance	490,534,059		399,261,279
Commuter and other allowances	594,698,489		261,860,584
Health workers extraneous allowances	551,978,629		242,659,059
Travelling and accommodation – local	594,636,451		689,294,225
Travelling and accommodation – external	4,796,487		3,347,352
TOTAL	4,804,589,630		3,618,552,292

Note 26:

General Expenses:

	2020		2019
	(Kshs.)		(Kshs.)
Purchase of uniforms and clothing	19,466,586		26,840,434
Fees and commissions	214,879,090		246,073,150
Staff training expenses	88,313,951		90,563,697
Postal and telegrams	13,743,988		14,076,851
Telephone	27,244,624		29,004,626
Electricity	66,082,873		66,931,920
Water and conservancy	35,515,508		41,318,716
Stationery	151,391,816		73,804,690
Rent and rates	3,979,138		2,702,837
Contracted professional services	234,069,432		186,015,308
Insurance of property	184,325,602		153,086,720
Internet Expenses	39,415,826		29,110,501
Advertising, printing and publicity	92,728,500		73,675,495
Official entertainment	44,572,524		44,841,939
Computer expenses	39,465,103		37,728,131
Audit Fee	3,480,000		3,480,000
Increase/Decrease in provision for bad debts	49,639,140		548,596
TOTAL	1,308,313,701		1,119,803,612

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 2020**

Note 27:

Repairs and Maintenance

	2020		2019
	(Kshs.)		(Kshs.)
Maintenance of plant and machinery	22,028,196		33,633,859
Maintenance of buildings and stations	405,663,914		229,497,709
TOTAL	427,692,110		263,131,568

Note 28:

Operational costs

	2020		2019
	(Kshs.)		(Kshs.)
Transport operating	55,737,431		62,002,648
Food and rations	30,731,323		17,533,320
Library expenses	40,151,149		17,328,052
Cleansing materials	15,055,289		13,355,112
Teaching materials	79,907,881		82,713,629
Student activity and sports	38,735,852		38,695,309
Student Allowance	58,214,500		85,038,339
Fuel, gas and firewood	2,622,593		3,003,190
Insecticides and pesticides	10,096,198		4,252,889
Drugs and dressings	9,357,088		5,852,649
TOTAL	340,609,304		329,775,137

Note 29:

Depreciation and Amortization Expenses

	2020		2019
	(Kshs.)		(Kshs.)
Depreciation Expenses	384,801,418		357,016,057
TOTAL	384,801,418		357,016,057

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 2020**

**Note 30:
 Expenses of Boards, Committees and
 Conferences**

	2020		2019
	(Kshs.)		(Kshs.)
Sitting allowances	12,156,000		16,600,000
Honoraria(Chairman)	1,044,000		1,044,000
Lunch allowances	788,000		1,106,000
Mileage	3,584,470		5,276,949
Travelling and accommodation (local	13,959,400		20,378,263
Medical insurance	665,550		476,080
CEOs Emoluments	5,002,800		4,250,000
TOTAL	<u>37,200,220</u>		<u>49,131,292</u>

**Note 31:
 Finance Costs**

	2020		2019
	(Kshs.)		(Kshs.)
Bank charges	8,484,353		4,972,778
TOTAL	<u>8,484,353</u>		<u>4,972,778</u>

**Note 32:
 (i) Cash and Cash Equivalents**

	2020		2019
	(Kshs.)		(Kshs.)
Cash at Hand	706,598		1,162,718
Cash at Bank	536,060,228		1,551,676,312
Pay bill	209,294		6,899,259
TOTAL	<u>536,976,120</u>		<u>1,559,738,289</u>

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 2020**

(ii) Detailed cash and cash equivalents

Bank	Account numbers	Amount
Current accounts		
National bank of Kenya	Various	286,473,902
Kenya commercial bank	Various	245,414,114
Cooperative bank of Kenya	Various	4,172,212
Others		0
Cash in hand	Various	706,598
Safaricom Pay bill	964150	209,294
Total		536,976,120

Note 33:

Receivables from Exchange Transactions

	2020	2019
	(Kshs.)	(Kshs.)
Trade receivables (outstanding fee balances)	873,727,770	380,130,614
Rent receivable	76,677,780	73,883,540
Temporary imprests	7,983,200	19,609,859
Salary advances	926,229	662,734
Prepayments	326,673	29,987,032
Provision for bad debts	(95,040,555)	(45,401,415)
Total	864,601,096	458,872,363

Note 34:

**Receivables from Non-Exchange
 Transactions**

	2020	2019
	(Kshs.)	(Kshs.)
Government of Kenya grant	500,000,000	762,563,884
Ministry of Health	19,812,180	19,812,180
Total	519,812,180	782,376,064

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 2020**

Note 35

PROPERTY, PLANT AND EQUIPMENT									
	Land	Buildings	Work in Progress	Motor Vehicles	Plant, Office and Other Equipment	Furniture and Fittings	Computers and Accessories	Totals	
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
COST									
Balance b/f (01.07.2018)	1,165,920,000	3,658,875,380	555,372,589	366,220,945	2,509,057,699	484,462,328	573,324,906	9,313,233,847	
Transfer TO/(FROM)	-	257,755,284	(257,755,284)	-	-	-	-	-	
Additions during the year	-	-	384,238,981	61,199,000	231,517,948	75,000,413	71,098,725	823,055,067	
Balance as at 30.06.2019	1,165,920,000	3,916,630,664	681,856,286	427,419,945	2,740,575,647	559,462,741	644,423,631	10,136,288,914	
DEPRECIATION:									
Balance as at 01.07.2018	-	831,391,101	-	256,124,276	1,310,476,938	188,781,571	333,251,262	2,920,025,148	
Charge for the year	-	70,687,107	-	27,524,167	149,822,595	36,960,095	72,022,093	357,016,057	
As at 30.06.2019	-	902,078,208	-	283,648,443	1,460,299,533	225,741,666	405,273,355	3,277,041,205	
Net Book Value (as at 30.06.2019)	1,165,920,000	3,014,552,456	681,856,286	143,771,502	1,280,276,114	333,721,075	239,150,276	6,859,247,709	
COST:									
Balance b/f (01.07.2019)	1,165,920,000	3,916,630,664	681,856,286	427,419,945	2,740,575,647	559,462,741	644,423,631	10,136,288,914	
Transfer TO/FROM	-	-	-	-	-	-	-	-	
Additions during the year	-	-	463,142,437	136,714,000	287,172,548	104,139,142	66,818,949	1,057,987,075	
Balance as at 30.06.2020	1,165,920,000	3,916,630,664	1,144,998,723	564,133,945	3,027,748,195	663,601,883	711,242,580	11,194,275,989	
DEPRECIATION:									
Balance as at 01.07.2019	-	902,078,208	-	283,648,443	1,460,299,533	225,741,666	405,273,355	3,277,041,205	
Charge for the year	-	75,363,812	-	35,942,875	160,034,514	41,715,134	71,745,083	384,801,418	
As at 30.06.2020	-	977,442,020	-	319,591,318	1,620,334,047	267,456,800	477,018,438	3,661,842,623	
Net Book Value (as at 30.06.2020)	1,165,920,000	2,939,188,644	1,144,998,723	244,542,627	1,407,414,148	396,145,083	234,224,142	7,532,433,366	

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 2020**

Note 36:

Inventory

	2020		2019
	(Kshs.)		(Kshs.)
Stationery and related items	22,940,939		20,304,309
Electrical items	2,178,718		0
Maintenance items	1,408,282		8,607,084
Other consumables	9,949,492		3,397,753
Total	36,477,432		32,309,146

Note 37:

Payables	2020		2019
	(Kshs.)		(Kshs.)
Trade and other Payables from Exchange Transactions	440,715,106		796,648,584
Total	440,715,106		796,648,584

Note 38:

Capital Fund			
	2020		2019
			(Kshs.)
GOK Capital investment	4,727,538,005		4,727,538,005

Note 39:

Accumulated Fund			
	2020		2019
	(Kshs.)		(Kshs.)
Balance at start of the year	4,168,356,980		2,506,790,950
Surplus for the year	153,690,103		1,661,566,020
Balance at end of year	4,322,047,083		4,168,356,980

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30TH JUNE 2020**

Note 40

Cash flow from operating activities

	2020		2019
	(Kshs.)		(Kshs.)
Surplus for the year before tax	153,690,103		1,661,566,021
Adjusted for:			
Depreciation expense	384,801,418		357,016,057
Working capital adjustments:			
Decrease (Increase) in inventory	(4,168,285)		(10,914,351)
Decrease(Increase)in receivables	(143,164,851)		(793,246,267)
Increase (Decrease)in payables	(355,933,479)		(455,155,068)
Net cash flows from operating activities	<u>35,224,906</u>		<u>759,266,392</u>

KENYA MEDICAL TRAINING COLLEGE
Quality training of health professionals towards realization of Vision 2030

Appendix I:

BREAK DOWN OF TRANSFERS FROM THE MINISTRY OF HEALTH 2019/2020 FY

a.	Recurrent Grants	Bank Statement Date	Amount (KShs)	FY it relates to
		06.08.2019	242,609,096.00	2019/2020
		09.09.2019	242,609,096.00	2019/2020
		01.10.2019	242,609,096.00	2019/2020
		04.11.2019	242,609,096.00	2019/2020
		29.11.2019	242,609,096.00	2019/2020
		27.12.2019	242,609,096.00	2019/2020
		04.02.2020	242,609,096.00	2019/2020
		03.03.2020	242,609,096.00	2019/2020
		01.04.2020	242,609,096.00	2019/2020
		06.04.2020	31,500,000.00	2019/2020 (UHC)
		08.05.2020	242,609,096.00	2019/2020
		08.06.2020	242,609,096.00	2019/2020
		10.06.2020	10,500,000.00	2019/2020 (UHC)
		23.06.2020	113,250,000.00	2019/2020 (Supplementary)
		29.06.2020	242,609,096.00	2019/2020
		07.07.2020	500,000,000.00	2019/2020 (COVID – 19)
		07.07.2020	18,251,500.00	2019/2020 (COVID – 19)
		Total	3,584,810,652.00	
b.	Development Grants	Bank Statement Date	Amount (KShs)	FY it relates to
		30.01.2019	117,750,000.00	
		30.01.2019	117,750,000.00	
		02.03.2020	117,750,000.00	
		27.04.2020	117,750,000.00	
		27.04.2020	70,000,000.00	(Supplementary)
		Total	541,000,000.00	
c.	Direct Payments	Bank Statement Date	Amount (KShs)	FY it relates to
		NIL	NIL	NIL
		Total	NIL	

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

KENYA MEDICAL TRAINING COLLEGE
Quality training of health professionals towards realization of Vision 2030

APPENDIX II: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

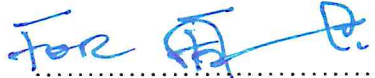
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status	Timeframe
1.1	Receivables from exchange and non-exchange transactions include brought forward amounts of Kshs.19,812,181 & 21,831,115 from Kenya National Hospital and Ministry of Health respectively and which although recommended for write off by the Board were not expunged from the books of account because approval had not been obtained from the parent ministry	The issue has been presented to the Public Investment Committee	Chief Executive Officer- KMTC	Not resolved	Ongoing
1.2	No lease agreement between Kenya Medical Training College & Nairobi University to enable verification of receivables amount of Kshs.61,853,440 from Nairobi University	The issue has been presented to the Public Investment Committee. The college and University of Nairobi are currently having the matter arbitrated by Attorney General	Chief Executive Officer- KMTC	Not resolved	Ongoing
2.	Title documents of 22 parcels of land which form part of the Property Plant and Equipment valued at Kshs.502,485,000 have not been availed for audit review	The college has appointed regional surveyors to sort out the	Chief Executive Officer- KMTC	Not resolved	Ongoing

KENYA MEDICAL TRAINING COLLEGE
Quality training of health professionals towards realization of Vision 2030

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status	Timeframe
		valuation and title deed issue			
3.	The college opened new constituent campuses contrary to part 4.0 of expansion and policy guidelines section 1 and 3	The issue is being handled by the Board of Directors	Board of Directors-KMTC	Not resolved	Ongoing



Prof. Michael Kiptoo
 Chief Executive Officer



Prof. Philip Kaloki, EBS
 Chairperson, KMTC Board