




*Enhancing Accountability*



 <b>REPORT</b>	
<b>THE NATIONAL ASSEMBLY PAPERS LAID</b>	
<b>DATE:</b> 02 FEB 2022	<b>DAY:</b> Wed
<b>TABLED BY:</b> LOM	<b>OF</b>
<b>CLERK-AT THE-TABLE:</b> Perpetual Karany	

**THE AUDITOR-GENERAL**

**ON**

**KENYATTA UNIVERSITY TEACHING  
REFERRAL AND RESEARCH HOSPITAL**

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





KENYATTA UNIVERSITY TEACHING REFERRAL AND RESEARCH HOSPITAL

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KENYATTA UNIVERSITY TEACHING REFERRAL AND RESEARCH  
HOSPITAL

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDING JUNE 30, 2020

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



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**KEY KUTRRH INFORMATION AND MANAGEMENT**

**I. INTRODUCTION**

**1.1 BACKGROUND**

Kenyatta University Teaching, Referral and Research Hospital was established as a state corporation under the State Corporations Act Cap 446 through a Legal Notice No.4 of 2019. The Hospital's infrastructure was constructed by M/s China Jiangxi Corporation for International Economic and Technical Co-operation (CJIC). The Contract was signed on 12th August 2010; construction works commenced on 1st November 2012, and was completed on 14th December 2016.

Subsequent to the legal order, the Hospital Board was inaugurated by the Cabinet Secretary, Ministry of Health, on Monday, 8th April 2019 and an Acting Chief Executive Officer appointed, with the principal assignment of operationalizing the Hospital by August 2019. The Hospital was handed over to the Hospital Board by the Contractor on 24th May, 2019. The board advertised and has successfully appointed 630 staff including four (4) Directors. The Hospital opened its doors to the first patient on Monday, 28th October, 2019 after successfully conducting a dry run from 27th September to 27th October, 2019 that was followed by a successful soft run between 28/10/2019 to 24/11/2019. More than 36,000 patients have been attended in the various departments that were operational.

The Hospital is an ultra-modern 650-bed state-of-the-art Hospital sitting on 100 acres of land along the northern bypass road. It is providing tertiary (highly specialized) health care services as a referral facility for level 4 and 5 facilities in the region, thereby helping decongest Kenyatta National Hospital (KNH) and surrounding county government Hospitals. In addition, and in keeping up with evidence-based decision making, it will also provide training and research services with the aim of becoming the Model for research based Integrated Health Care Delivery System that responds to global health issues. KUTRRH is also poised to be the only Public facility in East and Central African region to offer the complete continuum of Cancer treatment with the proposed establishment of the Integrated Molecular Imaging Cancer diagnostic and Treatment Centre.

**1.2 VISION**

To be a premier National Referral Hospital renowned for clinical excellence, medical training and research that enhances quality of lives for Kenyans and the regional citizens.





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**1.2.1 MISSION**

To enhance quality of lives through provision of patient-centered and evidence-based health care, training, innovation and state of the art technology.

**1.3 STRATEGIC GOALS**

The functions of the Hospital as enumerated in the Legal Notice No. 4 of 25th January 2019 of the State Corporations Act (Cap 446) are:

1. To receive patients on referral from other hospitals or institutions within or outside Kenya for specialized health care;
2. To provide facilities for medical education for University and for Research either directly or through other co-operating health institutions;
3. To provide facilities for education and training in nursing and other health and allied professions;
4. To participate as a national referral Hospital in national health Planning.

**1.3.1 SPECIFIC OBJECTIVE**

Provision of Quality Specialized Health Services and Modernization of Infrastructure and Medical Equipment.

**“THE BIG FOUR” GOVERNMENT AGENDA**

KUTRRH is playing a key role in enhancing public access to high quality and affordable health care for all as envisioned in the Universal Health Care pillar of the Government’s Big four Agenda. KUTRRH is well positioned to address the increasing demand for highly specialized quality health care services due to the growing population, emerging increase in Non-Communicable Diseases such as cancer, limited number of specialized health facilities, shortage of medical personnel, and lack of specialized research.

**KEY MANAGEMENT**

The KUTRRH’s day-to-day management is under the following key offices:

- Chief Executive Officer
- Directors of Departments
- Secretariat



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**FIDUCIARY MANAGEMENT**

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

No.	Designation	Name
1.	Ag. Chief Executive Officer	Dr. Andrew J. Toro (Until 8th January 2020) Dr. J. Wekesa Masasabi (From 8th January 2020 to July 8th 2020) Dr. Victor Njom Miganda (From 8th July 2020)
2.	Director of Clinical Services	Dr. Victor Njom Miganda
3.	Director of Finance and Strategic Planning	CPA Samuel N Mwaura
4.	Director of Corporate affairs and Administration	Dr. Tabby W Mungai
5.	Director Nursing Services	Mrs. Naomi Nyarangi

All the Directors of different directorates were recruited in the 1st Quarter and took office in the 2nd Quarter ending 31st December 2019.

**FIDUCIARY OVERSIGHT ARRANGEMENTS**

**The Finance Strategy and Planning committee functions includes:**

- Development of Strategic Plans
- Reviews and approves Budgets, Annual Work Plans and Procurement Plans
- Makes recommendations to the Board on how to improve service delivery.
- Monitors the implementation of Budgets, Procurement Plans and usage of Hospital finances and resources.
- Resource mobilization.
- Performs any other tasks that may be assigned by the board geared towards implementing the mandate of the board.

**The Audit and Compliance Committee function**

- To monitor the financial integrity of financial statements of the board and any communication relating to the Hospitals Financial Performance
- To review the Hospitals internal financial control and risk management systems
- To monitor and review the effectiveness of Hospitals internal audit function and make recommendations to the Board, in relation to the appointment of an external auditor and proposed remuneration and terms and conditions of the external auditor
- Advise the Hospital Board on financial investments and risks thereof
- Perform any activities that may be assigned by the Hospital Board



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**KUTRRH HEADQUARTERS**

Kenyatta University Teaching, Referral & Research Hospital,  
Located at: Northern Bypass Rd., Kahawa West, Nairobi  
P.O Box 7674 - 00100 GPO  
Nairobi, Kenya

**KUTRRH CONTACTS**

Tel: +254 780 900519  
+254 714 177465  
+254 710 642513 (WhatsApp) Email: [info@kutrrh.go.ke](mailto:info@kutrrh.go.ke)  
Website: [www.kutrrh.go.ke](http://www.kutrrh.go.ke)  
**KUTRRH BANKERS**

Kenya Commercial Bank  
Thika Road Mall (TRM) Branch  
P O Box 105515-00101  
Nairobi  
Kenya

**INDEPENDENT AUDITORS**  
Office of the Auditor General  
Kenya National Audit Office  
Anniversary Towers, University Way  
P.O. Box 30084  
GOP 00100  
Nairobi, Kenya

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



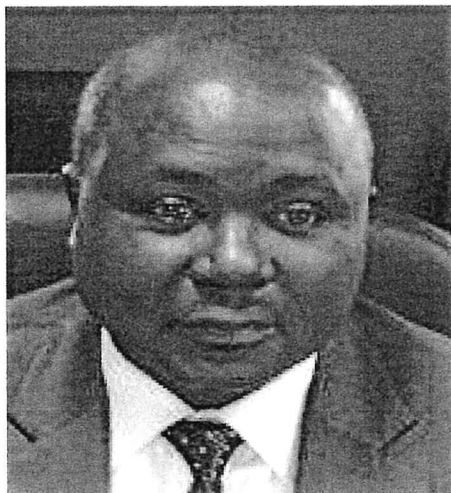
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**THE BOARD OF DIRECTORS**



**Prof. Olive Mugenda, Ph.D., EBS, CBS  
CHAIRPERSON**

Prof. Mugenda holds MSc and Ph.D. degrees from Iowa State University (USA). She also holds an MBA degree from ESAMI, Arusha (Tanzania). She was previously the Vice Chancellor of Kenyatta University from 2006 to 2016. Before this, she was the Deputy Vice Chancellor (Finance Planning & Development). She has also held various Board positions in a number of organizations including Chairperson, Association of Commonwealth Universities; Vice-President-International Association of Universities; Director, Nation Media Group; Member, Association of African Universities; Kenya National Examinations Council; Kenya Education Management Institute (KEMI) among others.




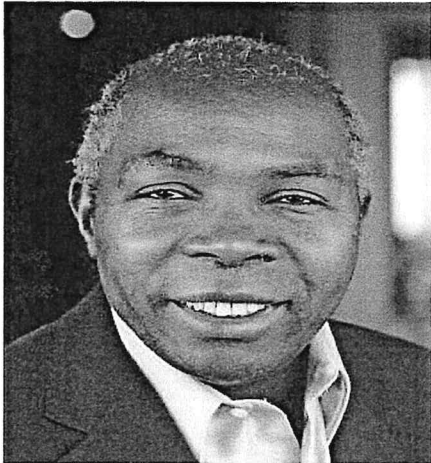
**Dr. John W. Masasabi  
Ag. CHIEF EXECUTIVE OFFICER**

Dr. Masasabi is the Ag. CEO of the hospital. He has over 33 years of experience in Health Systems Management and was instrumental in the formulation of the Kenya Health Policy (2014-2030) while serving as the Head, Department of Policy, Planning and Healthcare Financing, in the Ministry. He holds a Bachelors degree in Medicine and Surgery and a Masters degree in Medicine (General Surgery) from the University of Nairobi. He holds a post graduate diploma in health systems management (Israel) and Policy analysis and implementation in addition to strategic leadership from the Kenya school of Government. Currently undertaking a PhD in Health Systems Management at the Kenya Methodist University




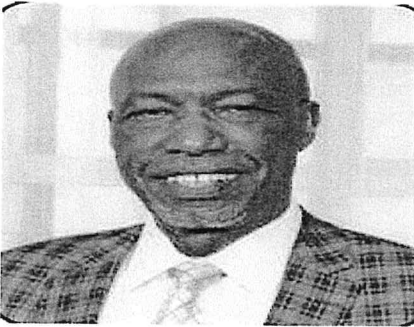
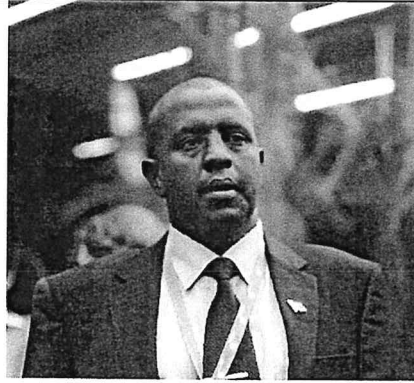


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 <p><b>Ms. Gladys Ogallo</b></p>	<p>Gladys is an experienced and an accomplished HRM specialist and board member, serving on both Africa and International boards. She has sector experience in Telecommunications, Banking, Insurance, Investment and Education with special reference to managing Human Resources. She is currently the Managing Director of Virtual Human Resources Services Ltd, a Human Resource consulting company.</p>
 <p><b>Mr. Kithinji Kiragu, OGW, MBS</b></p>	<p>Kithinji Kiragu (KK) has over the past 30 years professionally practised as a public sector management and governance consultant. KK is currently a director of the Africa Development Professional Group. Prior to that, until June 2007, he was a Partner in PricewaterhouseCoopers (PwC) based in Kenya, and responsible for public sector management advisory services in the Africa Central region.</p>
<p><b>Ms. Jane Wambugu</b> Alternate PS, Treasury</p>	<p>Ms. Jane Wambugu Alternate PS, Treasury</p>
<p><b>Ms. Pauline Mcharo</b> Alternate Attorney General</p>	<p>Ms. Pauline Mcharo Alternate Attorney General</p>
<p><b>Dr. Alfred Karagu</b> Alternate PS, Treasury</p>	<p>Dr. Alfred Karagu Alternate PS, Treasury</p>
<p><b>Dr. Gilbert Munyoki</b> Dean, School of Medicine Kenyatta University</p>	<p>Dr. Gilbert Munyoki Dean, School of Medicine Kenyatta University</p>



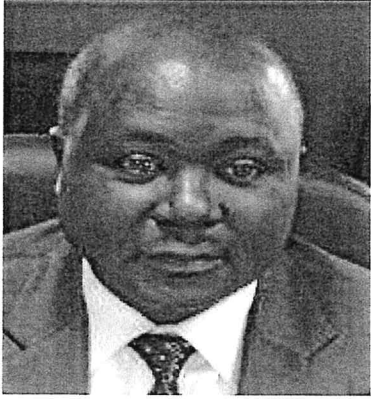

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 <p>Mr. Onaya Odeck</p>	<p>Mr. Narry P. Onaya – Odeck holds a Masters degree in Project Planning and management and Bachelor’s Degree in Education from the University of Nairobi. Mr. Onaya Odeck is a seasoned administrator with vast professional leadership skills in administration, HR management and communication. He is currently a member of council at Kenyatta University which he represents at KUTRRH’s Board of Directors.</p>
 <p>Prof. Paul Wainaina, Ph.D. VC, Kenyatta University</p>	<p>Prof. Paul Kuria Wainaina is the current Vice Chancellor of Kenyatta University, a position he has held since 26th January, 2018. He is a full Professor of Education, specializing in Philosophy of Education. Professor Wainaina earned his Ph.D. from the University of Alberta in 1985, a Master of Arts in Education, and a Bachelor of Education (Arts) from the University of Nairobi in 1982 and 1976, respectively.</p>
 <p>Mr. Dan Mesis - Alternate PS, University Education &amp; Research</p>	<p>Mr. Dan Mesis - Alternate PS, University Education &amp; Research</p>



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**MANAGEMENT TEAM**

	DIRECTORS	RESPONSIBILITY
1.	 <p>Dr. John W. Masasabi ,MD Ag. CHIEF EXECUTIVE OFFICER</p>	<p>Providing strategic leadership; drawing and execution of plans for implementation of the Hospital's mandate and overall implementation of the Board's decisions.</p>
2.	 <p>MR. SAMUEL MWAURA ,MBA,CPA(K) Director of Finance and Strategic Planning</p>	<p>Organize and co-ordinate financial management functions; Ensure optimal utilization of financial resources, Ensure compliance with statutory requirements; Financial reporting to management and regulatory bodies. Provide technical guidance on formulation and implementation of strategies &amp; polices; establishment and implementation of monitoring &amp; evaluation systems; budgeting and development of quality improvement initiatives.</p>



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3.	 <p><b>DR. VICTOR NJOM,MD</b> Director of Clinical Services</p>	<p>The mandate of the Director Clinical services is to monitor clinical performance throughout the Hospital, promote culture of excellence in patient safety, quality of care and patient experience”.</p>
4.	 <p><b>DR. TABBY MUNGAI, PhD</b> Director of corporate affairs and Administration</p>	<p>Providing technical and professional guidance to administrative functions of the hospital; ensuring effective execution of Hospital mandate; ensuring optimal utilization of resources</p>
5.	 <p><b>MRS. NAOMI NYARANGI, MBA ,BSN</b> Director Nursing Services</p>	<p>Formulation, review and interpretation of KUTRRH health care policies relating to nursing services; ensuring compliance to Nursing Statutory and regulatory requirements; facilitating development and review of training programs for nurses in the Hospital.</p>
6	<p><b>M/S SYLVIA N AKOTO, LLB</b> Corporation Secretary</p>	<p>Provision of Legal and company secretarial services to the Hospital</p>





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**CHAIRMAN'S STATEMENT**

The operationalization of Kenyatta University Teaching, Referral & Research Hospital that culminated to the opening of its doors to patients on 28th October 2019 marked a momentous milestone of a journey that started with the conceptualization of the idea in the year 2008.

KUTRRH is playing a key role in enhancing public access to high quality and affordable health care for all as envisioned in the Universal Health Care pillar of the Government's Big Four Agenda. To achieve this, the hospital is equipped with state-of-the-art technology and equipment that will support our highly skilled Healthcare workforce in delivery of care.

In addition to the many specialty's areas, KUTRRH is poised to become the only Public facility in East and Central African region to offer the comprehensive continuum of Cancer care with the establishment of an Integrated Molecular Imaging Cancer diagnostic and Treatment Center. This center will have state of the art PET/CT and Spectre/CT technologies that will help in early diagnosis and management of Cancer that will be expected to increase the survivorship of cancer patients, reverse outbound medical tourism while at the same time increasing in-bound medical tourism to Kenya.

The Coronavirus disease 2019 (COVID-19) that was first identified in Wuhan City, China in November 2019 was declared a pandemic on March 11 2020 by the World Health Organization, with the Ministry of Health announcing the confirmation of the first case of CoVID-19 infection in Kenya on 12th March 2020. Kenyatta University Teaching, Referral and Research Hospital was gazetted as a primary Treatment and Isolation facility on March 2020 and has been playing its role in helping the government's fight against the pandemic by providing space and expertise to combat the spread of the disease in the country. The board is committed to putting in place the governance and leadership structures that will ensure the Hospital achieves its strategic objectives and the core mandate of being a preferred public referral facility, renowned for highly specialized and quality healthcare both for the country and the region.



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**REPORT OF THE CHIEF EXECUTIVE OFFICER**

Kenyatta University Teaching, Referral and Research Hospital operationalization journey started with its established as a state corporation under the State Corporations Act Cap 446 through a Legal Notice No.4 of 2019, followed by the appointment of the Hospital Board which was inaugurated by Cabinet Secretary, Ministry of Health, on Monday, 8th April 2019.

The Hospital was handed over to the Board by the Contractor on 24th May, 2019, which then embarked on putting in place the required legal, physical and human resource structures to operationalize. KUTRRH opened its doors to the first patient on Monday, 28th October, 2019 after successfully conducting a dry run from 27th September to 27th October, 2019. This was followed by a successful a soft run between 28/10/2019 to 24/11/2019. The operationalization strategy focused on opening of four departments i.e. Accidents and Emergency, Oncology Centre, Renal Centre, Trauma and Orthopaedics as well as supporting departments such as Wards, ICU, Laboratory, Radiology, Pharmacy, Catering and funeral home.

As a Hospital we are excited that we have managed to carry out very successful craniotomy, orthopedics, caesarean section and general surgery cases. In addition, our Renal dialysis unit is serving more than 15 patients per day and while our cancer patients are receiving Chemotherapy and radiotherapy treatments in our facility. As a gazetted treatment and isolation facility for Covid-19, we have treated more than 1396 patients with majority of them recovering. The hospital also carried out a successful medical camp outreach in the surrounding settlements and free Surgical camp where 75 life transforming surgeries for Cleft Palate patients were carried out with the aim of sensitizing the public on the nature of the referral status of the hospital as one of the strategies to make KUTRRH the top-of-the-mind referral services facility in Kenya.

KUTRRH is well positioned to address the increasing demand for highly specialized quality health care services due to the growing population, emerging increase in non-communicable diseases such as cancer, limited number of specialized health facilities, shortage of medical personnel, and lack of specialized research.



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In the Financial year 2019 /2020, KUTRRH reported a surplus of Kshs 1,199,653,490 . This was mainly due to under-absorption of allocated resources for combating the COVID-19 Pandemic that were either received late in the year while others were received in Quarter One of the current Financial year 2020/2021. This includes;

- Kshs 500 Million for Covid-19 pandemic response support on recurrent Expenditure received 7<sup>th</sup> of July 2020
- Kshs 12 Million emergency allowance for Covid-19 frontline workers received 7<sup>th</sup> of July 2020
- Kshs 526.5 Million for Covid-19 infrastructure upgrades received on 23<sup>rd</sup> June 2020
- Kshs 82 Million for Covid -19 Emergency Staff support out of the allocated Kshs 245 Million shillings received on 22<sup>nd</sup> April 2020
- Kshs 14 Million allocation designated for the official launch of the hospital which happened on 10<sup>th</sup> September 2020.
- The Balance is represented by AIA

**CORPORATE GOVERNANCE STATEMENT**

Kenyatta University Teaching, Referral and Research Hospital (KUTRRH) is a new State Corporation and is registered under Legal Notice No. 4 of the State Corporations Act as a Level 6 Referral Hospital. The Hospital Board was inaugurated by the Cabinet Secretary, Ministry of Health, on Monday, 8th April 2019 and subsequently opened its doors to the public on 28th October, 2019

The hospital has the Board as the apex decision making organ which sets the direction for good corporate governance underpinned by effective leadership, oversight and management accountability based on a sound and ethical foundation.

The KUTRRH Board of Directors acknowledges the significant role good corporate governance guided by the State Corporations Act Cap 446, Leadership and Integrity Act 2012, Public Officers Ethics Act 2003, Legal Notice No. 4 of 2019, Health Act of 2017 and Mwongozo Code of Governance for State Corporations. This entails the processes and structures used to direct and manage the affairs of the hospital, the framework for internal controls and the respective roles of individual Board Members and management.



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**CORPORATE SOCIAL RESPONSIBILITY**

The commitment of KUTRRH to social responsibility and the pursuit of societal good through inclusive healthcare inspired us towards fulfilling public healthcare needs. We focus on bringing quality healthcare within the reach of all people regardless of their geographic location or economic status. KUTRRH aspires to be a socially responsible corporate citizen delivering superior and sustainable value to all.

KUTRRH Corporate Social Responsibility initiatives express our commitment and concern to the welfare of our employees and the patients we serve. These initiatives focus on community development and health, human rights, empowering people through education and dissemination of information.

The main activities undertaken during the year are outlined below:

**FREE MEDICAL CAMPS**

KUTRRH in collaboration with the Kahawa Leaders Development Forum and the Community Health Workers (CHWs) organized a three-day free medical camp for the community members. On 31st October 2019 Kahawa West Market Place, a total of 515 patients were registered and screened while 160 of these were treated for various ailments. On 2nd November 2019 at Githurai Primary School, a total of 500 patients were registered and screened and 140 of these were treated for various ailments.

On Monday, 4th November 2019 at Kiwanja Grounds, next to Gulf Petrol Station near KUTRRH, 500 people were registered and screened, while 309 of these were seen and treated for various ailments. KUTRRH donated wheelchairs to three teenagers: one female from Kahawa West aged 18, one male from Githurai 44 aged 13 and a male from Kamae aged 18. The services offered during the camp included:

- Blood Pressure
- Random Blood Sugar
- Protein Specific Antigen (PSA) screening for prostate (50 years and above)
- HIV Testing
- Psychological counselling sessions for those who requested.
- Free medication.





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**FREE CLEFT LIP AND CLEFT PALLATE SURGERIES MEDICAL CAMP**

KUTRRH in conjunction with the 'Love Without Reason' org held a FREE Cleft Lip & Cleft Pallate Surgeries medical camp on our grounds: •Screening day: 2nd Feb 2020 •Cleft Lip & Cleft Pallate Surgeries: 3rd – 7th Feb 2020.

The medical camp was more than a cleft lip & cleft palate corrective surgery. We were able to touch and transform the lives of 75 adults and the children by restoring the smiles and dignity they deserved.

**THE COMPOSITION OF THE BOARD OF DIRECTORS**

The current Board comprises eleven [11] members; the Chairman, two [2] independent directors and eight [8] directors representing various governmental agencies as per Legal Notice No. 4 of 2019 as well as the Chief Executive Officer.

The Board is comprised of an appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively. The non-executive members have diverse skills, experience and backgrounds. They are principally free from any business relationship that could hamper their objectivity or judgment in terms of the business and activities of the hospital. The roles of the Chairperson and the Chief Executive Officer are separate, with their individual responsibilities clearly defined. The Chairperson is an independent nonexecutive Board member and is responsible for leading the Board and ensuring its effectiveness. The Chief Executive is responsible for the execution of the Hospitals strategy, and the day-to-day business of the Hospital.

**THE ROLE OF THE BOARD**

The Board of Directors provides leadership and strategic direction of the hospital.

The main responsibilities of the Board are:

- (i) establishment of the short and long-term goals of the hospital and strategic plans to achieve those goals;
- (ii) approval and review of annual budgets;
- (iii) risk management and compliance by ensuring adequate systems of internal controls are in place to ensure business continuity;
- (iv) review of financial performance, expenditure and commitments;



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- (v) setting and periodically reviewing organizational key performance indicators as well as management performance; and
- (vi) supporting management to enhance stakeholder value.

To effectively discharge this role, the Board of Directors has full access to the Chief Executive Officer and also to relevant hospital information. Existing regulatory instruments also allow them to seek independent professional advice on Hospital matters, where necessary, at the expense of the Hospital.

**BOARD MEETINGS**

The Full Board meets at least once in a quarter or more depending on the requirements of the business, and has a formal schedule of matters to be discussed. The members receive adequate notice and detailed reports in good time to facilitate informed deliberations and decision making. The Board promotes an environment of innovative thinking, consultation, cordial relations, information sharing, and openness in communication.

**BOARD COMMITTEES**

The Board has four standing committees with specific delegated authority to provide fiduciary oversight on management. These committees are;

Name of the Committee	Members
Finance, Planning and Strategy	Mr. Kiragu Kithinji - Chairman Ms. Jane Wambugu (Rep. PS Treasury) Prof. Paul K Wainanina (V.C. Kenyatta University) Ms. Pauline Mcharo (Rep. Attorney General) Chief Executive Officer – KUTRRH



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Audit and Compliance Committee	Mr. Onaya Odek - Chairman Ms. Jane Wambugu (Rep. PS Treasury) Mr. Dan Mesis (Rep. PS Education) Mr. Nicholas Nyaga – Co-opted
Human Resource and Clinical Services Committee	Ms. Gladys Ogallo - Chairperson Mr. Onaya Odeck (Rep. Council, Kenyatta University) Mr. Kiragu Kithinji Dr. Patrick Amoth - Director General -MOH Dr. Alfred Karagu (Rep. PS Health) Chief Executive Officer - KUTRRH
Training and Research Committee	Mr. Dan Mesis (Rep. PS Education) Chairman Ms. Gladys Ogallo Dr. Gilbert Munyoki (Rep. Kenyatta University) Dr. Alfred Karagu (Rep. PS Health) Ms. Pauline Mcharo (Rep. Attorney General) Chief Executive Officer - KUTRRH

**MANAGEMENT DISCUSSION AND ANALYSIS**

To achieve the operationalization, the Hospital board prepared budget estimates that were to be partly financed by the government and partly financed by internally generated funds. The initial budgetary commitment from the National treasury for 2019/2020 Financial Year (FY) was Kshs 1.155B (Kshs 655M for 2018-2019 allocation and Kshs 500M for 2019/2020 allocation)

The first allocation of Kshs 655M was received in June 2019 and banked in the hospital's operations current bank account at KCB, Thika Road Mall (TRM) branch. We received Kshs 125M in the 2nd Quarter, Kshs 250M in the Third Quarter and Kshs 125M in the



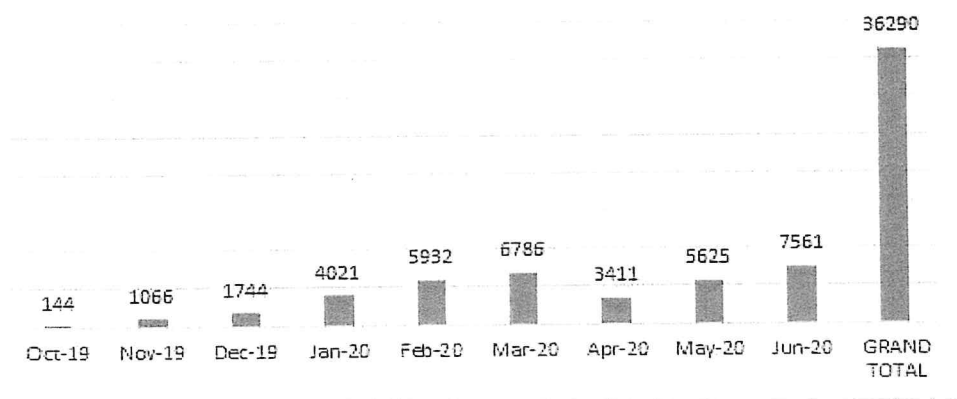
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Fourth Quarter as part of the Kshs 500M allocation for FY 2019-2020. The Ministry of Health also disbursed Kshs 245,196,150 as Covid-19 staff salaries support for three (3) Months and Kshs 526.5M for Covid-19 related capital and infrastructure projects. Kshs 14,005,000 was also received from the Ministry of Health for the official launch of the hospital. The hospital expects to receive 500Million for Covid-19 recurrent expenditure and Kshs 12,270,000 Million for frontline worker’s allowances which has been accrued as grant receivable. In addition, the Hospital received Kshs 10,450,000 donation from IGAD which was designated for staff houses furnishing to provide space for staff quarantine during the Covid-19 Pandemic season. The Family Bank of Kenya donated Kshs 238,960 towards the official launch of the hospital and Kshs 78,000 was realized from the sale of tender documents by prospective suppliers while Kshs. 193,649,070 was generated from Patient revenues.

**SUMMARY OF REVENUES AS AT 30TH JUNE 2020**

<b>SOURCE OF REVENUES</b>	<b>KSHS</b>
Government Grants	2,452,971,150
Patient Revenues	193,649,070
Interest	6,200,218
Sale of Tender Documents	78,000
Donations	10,688,960
<b>Totals</b>	<b>Kshs 2,663,587,398</b>

**PATIENT NUMBERS YTD JUNE 20 PATIENTS**







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**REPORT OF THE DIRECTORS**

The Directors submit their report together with the annual financial statements for the period ended June 30, 2020 which show the state of Kenyatta University Teaching, Referral and Research Hospital (KUTRRH) affairs as at 30th June 2020.

The principal activities of Kenyatta University Teaching, Referral and Research Hospital (KUTRRH) are;

1. To receive patients on referral from other hospitals or institutions within or outside Kenya for specialized health care;
2. To provide facilities for medical education for University and for Research either directly or through other co-operating health institutions;
3. To provide facilities for education and training in nursing and other health and allied professions;
4. To participate as a national referral Hospital in national health Planning.

**Results**

The results of Kenyatta University Teaching, Referral and Research Hospital (KUTRRH) for the period ended June 30, 2020 are set out on pages 25-30

**Directors**

The members of the Board of Directors who served during the year are shown on page 7-9. During the period no director retired/ resigned and no director was appointed. However, representatives for PS Ministry of Health, Treasury and Attorney General were replaced by new representatives.

**Dividends/Surplus remission**

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each year. The Surplus funds reported and available in the bank were designated for Personal Emoluments, infrastructure development and hospital operations related Covid-19 Pandemic response



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expenditures. In addition, an amount of Kshs 14 Million was designated for the official launch / opening of the Hospital.

**Auditors**

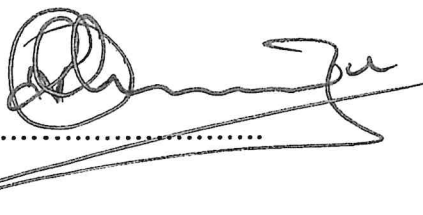
The Auditor General is responsible for the statutory audit of Kenyatta University Teaching, Referral and Research Hospital (KUTRRH) in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act, to carry out the audit of the KUTRRH for the year ended June 30, 2020 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

**By Order of the Board**

KUTRRH

Ag. Chief Executive Officer

Nairobi

Date: .....  


12/27/2021



**KENYATTA UNIVERSITY TEACHING REFERRAL AND RESEARCH HOSPITAL  
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**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Section 83 of the Public Finance Management Act, 2012 and Legal Notice Number 4 of the State Corporations Act Cap. 446 require the Directors to prepare financial statements in respect of that KUTRRH, which give a true and fair view of the state of affairs of the KUTRRH at the end of the period and the operating results of the KUTRRH for that period. The Directors are also required to ensure that the KUTRRH keeps proper accounting records which disclose with reasonable accuracy the financial position of the KUTRRH. The Directors are also responsible for safeguarding the assets of the KUTRRH.

The Directors are responsible for the preparation and presentation of the KUTRRH's financial statements, which give a true and fair view of the state of affairs of the KUTRRH for and as at the end of the period ended on June 30, 2020. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the KUTRRH; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the KUTRRH; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the KUTRRH's annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act. The Directors are of the opinion that the KUTRRH's financial statements give a true and fair view of the state of KUTRRH's transactions during the year ended June 30, 2020, and of the KUTRRH's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the KUTRRH, which have been relied upon in the preparation of the KUTRRH's financial statements as well as the adequacy of the systems of internal financial control.

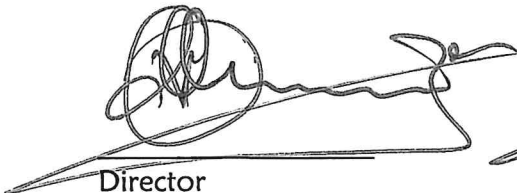


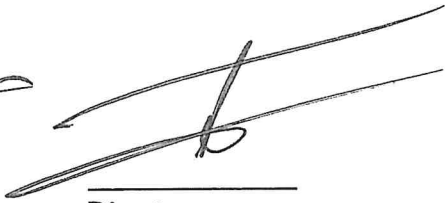
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Nothing has come to the attention of the Directors to indicate that the KUTRRH will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The KUTRRH's financial statements were approved by the Board on 29<sup>th</sup> September 2020 and signed on its behalf by:

  
Director

  
Director

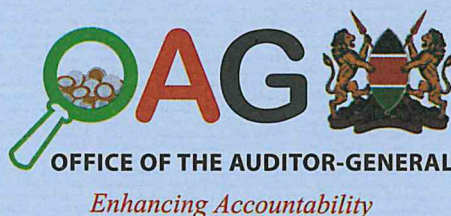
  
Director





# REPUBLIC OF KENYA

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



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

## **REPORT OF THE AUDITOR-GENERAL ON KENYATTA UNIVERSITY TEACHING REFERRAL AND RESEARCH HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2020**

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

#### **Qualified Opinion**

I have audited the accompanying financial statements of Kenyatta University Teaching Referral and Research Hospital set out on pages 25 to 50, which comprise of the statement of financial position as at 30 June, 2020, statement of financial performance, statement of changes in net assets, statement of cash flows and the statements of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Kenyatta University Teaching Referral and Research Hospital 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 Referral and Research Hospital Order, 2019 and the Public Finance Management Act, 2012.

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

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

As disclosed in Note 9 to the financial statements, the statement of financial position reflects property, plant and equipment balance of Kshs.7,372,035,036. The balance includes land and buildings balance of Kshs.5,320,106,243. However, the balance excludes the cost of land on which the hospital is built. Information available indicates that the hospital is situated on 100 acres of land under the ownership of Kenyatta University. Management did not explain measures taken to have the land valued and ownership transferred to the hospital.

Under the circumstances, the accuracy and validity of land and buildings of Kshs.5,320,106,243 as at 30 June, 2020 could not be confirmed.

## **2. Unauthorised Board Expenses**

As reflected in Note 8 to the financial statements, the statement of financial performance reflects Board expenses of Kshs.12,947,790, against an approved budget of Kshs.4,800,000 resulting in an over expenditure of Kshs.8,147,790. However, The National Treasury approval for the over-expenditure of Kshs.8,147,790 was not provided for audit verification.

In the circumstances, the propriety and regularity in the expenditure of Kshs.8,147,790 could not be ascertained.

## **3. Irregular Employee Costs**

As disclosed in Note 7 to the financial statements, the statement of financial performance reflects employee cost balance of Kshs.514,160,686. The balance includes salaries and wages amount of Kshs.300,302,579. Review of records revealed that the balance includes payment of medical allowances commonly referred to as locum to medical staff amounting to Kshs.30,844,552. However, the rates applied for the allowances were approved in a meeting held on 21 January, 2020 which had no quorum as only two (2) Board Members were present against the provision of five Members of the Board as stipulated under Section 6(6) of the State Corporations Act, CAP 446.

In the circumstances, the propriety and regularity in the expenditure of Kshs.30,844,552 could not be ascertained.

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

### **Key Audit Matters**

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

### **Other Matter**

### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.2,214,471,150 and Kshs.2,137,087,398 respectively, resulting to an under-funding of Kshs.77,383,752 or 4% of the budget. Similarly, the statement reflects final expenditure budget and actual on comparable basis

of Kshs. 2,613,670,709 and Kshs.1,464,933,908 respectively resulting to an under-expenditure of Kshs.1,148,736,801 or 44% of the budget.

The underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

## 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. Non-submission of Assets and Liabilities Register

Management did not provide evidence that it submitted to The National Treasury, the assets and liabilities register for the year ended 30 June, 2020. This is in contravention of The National Treasury Circular No. 5/2020 of 25 February, 2020 that required the Accounting Officers of ministries, departments and agencies to prepare and submit the assets and liabilities registers to the National Treasury by 30 May, 2020. In addition, Treasury Circular No.23/20 dated 14 October, 2020 issued a standardized reporting templates for specific categories of assets and liabilities to facilitate reporting to The National Treasury and required that the assets and liabilities registers as at 30 June, 2020 be submitted to The National Treasury not later than 31 October, 2020.

In the circumstances, Management is therefore in breach of the directive.

#### 2. Non-Compliance with the National Cohesion and Integration Act, 2008

During the year under review, the Hospital had six hundred and eight (608) employees out of whom two hundred and eighty-five (285) or 46 % of the total number were members of the same community. This is contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that, "all public offices shall seek to represent the diversity of the people of Kenya in employment of staff and that no public institution shall have more than one third of its staff establishment from the same ethnic community". However, Management explained that the imbalance was partly caused when the Hospital was declared a National COVID-19 Treatment and Isolation Centre, upon which the Board was required to quickly recruit, train and deploy staff to the treatment and isolation areas and that it was not possible to balance the ethnicity distribution of staff during the first year of operations.

Consequently, Management is in breach of the law.

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

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Lack of Substantive Chief Executive Officer (CEO)**

The Hospital, despite being categorized as a Level 6 hospital has operated without a substantive Chief Executive Officer since 1 July, 2019. Information provided indicated that the Board placed an advert on 4 February, 2020 inviting applications for the position which closed on 21 February, 2020. An Ad-hoc Committee was constituted by the Public Service Commission (PSC) which submitted names of candidates that were to be invited for interview on 10 August, 2020. However, no interviews had been conducted by the time of the audit in April, 2021 and the position remained vacant.

In the circumstances, I am unable to confirm effectiveness of day to day management of the Hospital.

#### **2. Lack of an Enterprise Wide Risk Management Process**

Review of the Hospital's Information Communication Technologies, ICT platforms revealed that there is no well-documented enterprise wide risk management processes and policies to effectively guide the enterprises risk management processes. This would have ensured that the hospital develops effective risk management strategies for fraud prevention mechanism as well as a system of risk management that builds robust business operations.

Consequently, in the absence of clearly documented risk management strategies, it is not possible to ascertain the hospital's level of preparedness in dealing with risks associated with its operations.

### **3. Weakness in Information Communication Technology (ICT) Environment**

The Hospital did not provide evidence of existence of an ICT strategic committee, approved IT security policy, ICT strategic plan that supports business requirements and ensures that ICT spending remains within the approved IT strategic plan and to ensure data confidentiality, integrity and availability.

In the circumstances, I am unable to confirm existence of effective internal controls and governance in ICT.

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

#### **Responsibilities of Management and Board of Directors**

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

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

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

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

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

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

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

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

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

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

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

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

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

I communicate with 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**

**16 December, 2021**





**KENYATTA UNIVERSITY TEACHING REFERRAL AND RESEARCH HOSPITAL  
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**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE ,2020**

	Notes	2019-2020	Prior Year
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Public contributions and donations	1	10,688,960	
Transfers from other governments	2	1,926,471,150	-
		<b>1,937,160,110</b>	-
<b>Revenue from exchange transactions</b>			
Rendering services	3	193,649,070	-
Interest on Current account deposits	4	6,200,218	-
Other income-Sale of tender document	5	78,000	-
		<b>199,927,288</b>	
<b>Total revenue</b>		<b>2,137,087,398</b>	-
<b>Expenses</b>			
Use of goods and services	6	141,298,389	-
Employee costs	7	514,160,686	-
Board expenses	8	12,947,790	-
Depreciation and amortization expense	9	451,302,989	-
Repairs and maintenance	10	17,448,339	-
Contracted services	11	125,416,906	-
Clinical services	12	154,922,276	-
Bank charges	13	1,442,140	-
Tax on interest income	14	930,033	-
Impairment allowance	17	45,064,360	-
<b>Total expenses</b>		<b>1,464,933,908</b>	-
<b>Other gains/(losses)</b>			
<b>Surplus before tax</b>		<b>672,153,490</b>	-
Taxation		-	
<b>Surplus after tax</b>		<b>672,153,490</b>	
Remission to National Treasury			
<b>Net Surplus for the year</b>		<b>672,153,490</b>	

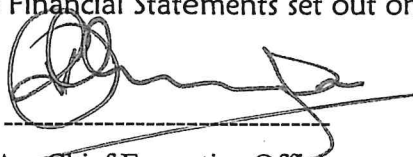


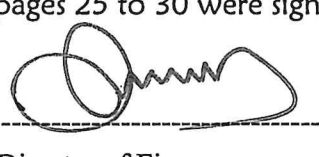
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ANNUAL REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020  
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020**


	Notes	2019-2020 Kshs	Prior Year Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	15	682,486,620	-
Current portion of receivables from exchange transactions	16	58,439,608	-
Receivables from non-exchange transactions-deposits	18	1,313,000	-
Grant receivable	19	512,270,000	-
Inventories	20	142,013,078	-
		<b>1,396,522,306</b>	-
<b>Non-current assets</b>			
Property, plant and equipment	9	7,372,035,036	-
<b>Total assets</b>		<b>8,768,557,342</b>	-
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	21	130,197,451	-
Employee benefit obligation	22	61,589,235	-
Patient Deposit	23	516,927	-
			-
<b>Total liabilities</b>		<b>192,303,613</b>	
<b>Net assets</b>		<b>8,576,253,729</b>	-
Capital Grant	24	7,904,100,239	-
Accumulated surplus	25	672,153,490	-
<b>Total net assets and liabilities</b>		<b>8,576,253,729</b>	-

The notes set out on pages 39 to 50 form an integral part of these Financial Statements

The Financial Statements set out on pages 25 to 30 were signed on behalf of the Board of Directors by:

  
 Ag. Chief Executive Officer  
 Name: **Dr. Victor Njom**

  
 Director of Finance  
 Name: **CPA Samuel Mwaura**  
 ICPAK Member No: 5959

  
 Chairperson of the Board  
 Name: **Prof. Olive Mugenda**

Date.....12/5/2021.....

Date.....12/5/2021.....

Date.....13/5/2021.....



**KENYATTA UNIVERSITY TEACHING REFERRAL AND RESEARCH HOSPITAL  
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FOR THE YEAR ENDED JUNE 30, 2020**

**STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2020**

**STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED JUNE 30, 2020**

	Note	2019/2020	Actual Audited
		Shs	
<b>Cash and cash equivalents at the beginning of the quarter</b>		-	
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Government grants and subsidies		1,414,201,150	
Rendering of services		90,145,102	
Sale of tenders		78,000	
Donations		10,688,960	
		<b>1,515,113,212</b>	
<b>Payments</b>			
Employee cost		(457,044,306)	
Contracted services		(122,499,586)	
Clinical Expenses		(237,067,124)	
Goods and Services		(138,020,101)	
Board Expenses		(11,586,090)	
Repairs and maintenance		(13,621,725)	
<b>Net cash flows from operating activities</b>		<b>(979,838,931)</b>	
<b>Cash flows from investing activities</b>		-	
Purchase of property, plant, equipment and intangible assets		(383,761,773)	
<b>Changes in working Capital</b>		-	
Increase/Decrease in Creditors		-	
Increase/Decrease in Debtors		-	
Increase/Decrease in Inventories		-	
Pension		-	
<b>Net cash flows used in investing activities</b>		-	
Interest income		6,200,218	
Tax on Interest		(930,033)	
<b>Cash flows from financing activities</b>		-	
Increase in deposits		(1,313,000)	
increase in Patient deposits		516,927	
Covid-19 Emergency Response Infrastructure funds		526,500,000	
Changes in Equity		-	
<b>Net cash flows used in financing activities</b>		-	
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>682,486,620</b>	
<b>Cash and cash equivalents at end of the quarter</b>	<b>20</b>	<b>682,486,620</b>	



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**STATEMENT OF CHANGES NET ASSETS FOR THE YEAR ENDED 30TH JUNE 2020**

	Retained earnings	Capital/ Development Grants/Fund	Total
	Kshs	Kshs	Kshs
<b>At July 1, 2019</b>	-	-	-
Capital/Development grants received during the year		7,904,100,239	<b>7,904,100,239</b>
Accumulated Surplus	672,153,490	-	<b>672,153,490</b>
<b>At June 30, 2020</b>	<b>672,153,490</b>	<b>7,904,100,239</b>	<b>8,576,253,729</b>





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**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**

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

	Original Budget 2019-2020	Budget Adjustment 2019-2020	Final Budget 2019-2020	Actual	Variance	Explanation of material variances
		COVID-19	Cumulative to date	Cumulative to date	Shs	%
			Shs	Shs		
<b>Revenue</b>						
Government grants and subsidies	1,155,000,000	771,471,150	1,926,471,150	1,926,471,150	-	0%
Rendering of services	288,000,000	-	288,000,000	193,649,070	94,350,930	49%
Sale of tenders	-	-	-	78,000	(78,000)	-100%
Interest Income from bank deposits	-	-	-	6,200,218	(6,200,218)	-100%
Donations	-	-	-	10,688,960	(10,688,960)	-100%
<b>Total income</b>	<b>1,443,000,000</b>	<b>771,471,150</b>	<b>2,214,471,150</b>	<b>2,137,087,398</b>	<b>77,383,752</b>	<b>4%</b>
<b>Expenses</b>						
Compensation of employees	907,045,383	257,466,150	1,164,511,533	514,160,686	650,350,847	56%
Clinical costs	436,613,509	386,250,000	822,863,509	154,922,276	667,941,233	81%
Board Expenses	4,800,000	-	4,800,000	12,947,790	8,147,790	170%
Depreciation	-	-	-	451,302,989	(451,302,989)	-100%
Operating cost	493,740,667	127,755,000	621,495,667	331,600,167	289,895,500	47%
Taxation paid	-	-	-	-	-	
<b>Total expenditure</b>	<b>1,842,199,559</b>	<b>771,471,150</b>	<b>2,613,670,709</b>	<b>1,464,933,908</b>	<b>1,165,032,381</b>	<b>45%</b>
<b>Surplus for the period</b>			<b>(399,199,559)</b>	<b>672,153,490</b>	<b>(1,087,648,629)</b>	<b>272%</b>



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**EXPLANATION FOR MATERIAL VARIANCES OF BUDGET VS. ACTUAL**

As at 30th June 2020 we accrued the grant receivable of Kshs 512.2Million. The received Covid -19 Emergency come as a supplementary budget.

- a) KUTRRH had budgeted to generate Kshs 288M from rendering healthcare services in the Financial year 2019/2020 but the revenue generated was Kshs 193 Million hence a negative variance of 48%. Notably the Hospital was only operational for only 8 months in the Financial Year from 28th October 2019. The prorated Budget for the 8 Months was Kshs 192 Million hence the revenue generated was consistent with the projected revenues had the hospital operated for the full year
- b) KUTRRH had not budgeted for sale of tender revenue hence a positive variance.
- c) KUTRRH had not budgeted for interest income and donations hence a positive variance
- d) For the Personnel emoluments KUTRRH had budgeted for Kshs 907Million and Kshs 257 Million for Covid -19 staff support, but the actual spend was Kshs 516 Million hence a positive variance. The hospital was able recruit all the budgeted staff in the first year of operation but these reported at different periods in the year hence the under-absorption of the budget.
- e) For the clinical cost we had budgeted for 436 Million and 386 Million Covid 19 recurrent support but the actual spend was Kshs 155 Million hence a positive variance. However, there were clinical inventories amounting to Kshs 132 Million made of Pharmaceuticals and consumables stocked for Covid-19 preparedness.
- f) The budget for board expenses was Kshs 4.8 Million but the actual spend was Ksh 13.4 Million hence a negative variance of 181%. This was the first year of hospital operations and the board had to meet several times to setup structures and recruit the key staff.



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- g) The provision depreciation had not been factored in the hospital budget hence a 100% negative variance. This is provision over the useful life of asset, hence not an actual spend.
- h) The budgeted operational costs were Kshs 493 Million and 127 Covid -19 recurrent support, while the actual spend was 329 Million hence a positive variance of 47%. The Hospital was operational for only 8 months in the Financial Year from 28th October 2019.
- i) The capital expenditure budget was Kshs 617 Million and Kshs 526.5 Million for Covid-19 infrastructure projects while the actual amount spent was Kshs 451 Million hence a positive variance. This was the first year of operation and a lot of re-purposing of space, furniture, computers, vehicles and other assets were acquired to facilitate the operationalization of the Hospital.
- j) The hospital started treating patients on 28th October 2019, which means it operated for only 8 months in the year 2019/2020 and also received more than 50% of the revenues (GOK disbursements) in the last month of the FY year hence the under-absorption of the budget.



## **ACCOUNTING POLICIES**

The principle accounting policies adopted in the preparation of these financial statements are set out below. These policies have been applied, unless otherwise stated.

- a) Revenue recognition
- b) Revenue from non-exchange transactions

### **a) Revenue recognition**

#### **Grants from National Government**

Grants from the Government are recognized in the statement of financial performance. Recurrent grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Hospital with no future related costs are recognized in the statement of financial performance in the period in which they become receivable.

Development grants whose primary condition is that the Hospital should purchase, construct or otherwise acquire non-current assets are recognized as deferred income in the statement of financial position and transferred to capital reserve on completion/acquisition.

#### **Donor funded projects grants**

Grants received for donor funded projects are recognized in statement of financial performance on a systematic basis over the periods in which the grants are intended to compensate, only to the extent of expenditure incurred during the year. Grants not utilized are recognized as deferred income in the statement of financial position.

#### **Public contributions and donations**

Cash donations: Income from endowments, donations, research grants and other similar services rendered are recognized when received and included only to the extent of expenditure incurred during the year.





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**Donations in-kind:**

The revenue from donations in kind is measured at fair value and recognized on obtaining control of the asset (goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits (including cost saving from the donation) or service potential related to the asset will flow to the hospital and can be measured reliably. On initial recognition, gifts and donations including goods in-kind (tangible assets) are measured at their fair value as at the date of acquisition, which is ascertained by reference to an active market or by appraisal by a member of the valuation profession.

**b) Revenue from exchange transactions**

**Rendering of services**

The hospital 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 the costs that reflect services performed. 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 Hospital.

**Interest income**

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



**(c) Budget information**

The original budget for financial year 2019/20 was approved by the Board of Management on 24th June 2019. Subsequent revisions and additional appropriations were made to the approved budget in accordance with specific approvals from the Board of Management and Ministry of Health.

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

**d) Property, plant and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Hospital recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value. The Hospital uses revaluation model for measurement of property, plant and equipment after initial recognition. The Hospital derecognizes items of property, plant and equipment and/or any significant part of an asset upon disposal or when no future economic benefits or service potential is expected from its continuing use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the surplus or deficit when asset is de-recognized.



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Land is not depreciated. Depreciation on other assets is calculated on a reducing balance basis to write off the cost of each asset, or the revalued amount, to their residual values over the estimated useful life. The annual rates used for each class of assets are:

Buildings	2.5%
Intangible Assets	30%
Medical Equipment	12.5%
Computers, copiers	30%
Motor Vehicles	25%
Plant & Machinery	12.5%
Furniture and Fittings	12.5%

**(e) 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.

**f) Inventories**

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

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

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



sale, exchange, or distribution.

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

**g) Provisions**

Provisions are recognized when the Hospital has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Hospital expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

**h) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, mobile money, cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Kenya Commercial Bank at the end of the financial year.

**Significant judgements and sources of estimation uncertainty**

The preparation of the Hospital'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.





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**i) 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 Hospital based its assumptions and estimates on parameters available when the 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 Hospital. Such changes are reflected in the assumptions when they occur.

**ii) 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 Hospital,
- 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.

**iii) Provisions**

Provisions were raised and management determined an estimate based on the information available. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material. Provisions made by the management such as:

- Provision for Bad Debts

A debt is deemed to be impaired if, and only if, there is objective evidence that the recoverability of that debt is doubtful. Indigent patients who are unable to settle their



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medical bills upon clinical discharge are allowed home on unsecured credit, and since the payment of these debts are highly doubtful, they are provided for as bad and doubtful.



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**NOTES TO THE FINANCIAL STATEMENTS**

**1. Public Contributions and Donations**

General donations are contributions received from the public in form of cash and in kind. The following amounts were received from Family Bank to aid in the hospital launch while IGAD Donation was towards the fight against covid-19 pandemic and the hospital. This donation was used to furnishing staff quarters that became a necessity due to Covid 19.

Source	KShs	Date
Family Bank	238,960	RECEIVED ON 07.02.2020
IGAD	10,450,000	RECEIVED ON 14.04.2020
	<b>10,688,960</b>	

**2. Transfer from government**

In the year 2019/2020, the total amount transferred and received totaled Kshs. 1,926,471,150. The hospital recurrent grant for the year 2019/2020 was Kshs. 500,000,000. However, there was an amount of Kshs 655,000,000.00/= transferred from the FY 2018/2019 that was also transferred within the year. We received a total of Kshs. 1,155,000,000/= which was all utilized as recurrent expenditure. Due to the COVID 19 pandemic and KUTRRH being designated as the main Covid 19 facility there was need for more allocation to be done which necessitated the extra funds allocated from Treasury through the Ministry of Health.

Grant	Source	FY 2019/2020 KSHS
Operational grant	GOK	1,155,000,000
KUTRRH Official Launch	GOK-MOH	14,005,000
Covid -19 Staff Support	GOK	245,196,150
COVID-19 Emergency response recurrent	GOK	500,000,000
COVID -19 Frontline Workers Allowance	GOK	12,270,000
		<b>1,926,471,150</b>



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**3. Rendering of services (Healthcare Services Revenues)**

	DESCRIPTION	AMOUNT(KSHS)
1	ADMISSION REVENUE	3,155,488
2	AMBULANCE/TRANS	223,090
3	CHEMOTHERAPY	10,673,573
4	CONSULTATION FEE	2,577,994
5	DIALYSIS/RENAL	23,148,372
6	ICU	2,682,606
7	IMAGING/X-RAY	5,493,955
8	INPATIENT DISCHARGE	70,874,054
9	ISOLATION	45,100,334
10	LABORATORY	5,204,381
11	MEDICATION	3,815,682
12	MORGUE	4,281,562
13	NURSING SERVICES	322,379
14	NUTRITION FEE	8,599
15	RADIOTHERAPY	12,328,148
16	REHAB/PHYSIO	329,114
17	RESTAURANT SALES	3,088,476
18	THEATRE	341,262
	<b>TOTALS</b>	<b>193,649,069</b>





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**4. Finance Income (Interest Income)**

This refers to the gross credit interest income earned in the FY 2019/2020 from deposits in the hospitals Current account at KCB Bank. The hospital does not have fixed deposit.

MONTHLY GROSS INTEREST INCOME	
	Kshs
JANUARY 2020	1,227,176
FEBRUARY 2020	1,225,286
MARCH 2020	894,834
APRIL 2020	786,572
MAY 2020	1,180,242
JUNE 2020	886,108
<b>Gross Interest Income</b>	<b>6,200,218</b>

**5. Other Income-Sale of tender documents**

During the year the tenders that were sold amounted to Kshs 78,000/=. This formed part of the revenue in the financial year 2019/2020.

**6. Use of Goods and Services**

The expenses for the year were classified as per the schedule indicated below.

Goods and Services(General expenses)	Kshs
Advertising	12,824,619
Audit fees provision	1,000,000
Cleaning Materials	8,530,838
Refunds	124,950
Electricity	29,602,050
Gas and Cooking Fuel	22,683,046
Water and sewerage costs	7,199,624
Printing and stationery	15,767,619
Telecommunication	928,300
Local Travel & accommodation	2,019,390



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Seminars and Conferences (CME)	3,619,870
Staff Uniform	10,762,722
Internet Connectivity	1,524,881
Fuel for Motor vehicles	1,685,482
Office Expenses	11,021,364
Subscriptions and Registration Fees	725,284
Hospital Branding	5,676,791
Mortuary Expenses	5,601,558
<b>Total Goods and Services</b>	<b>141,298,389</b>

**7. Employee Costs**

The following expenses relate to employee costs incurred during the year. Pension / Gratuity Provision of Kshs 45.7Million was accrued as the KUTRRH is yet to set up a pension scheme.

<b>EMPLOYEE COSTS</b>	<b>2019/2020</b>
	<b>KShs</b>
Salaries and wages	300,302,579
Travel, motor car, accommodation, subsistence and other allowances	17,626,800
Housing benefits and allowances	134,642,072
Provision for Staff Gratuity and Pension FY 2019/2020	45,741,335
Provision for staff Leave Allowance FY 2019/2020	15,847,899
	<b>514,160,686</b>

**8. Board Expenses**

During the year 2019/2020 the following Board expenses were incurred.

<b>Board Expenses</b>	<b>2019/20</b>
	<b>Kshs</b>
Chairpersons Honoraria	1,200,000
CEO's Salary	1,265,044
Per Diem allowance for seminars/conferences	666,500
Sitting Allowance	8,855,750
Mileage Allowance	926,496
Lunch Allowance	34,000
<b>Total Board Expenses</b>	<b>12,947,790</b>



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**9. Property Plant and Equipment**

	Land and Buildings	Motor Vehicles	Furniture and Fittings	ICT Infrastructure	Hospital Equipment	Computers & Accessories	Security Equipment	Capital WIP	Software	Total
Property, plant and equipment	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs		Shs
Cost at 1st July 2019	5,345,189,999				2,032,410,240					7,377,600,239
Additions	-	51,962,470	131,858,408	10,790,974	38,238,602	75,050,574	8,954,846	112,139,047	20,945,876	449,940,797
Disposals	-	-	-	-	-	-	-	-	-	-
Transfers/adjustments	111,329,225	-	-	-	-	-952,785	-	(111,329,225)	-3,250,226	-4,203,011
<b>Total Cost at 30th June 2020</b>	<b>5,456,519,224</b>	<b>51,962,470</b>	<b>131,858,408</b>	<b>10,790,974</b>	<b>2,070,648,842</b>	<b>74,097,789</b>	<b>8,954,846</b>	<b>809,822</b>	<b>17,695,650</b>	<b>7,823,338,025</b>
Depreciation for the period	136,412,981	12,990,618	16,482,301	3,237,292	258,831,105	22,229,337	1,119,356			451,302,989
Accumulated Depreciation	136,412,981	12,990,618	16,482,301	3,237,292	258,831,105	22,229,337	1,119,356			451,302,989
<b>Net Carrying Amount at 30th June 2020</b>	<b>5,320,106,243</b>	<b>38,971,853</b>	<b>115,376,107</b>	<b>7,553,682</b>	<b>1,811,817,736</b>	<b>51,868,452</b>	<b>7,835,490</b>	<b>809,822</b>	<b>17,695,650</b>	<b>7,372,035,036</b>



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**10. Repair and Maintenance**

Repairs and Maintenance	2019/2020
	KShs
Equipment	3,872,544
Vehicles	1,126,556
Other	1,802,165
Buildings	3,135,986
Grounds and Landscaping	1,035,060
Fumigation	6,476,027
<b>Total repairs and maintenance</b>	<b>17,448,339</b>

**11. Contracted Services**

The contracted services in the year include services procured during the year.

Contracted Services	2019/20
	Kshs
Cleaning Services	18,840,256
Security Services	12,265,536
Laundry	6,369,101
Staff Medical cover	73,046,797
Consultancy	9,534,000
Insurance Buildings and Equipment	5,361,217
<b>Total Contracted Services</b>	<b>125,416,906</b>

**12. Clinical Services**

Clinical services expenses for the year are as shown below.

Clinical Expenses	2019/20
	Kshs
Pharmaceuticals	58,796,286
Surgical Materials	14,276,749
Consumables	1,951,429
Infections Control	3,614,625
House Keeping	4,621,065
Linen and Clothing	13,305,842
Catering Expenses	58,356,281
<b>Total Clinical expenses</b>	<b>154,922,277</b>

Note: This includes Kshs 132 Million worth of Clinical Inventory as at 30th of June 2020





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**13. Bank Charges**

This refers to the bank charges in respect to the hospital's current account

	<b>2019/2020</b>
	<b>Kshs</b>
Bank Charges	1,442,140

**14. Finance Cost (Tax on interest)**

This refers to the tax on credit interest income earned in the FY 2019/2020 was Kshs.930,033 out of Gross interest income of Kshs.6,200,218 which is equivalent to 15% Withholding tax on interest earned.

**15. Cash and cash equivalents**

	<b>2019/2020</b>
	<b>Kshs</b>
Current account	
Kenya Commercial bank	682,408,830
Cash in hand	77,790
<b>Grand total</b>	<b>682,486,620</b>

**16. Receivable from Exchange Transactions**

<b>Details</b>	<b>Amount(Kshs)</b>
NHIF Debtors	51,340,784
Individual Debtors	52,163,184
Less Impairment Allowance	(45,064,360)
<b>TOTAL</b>	<b>58,439,608</b>

**17. Impairment Allowance**

Included in the Accounts receivables are patient bills amounting to Kshs.45,064,360 relating to Covid-19 Patient and absconded patient. When the Hospital was declared as a national treatment and isolation centre for COVID-19 patients in March 2020, there were conflicting communication as to whether treatment should be free or chargeable in public Hospitals. In addition, the Hospital treated many prisoners whose bills were



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not paid. Even with highly subsidized fees, The Hospital was unable to collect fees from poor patients who could not pay as well as able patients who refused to pay. It is the management and the boards opinion that there is no probability of recovering the waived patient bills as well as the absconded patient bills unless the government steps in and reimburses the Hospital. The management wrote to the Permanent Secretary Ministry of Health on 18th June 2020 requesting for reimbursement of the waived bills. Consequently, a specific provision for bad debts (impairment allowance) amounting to Kshs 45,064,360 has been made awaiting guidance on reimbursement or approval for write-off from the National Treasury

**18. Deposits**

This amount was paid as KPLC meter deposit during the period is Kshs.1,313,000

**19. Grant Receivable**

This refers to amount transferred from the Ministry of Health after the financial year in July as a response to the facility requiring funding after being declared as a Covid-19 treatment facility.

	Kshs
COVID-19 Emergency response recurrent	500,000,000
COVID -19 Frontline Workers Allowance	12,270,000
	<u>512,270,000</u>



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**20. Inventory**

Inventory is measured at the lower of cost and net realizable value as at the end of the Financial Year. The table below shows the inventory as at 30th June 2020

	<b>2019/2020</b>
	<b>KShs</b>
Non Pharmaceutical Stocks	68,374,783
Rehabilitation Stores	4,050,939
Laboratory Stocks	14,352,714
Building Materials	1,899,702
Linen	11,065,913
Infection Control Stores	6,509,122
Stationery	7,862,528
Pharmaceuticals	23,780,862
Food Store	4,116,515
<b>Total Inventory</b>	<b>142,013,078</b>

**21. Trade and other payables**

	<b>2019/2020</b>
	<b>Kshs</b>
Pending Bills	119,978,935
Retention Fees	9,218,516
Provision for Audit fees	1,000,000
<b>TOTAL</b>	<b>130,197,451</b>

These are obligations owing to the organization that were incurred and were payable in the financial year 2019/2020.



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**22. Employee benefit obligation**

	<b>2019/2020</b>
	<b>Kshs</b>
Provision for pension and gratuity	45,741,336
Leave Allowance	15,847,899
<b>TOTAL</b>	<b>61,589,235</b>

This is provision for employee pension, gratuity and leave allowance accrued in the financial year 2019/2020. The employee pension scheme is yet to be established.

**23. Patient Deposit**

	<b>2019/2020</b>
	<b>Kshs</b>
Patient Deposits	516,927

This was amount of cash credited in KUTRRH bank account, where services had not been rendered as at the close of the year.

**24. Capital Grant from Government**

	<b>2019/2020</b>
	<b>Kshs</b>
Hospital Building	5,345,189,998
Equipment	2,032,410,240
Covid-19 Emergency Response Infrastructure Development	526,500,000
<b>TOTAL</b>	<b>7,904,100,238</b>

This refers to the book value of the hospital's building and equipment. Notably, the Hospital was constructed and equipped through a Commercial Loan between the Government of Kenya through Kenyatta University and the EXIM Bank of China. Kshs.526,500,000 relates to Covid-19 Emergency Response Infrastructure development provided since KUTRRH is designated as the main Covid-19 facility.





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**25. Accumulated Surplus**

	2019/2020
	Kshs
As at 1 <sup>st</sup> July 2019	-
Surplus for the Period	672,153,490
<b>As at 30<sup>th</sup> June 2020</b>	<b>672,153,490</b>

The Hospital reported a surplus of Kshs 672,153,490 for the year 2019/2020; the major components of which are the following:

- Kshs 500 Million for Covid-19 pandemic response support
- Kshs 12 Million emergency allowance for Covid-19 frontline workers
- Kshs 82 Million for Covid -19 Staff support
- Kshs 14 Million allocation designated for the official launch of the hospital.

**26. Contingent Payables**

The hospital is in the process of implementing the Hospital management information system (HMIS). The contract sum is Kshs 68 Million. The system implementation is on milestone basis and by the end of 30th June 2020 we had paid Kshs 17,695,650.00. This leaves a contingent liability of Kshs 50 Million.

**27. Contingent Receivables**

The contract to build, equip and capacity build for the hospital was funded through a Commercial Loan signed between the Government of Kenya and the Governemnt of the Peoples Republic of China with Kenyatta University as the implementing agency and the EXIM Bank of China as the disbursing bank at a cost of approximately Kshs 10 Billion. The Government has been servicing and will continue to pay the loan since it was a Government-to-Government arrangement.



The Hospital has recognized this a grant from Government based on certificates of Completion paid for the building as well as the invoice for Equipment's delivered by the contractor.

However, the portion for Personnel Capacity building amounting to Kshs 1,378,425,350 (Chinese RMB 117,213,040) is yet to be disbursed. This note serves to disclose a contingent sum of Kshs 1,378, 425,350 receivables from the Contractor for the purposes of Personnel Capacity building. Part of these funds are held in an Escrow account at PriceWaterhouseCoopers Kenya (Kshs. 148 Million) hence the need for disclosure.

#### **28. Land**

The Land on which the Hospital stands is under the ownership of Kenyatta University a SAGA within the Ministry of Education. The Hospital has given the land a nominal value of Kshs 1 as matter of disclosure but has no ownership documents to support the value of the land. Land ownership is one of the items that are still in transition discussions between the boards of KUTRRH and Kenyatta university under the guidance of the parent ministries.

