

# REPUBLIC OF KENYA

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P.O. Box 30084-00100  
NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

NHMB/2014/2015/(17)

21 December 2018

M/S. Nancy Mutai,  
Clerk to the Nairobi City County Assembly,  
P. O. Box 45844-00100,  
NAIROBI.

*DIC*  
*TNA*  
*ASD*  
*19/2/19*

Dear Madam

### REPORT OF THE AUDITOR-GENERAL ON THE FINANCIAL STATEMENTS OF NAIROBI HEALTH MANAGEMENT BOARD FOR THE YEAR ENDED 30 JUNE 2015

I transmit the report of the Auditor-General on the examination of financial statements of Nairobi Health Management Board for the year ended 30 June 2015.

The report is submitted in accordance with the provisions of Article 229(7) of the Constitution for the necessary action as required by Article 229(8) of the Constitution.

Yours sincerely

William O. Agunda  
For: AUDITOR-GENERAL

*CA - Chadrach*  
*PLS TKB.*

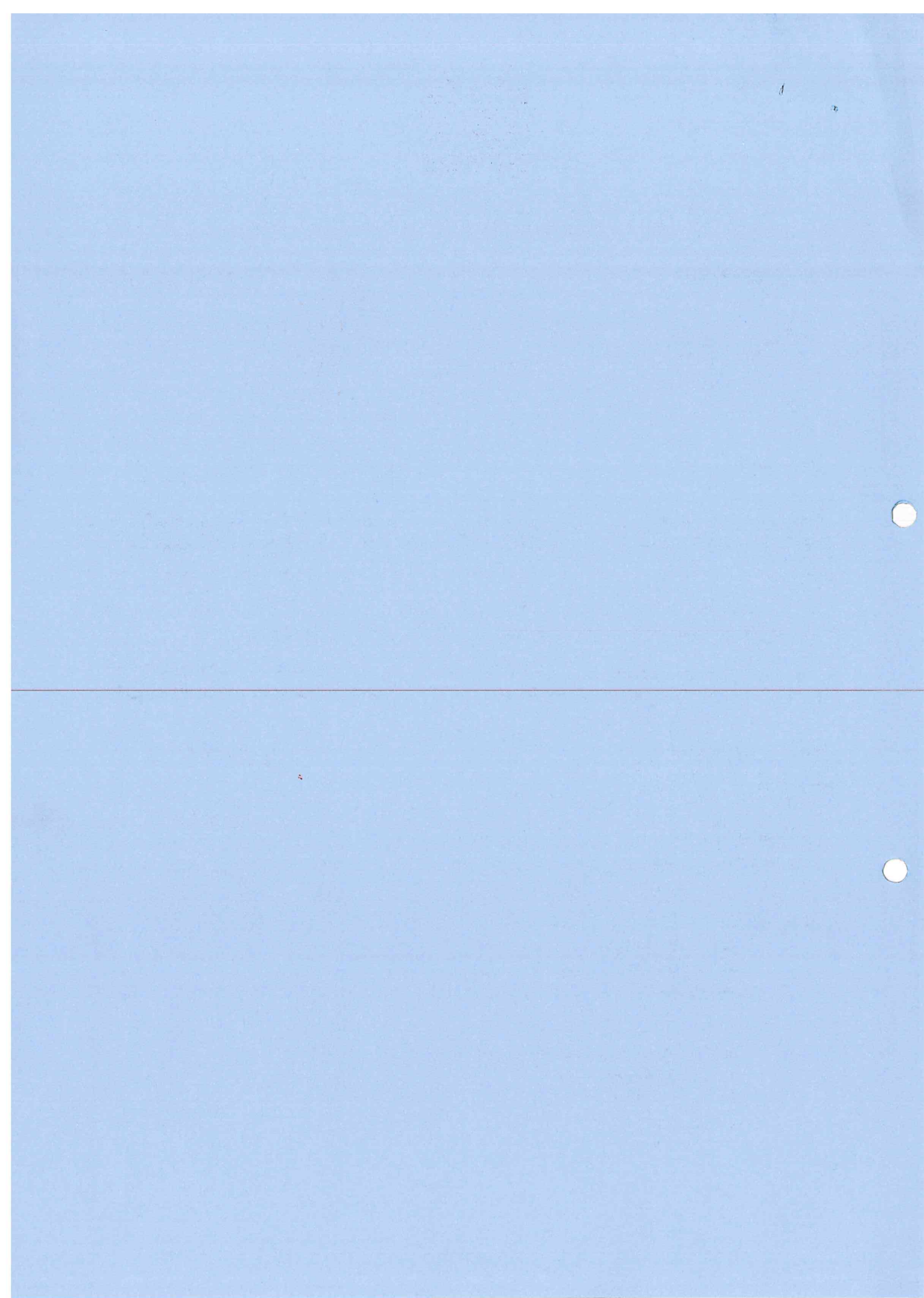
*15/2/19*

Copy to: Mr. Jeremiah Nyegenye  
Clerk to Senate  
P. O. Box 41842-00100  
NAIROBI

The Principal Secretary  
National Treasury  
P. O. Box 30007  
NAIROBI

*Approved for tabling*  
*19/2/2019*







REPUBLIC OF KENYA



**OFFICE OF THE AUDITOR-GENERAL**

**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**THE FINANCIAL STATEMENTS OF  
NAIROBI HEALTH MANAGEMENT BOARD**

**FOR THE YEAR  
ENDED 30 JUNE 2015**







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**NATIONAL GOVERNMENT ENTITY  
NAIROBI HEALTH MANAGEMENT BOARD**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
JUNE 30th, 2015**

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

Nairobi Health Management  
Board  
P.O. BOX 48651-00100, GPO,  
Tel: 2710260 / 1  
Lady Norchey Home  
State House Avenue  
Nairobi.





**NATIONAL GOVERNMENT ENTITY  
NAIROBI HEALTH MANAGEMENT BOARD  
Reports and Financial Statements  
For the year ended 30<sup>th</sup> June, 2015**

**Table of Content**

**Page**

<b>I. KEY ENTITY INFORMATION AND MANAGEMENT .....</b>	<b>1</b>
<b>II. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES .....</b>	<b>3</b>
<b>III. REPORT OF THE INDEPENDENT AUDITORS ON THE NHMB .....</b>	<b>4</b>
<b>IV. STATEMENT OF RECEIPTS AND PAYMENT .....</b>	<b>5</b>
<b>V. STATEMENT OF ASSETS AND LIABILITIES .....</b>	<b>6</b>
<b>VI. STATEMENT OF CASHFLOW .....</b>	<b>7</b>
<b>VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED .....</b>	<b>8</b>
<b>VIII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT .....</b>	<b>9</b>
<b>IX. SIGNIFICANT ACCOUNTING POLICIES .....</b>	<b>10</b>
<b>X. NOTES TO THE FINANCIAL STATEMENTS .....</b>	<b>12</b>







**NATIONAL GOVERNMENT ENTITY  
NAIROBI HEALTH MANAGEMENT BOARD  
Report and Financial Statements  
For the year ended 30<sup>th</sup> June, 2015**

**I. KEY ENTITY INFORMATION AND MANAGEMENT**

**(a) Background information**

The **NAIROBI HEALTH MANAGEMENT BOARD** was formed on 26<sup>th</sup> July, 2000 by merging the health functions of Ministry of Local government and the Ministry of Health (in Nairobi) at cabinet level, the Nairobi Health Management Board is represented by the Cabinet Secretary for **DEVOLUTION AND PLANNING** who is responsible for the general policy and strategic direction of the entity.

**(b) Principal Activities**

The principal activity/mission of the Nairobi Health Management Board as per the Nairobi Health Management board Order, 2000 is to “administer, manage and development of provincial and district hospitals, Public health centres, dispensaries and clinics in Nairobi”. Currently due to the devolution process the board is more of an advisory organ.

**(c) Key Management**

The Nairobi Health Management Board’s day-to-day management is under the following key organs:

- The Secretary to the Board/Nairobi County Chief Officer - Health
- The Ag. Chief Executive Officer/ Nairobi County Director of Medical Services: and
- The Administrator

**(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2015 and who had direct fiduciary responsibility were:

	<b>Name</b>	<b>Designation</b>	<b>Key qualifications</b>	<b>Responsibility</b>
1.	Dr. Stephen Ochiel	Chairman	MB, ChB, MMED Consultant Gynaecologist and Lecturer UoN	<ul style="list-style-type: none"> <li>• Chairs board meetings</li> <li>• Oversees smooth running of board meetings</li> <li>• Ensures effective implementation of board decisions</li> </ul>
2.	Dr. Robert Ayisi	Secretary/CCO-H	MB ChB, MMED, MPH.	<ul style="list-style-type: none"> <li>• Secretary to the board and Chief Officer Health Services, Nairobi City County</li> <li>• Ensures the board meets, procedures are properly minuted and records are properly maintained</li> </ul>
3.	Dr. Samuel Ochola	Ag. CEO/CDMS	MB ChB, MPH, Diploma in HSM	<ul style="list-style-type: none"> <li>• Helps create the vision by providing professional and technical support and advice</li> <li>• Monitor organizational performance closely, keeping the board appropriately informed.</li> <li>• Ensures operational/performance issues are quickly and effectively dealt</li> </ul>





**NATIONAL GOVERNMENT ENTITY  
NAIROBI HEALTH MANAGEMENT BOARD**

**Reports and Financial Statements  
For the year ended 30<sup>th</sup> June, 2015**

				<p>with.</p> <ul style="list-style-type: none"> <li>• Maintains an ability to innovate and question the status quo even when he/she created it him/herself.</li> <li>• To implement governance arrangements and sound systems of internal control.</li> </ul>
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**(e) Fiduciary Oversight Arrangements**

The Board provides the overall fiduciary oversight and receives regular reports from the Finance and General Purpose Committee and the Audit Committee. Internal controls are in place with Ag. CEO overseeing the day-to-day prudent management of finances supported by an Internal Auditor.

**(f) Entity Headquarters**

P.O. Box 48651 00100 GPO  
Lady Northey Home  
State House Avenue  
Nairobi, KENYA

**(g) Nairobi Health Management Board**

Telephone: (020) 2710260  
E-mail: ceo@nairobihmb.co.ke

**(h) Entity Bankers**

Co-operative Bank of Kenya Limited  
Co-op House Branch  
P. O. Box 67881  
City Square 00200  
Nairobi, Kenya

**(i) Independent Auditors**

Auditor General  
Kenya National Audit Office  
Anniversary Towers, University Way  
P.O. Box 30084  
GPO 00100  
Nairobi, Kenya

**(j) Principal Legal Adviser**

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







## II. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer for a national government entity shall prepare financial statements in respect of that entity. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed the Public Sector Accounting Standards Board of Kenya from time to time.

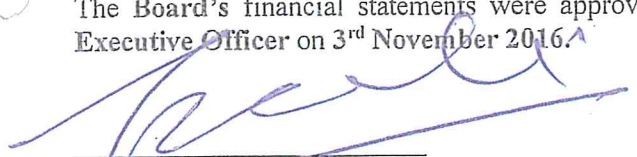
The Ag. Chief Executive Officer of Nairobi Health Management Board is responsible for the preparation and presentation of the Board's financial statements, which give a true and fair view of the state of affairs of the Board for and as at the end of the financial year 2014-2015 ended on June 30, 2015. 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 entity; (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 Board; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.


The Ag. Chief Executive Officer accepts responsibility for the Board's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS) and relevant legal framework of the Government of Kenya. The Ag. Chief Executive Officer is of the opinion that the Board's financial statements give a true and fair view of the state of Board's transactions during the financial year ended June 30, 2014, and of the Board's financial position as at that date. The Ag. Chief Executive Officer in charge of the Nairobi Health Management Board further confirms the completeness of the accounting records maintained for the Board, which have been relied upon in the preparation of the Board's financial statements as well as the adequacy of the systems of internal financial control.


The Ag. Chief Executive Officer in charge of the Nairobi Health Management Board confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further, the Ag. Chief Executive Officer confirms that the Board's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

### Approval of the financial statements

The Board's financial statements were approved and signed by the Chairman, Secretary and Ag. Chief Executive Officer on 3<sup>rd</sup> November 2016.

  
Chairman

  
Ag. Chief Executive Officer

  
Secretary

Nairobi Health Management  
Board  
P.O. BOX 48651-00100, GPO,  
Tel: 2710260 / 1  
Lady Northey Home  
State House Avenue  
Nairobi.



**NATIONAL GOVERNMENT ENTITY  
NAIROBI HEALTH MANAGEMENT BOARD  
Reports and Financial Statements  
For the year ended 30<sup>th</sup> June, 2015**

**III. REPORT OF THE INDEPENDENT AUDITORS ON THE NAIROBI HEALTH MANAGEMENT BOARD**

We have audited the accompanying (consolidated) financial statements of **Nairobi Health Management Board** for the year ended June 30, 2015, which comprise: (i) a statement of receipts and payments; (ii) a statement of financial assets and liabilities; (iii) a statement of cash flow; (iv) a statement of comparative budget and actual amounts; (v) a statement of pending bills as at June 30, 2015; and (vi) a summary of significant accounting policies and other explanatory information.

**Management's responsibility for the financial statements**

The **Board's** Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Public Sector Accounting Standards, and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' responsibility**

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the **Board's** preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the entity as at June 30, 2015 and its receipts and payments, as well as cash flows for the year then ended in accordance with International Public Sector Accounting Standards.

\_\_\_\_\_  
Auditor General

\_\_\_\_\_  
Date







## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON NAIROBI HEALTH MANAGEMENT BOARD FOR THE YEAR ENDED 30 JUNE 2015

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#### REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Nairobi Health Management Board set out on pages 5 to 14, which comprise the statement of assets and liabilities as at 30 June 2015, and the statement of receipts and payments, summary statement of appropriation and statement of cash flows 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.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for such 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.

The 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.

#### Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report 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. The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation

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*Report of the Auditor-General on the Financial Statements of Nairobi Health Management Board for the year ended 30 June 2015*



and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. An audit also includes evaluation of the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my adverse opinion.

### **Basis for Adverse Opinion**

#### **1. Late Submission of Financial Statements**

The financial statements for the year ended 30 June 2015 were submitted to the Auditor-General on 19 January 2017 which was more than 1 year after the required submission date of 30 September 2015. This is contrary to Section 47 of the Public Audit Act, 2015 and Section 116 (7) of the Public Finance Management Act, 2012 which requires submission of financial statements to the Auditor-General not later than three months after the end of the financial year to which the accounts relate. Consequently, the Board was in breach of the law.

#### **2. Presentation of the Financial Statements**

The statement of compliance and basis of preparation under Note 1 on significant accounting policies indicate that the figures in the financial statements have been presented in thousands. However, this has not been indicated clearly on pages 5, 6, 7, 8, 9, 12, 13 and 14 of the financial statements. Consequently, the financial statements have not been prepared in accordance with the reporting guidelines issued by the Public Sector Accounting Standards Board.

#### **3. Use of Goods and Services**

The statement of receipts and payments reflects total expenditure of Kshs.10,983,000 on use of goods and services which include expenditure on communication, supplies and services of Kshs.1,308,000. Supporting schedule in respect of the latter, however, reflect an amount of Kshs.1,320,000 and thus, resulting in unexplained difference of Kshs.12,000. Consequently, the completeness and accuracy of the total expenditure of Kshs.10,983,000 relating to use of goods and services for the year ended 30 June 2015 cannot be confirmed.

#### **4. Bank Balance**

Note 6A to the financial statements reflects bank balance of Kshs. 35,591,000 as at 30 June 2015. However, the main account cash book reflects a balance of



Kshs.35,413,000 which differ with the financial statements balance of Kshs.35,564,000, resulting in unreconciled difference of Kshs.151,000.

Further, bank reconciliation statement for the main account reflects un-presented cheques amounting to Kshs. 1,408,767 out of which cheques totalling Kshs.266,275 were stale but had not been reversed in the cash book as at 30 June 2015.

In the circumstances, the accuracy of the bank balance of Kshs. 35,591,000 as at 30 June 2015 cannot be confirmed.

### **Adverse Opinion**

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of Nairobi Health Management Board as at 30 June 2015, and (of) its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and do not comply with the Public Finance Management Act, 2012.



**FCPA Edward R. O. Ouko, CBS**  
**AUDITOR-GENERAL**

**Nairobi**

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**08 October 2018**

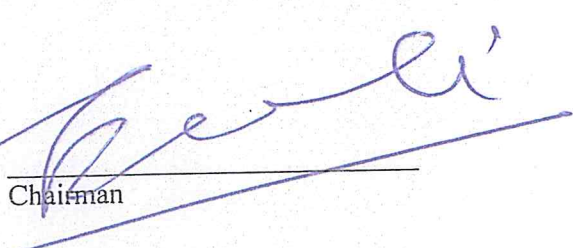


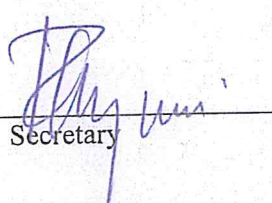
NATIONAL GOVERNMENT ENTITY  
NAIROBI HEALTH MANAGEMENT BOARD  
Report and Financial Statements  
For the year ended 30<sup>th</sup> June, 2015 (Kshs'000')


IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2014/2015 Kshs	2013/2014 Kshs
<b>RECEIPTS</b>			
Transfers from other government entities	1	15,223	50,445
Other Receipts	2	96	856
<b>TOTAL RECEIPTS</b>		<b>15,318</b>	<b>51,301</b>
<b>PAYMENTS</b>			
Use of goods and services	3	10,983	16,082
Acquisition of Assets	4	4,406	4,327
Other Payments	5	8,125	7,365
<b>TOTAL PAYMENTS</b>		<b>23,514</b>	<b>27,773</b>
<b>SURPLUS/DEFICIT</b>		<b>(8,195)</b>	<b>23,527</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 3<sup>rd</sup> November 2016 and signed by:

  
Chairman

  
Secretary

  
Ag. Chief Executive Officer

Nairobi Health Management  
Board  
P. O. BOX 48651-00100, GPO,  
Tel: 2710260 / 1  
Lady Northey Home  
State House Avenue  
Nairobi.



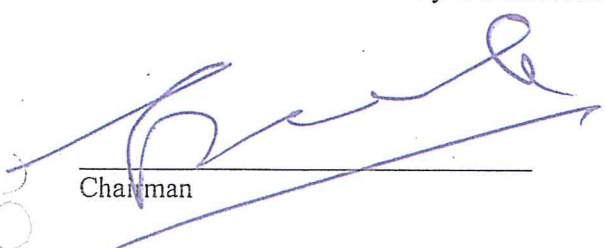


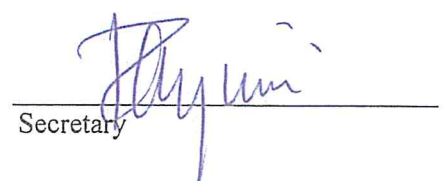
NATIONAL GOVERNMENT ENTITY  
 NAIROBI HEALTH MANAGEMENT BOARD  
 Report and Financial Statements  
 For the year ended 30<sup>th</sup> June, 2015 (Kshs'000')


V. STATEMENT OF ASSETS AND LIABILITIES

	Note	2014/2015 Kshs	2013/2014 Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances	6A	35,591	43,786
<b>TOTAL FINANCIAL ASSETS</b>		<u>35,591</u>	<u>43,786</u>
<b>LESS: FINANCIAL LIABILITIES</b>			
<b>NET FINANCIAL ASSETS/(LIABILITIES)</b>			
<b>REPRESENTED BY</b>			
Fund balance b/fwd.		43,786	20,258
Surplus/Deficit for the year		(8,195)	23,527
<b>NET FINANCIAL POSITION</b>	7	<u>35,590</u>	<u>43,786</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 3<sup>rd</sup> November 2016 and signed by:

  
 Chairman

  
 Secretary

  
 Ag. Chief Executive Officer

Nairobi Health Management  
 Board  
 P.O. BOX 48551-00100, GPO,  
 Tel: 2710260 / 1  
 Lady Northey Home  
 State House Avenue  
 Nairobi.



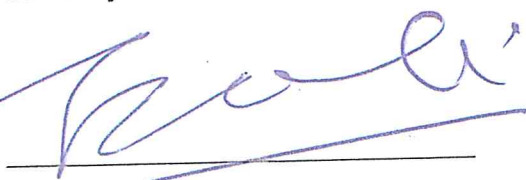


NATIONAL GOVERNMENT ENTITY  
 NAIROBI HEALTH MANAGEMENT BOARD  
 Report and Financial Statements  
 For the year ended 30<sup>th</sup> June, 2015 (Kshs'000')

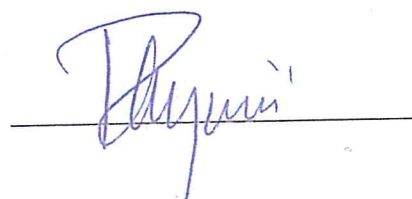
STATEMENT OF CASH FLOW

		2014/2015 Kshs	2013/2014 Kshs
<b>Receipts for operating income</b>			
Proceeds from Transfers from other Government Entities	1	15,223	50,445
Other Revenues	2	96	856
<b>Payments for operating expenses</b>			
Use of goods and services	3	-10,983	-16,082
Other Expenses	5	-8,125	-7,365
<b>Net cash flow from operating activities</b>		<b>(3,790)</b>	<b>27,854</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of Assets	4	-4,406	-4,327
<b>Net cash flows from Investing Activities</b>		<b>(8,195)</b>	<b>23,527</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>-8,195</b>	<b>23,527</b>
Cash and cash equivalent at BEGINNING of the year		43,786	20,259
Cash and cash equivalent at END of the year		35,591	43,786

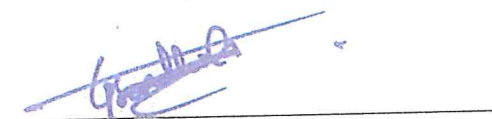
The entity financial statements were approved on 3rd November 2016 and signed by:



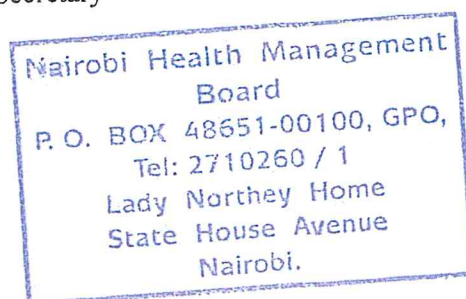
Chairman



Secretary



Ag. Chief Executive Office





NATIONAL GOVERNMENT ENTITY  
 NAIROBI HEALTH MANAGEMENT BOARD  
 Report and Financial Statements  
 For the year ended 30<sup>th</sup> June, 2015 (Kshs'000')

VI. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT  
 COMBINED

Revenue/ Expense Item	Notes	Original Budget	Adjustments **	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization Difference to Final Budget
		a	b	c=a+b	d	e=d-c	f=d/c %
Compensation of Employees		-	-	0	0	0	-
Use of goods and services	3		19,146	-10,071	29,217	10,983	18,234
Acquisition of Assets	4		16,800	-2,650	19,450	4,406	15,044
Other Expenses	5		7,520	-2,502	10,022	8,125	1,897
<b>TOTAL</b>			<b>43,466</b>	<b>-15,223</b>	<b>58,689</b>	<b>23,514</b>	<b>35,175</b>

\*\*Adjustments explained

The adjustments were done and approved by the board on the 26<sup>th</sup> September, 2014.

The entity financial statements were approved on 3rd November 2016 and signed by:

Chairman

Secretary

Ag Chief Executive Officer

Nairobi Health Management  
 Board  
 P.O. BOX 48551-00100, GPO,  
 Tel: 2710260 / 1  
 Lady Northey Home  
 State House Avenue  
 Nairobi.





NATIONAL GOVERNMENT ENTITY  
NAIROBI HEALTH MANAGEMENT BOARD  
Report and Financial Statements  
For the year ended 30<sup>th</sup> June, 2015 (Kshs'000')


VIII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT

Revenue/ Expense Item	Notes	Original Budget	Adjustments **	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization Difference to Final Budget
		a	b	c=a+b	d	e=d-c	f=d/c %
Compensation of Employees		-	-	0	0	0	-
Use of goods and services	3		19,146	-10,071	29,217	10,983	18,234
Acquisition of Assets	4		16,800	-2,650	19,450	4,406	15,044
Other Expenses	5		7,520	-2,502	10,022	8,125	1,897
<b>TOTAL</b>			<b>43,466</b>	<b>-15,223</b>	<b>58,689</b>	<b>23,514</b>	<b>35,175</b>

The entity financial statements were approved on 3<sup>rd</sup> November 2016 and signed by:

  
Chairman

  
Secretary

  
Ag. Chief Executive Officer

Nairobi Health Management  
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P. O. BOX 48651-00100, GPO,  
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**NATIONAL GOVERNMENT ENTITY  
NAIROBI HEALTH MANAGEMENT BOARD  
Report and Financial Statements  
For the year ended 30<sup>th</sup> June, 2015**

**IX. SIGNIFICANT ACCOUNTING POLICIES**

The principle accounting policies adopted in the preparation of these financial statements are set out below:

**1. Statement of compliance and basis of preparation**

The financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting and relevant legal framework of the Government of Kenya. The financial statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board of Kenya.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the NHMB and all values are rounded to the nearest thousand (Kshs'000). The accounting policies adopted have been consistently applied to all the years presented.

The financial statements have been prepared on the cash basis following the Government's standard chart of accounts. The cash basis of accounting recognises transactions and events only when cash is received or paid by the NHMB.

**2. Recognition of revenue and expenses**

The NHMB recognises all revenues from the various sources when the event occurs and the related cash has actually been received by the NHMB. In addition, the NHMB recognises all expenses when the event occurs and the related cash has actually been paid out by the entity.

**3. In-kind contributions**

In-kind contributions are donations that are made to the NHMB in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the entity includes such value in the statement of receipts and payments both as revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

**4. Cash and cash equivalents**

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



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**NATIONAL GOVERNMENT ENTITY  
NAIROBI HEALTH MANAGEMENT BOARD**

**Report and Financial Statements**

**For the year ended 30<sup>th</sup> June, 2015**

*SIGNIFICANT ACCOUNTING POLICIES (Continued)*

**5. Receivables and payables**

These relate to provisioning balances for the GAV and Exchequer accounts as required by the current Government Financial Regulations and Procedures. These provisioning balances do not have an impact on the receipts and payments and therefore do not contravene the principles on the cash based IPSAS.

**6. Budget**

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The Nairobi Health Management's budget was approved as required by Law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment of the Nairobi Health Management's actual performance against the comparable budget for the financial year under review has not been included in an annex to these financial statements but the board confirms that we have not exceeded the budget item.

**7. Comparative figures**

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

**8. 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, 2015.





**NATIONAL GOVERNMENT ENTITY  
NAIROBI HEALTH MANAGEMENT BOARD  
Report and Financial Statements  
For the year ended 30<sup>th</sup> June, 2015 (Kshs'000')**

**X. NOTES TO THE FINANCIAL STATEMENTS**

**1 TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

Description	2014/2015 Kshs	2013/2014 Kshs
<b>Transfers from Central government entities</b>		
Ministry of Local Government	15,223	50,445
UNICEF		
<b>TOTAL</b>	<b>15,223</b>	<b>50,445</b>

**2 OTHER REVENUES**

	2014/2015 Kshs	2013/2014 Kshs
Receipts from Voluntary transfers other than grants-		
User fees from facilities-User fees		356
Donations in Kind :KNH		500
Refund	96	
<b>Total</b>	<b>96</b>	<b>856</b>

**3 USE OF GOODS AND SERVICES**

	2014/2015 Kshs	2013/2014 Kshs
Domestic travel and subsistence	2353	6869
Communication, supplies and services	1308	1636
Printing, advertising and information supplies & services	232	0
Training expenses	459	225
Hospitality supplies and services	2290	873
Insurance costs	0	30
Specialized materials and services	244	285
Foreign Travel and Subsistence, and Other		
Transportation Costs	576	0
Office and general supplies and services	540	1,326
Other operating expenses – Fuel, Oil and Lubricants	540	2212
Routine maintenance – vehicles and other transport equipment	861	1893
Routine maintenance – other assets	1566	720
Rentals Of Produced Assets	14	12
<b>Total</b>	<b>10,983</b>	<b>16,082</b>



**NATIONAL GOVERNMENT ENTITY  
NAIROBI HEALTH MANAGEMENT BOARD  
Report and Financial Statements  
For the year ended 30<sup>th</sup> June, 2015 (Kshs'000')**

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**4 ACQUISITION OF ASSETS**

	2014/2015	2013/2014
	Kshs	Kshs
Purchase of Office Equipments	4406	4327
Purchase Of Computers&Computer accessory		
	<b>4,406</b>	<b>4,327</b>

**5 OTHER EXPENSES**

	2014/2015	2013/2014
	Kshs	Kshs
Board allowances	2968	3823
Commissioner of Taxes	1108	1438
Bank charges	12	5
Capital Transfer to Non-Financial Public Enterprises-Disbursements to facilities	0	1909
Research, Studies, Project Preparation, Design & Supervision	4037	
Transfer to revenue account	0	189
	<b>8,125</b>	<b>7,365</b>

**6A Bank Accounts**

Name of Bank, Account No. & currency	2014/2015	2013/2014
	Kshs	Kshs
<i>Cooperative Bank ,01136001102000,Kshs</i>		-
<i>Cooperative Bank ,0114100110201,Kshs</i>	35,564	43,759
<i>Cooperative Bank ,0114100110200,Kshs</i>	27	27
<b>Total</b>	<b>35,591</b>	<b>43,786</b>





**NATIONAL GOVERNMENT ENTITY  
NAIROBI HEALTH MANAGEMENT BOARD  
Report and Financial Statements  
For the year ended 30<sup>th</sup> June, 2015 (Kshs'000')**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**6B OUTSTANDING IMPRESTS**

<i>Name of Officer or Institution</i>	<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Balance</i>
	<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>
<i>S.M Mutugi chq no.820</i>	50,000	49,121	879
<i>G.M Gachuhi chq no.863</i>	50,000	48,805	1,195
<i>Total</i>			<u>2,074=2</u>

\*The figures in the above table were not rounded off to the nearest thousand, but the final figure (2,074) is rounded off to (2).

**7 FUND BALANCE**

	<b>2014/2015</b>	<b>2013/2014</b>
	<b>Kshs</b>	<b>Kshs</b>
Fund Balance B/f	43,786	20,258
Surplus/deficit for the Year	(8,195)	23,527
<b>Total</b>	<u><b>35,590</b></u>	<u><b>43,786</b></u>

**EXPLANATION:**

The unpresented cheques are cheques that have been issued for the year's transactions but not yet cleared by the bank.

**8 CONTINGENT LIABILITIES**

There was no contingent liability as at 30 June 2015.

**9 EVENTS AFTER THE REPORTING PERIOD**

There are no material events after the reporting date.



**NATIONAL GOVERNMENT ENTITY  
NAIROBI HEALTH MANAGEMENT BOARD  
Report and Financial Statements  
For the year ended 30<sup>th</sup> June, 2015**

**10 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 (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

**Guidance Notes:**

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
- (iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury



Nairobi Health Management  
Board

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