

REPUBLIC OF KENYA

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P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

NHMB/2015/2016/(17)

21 December 2018

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

DIC
TNA
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 2016

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 2016.

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

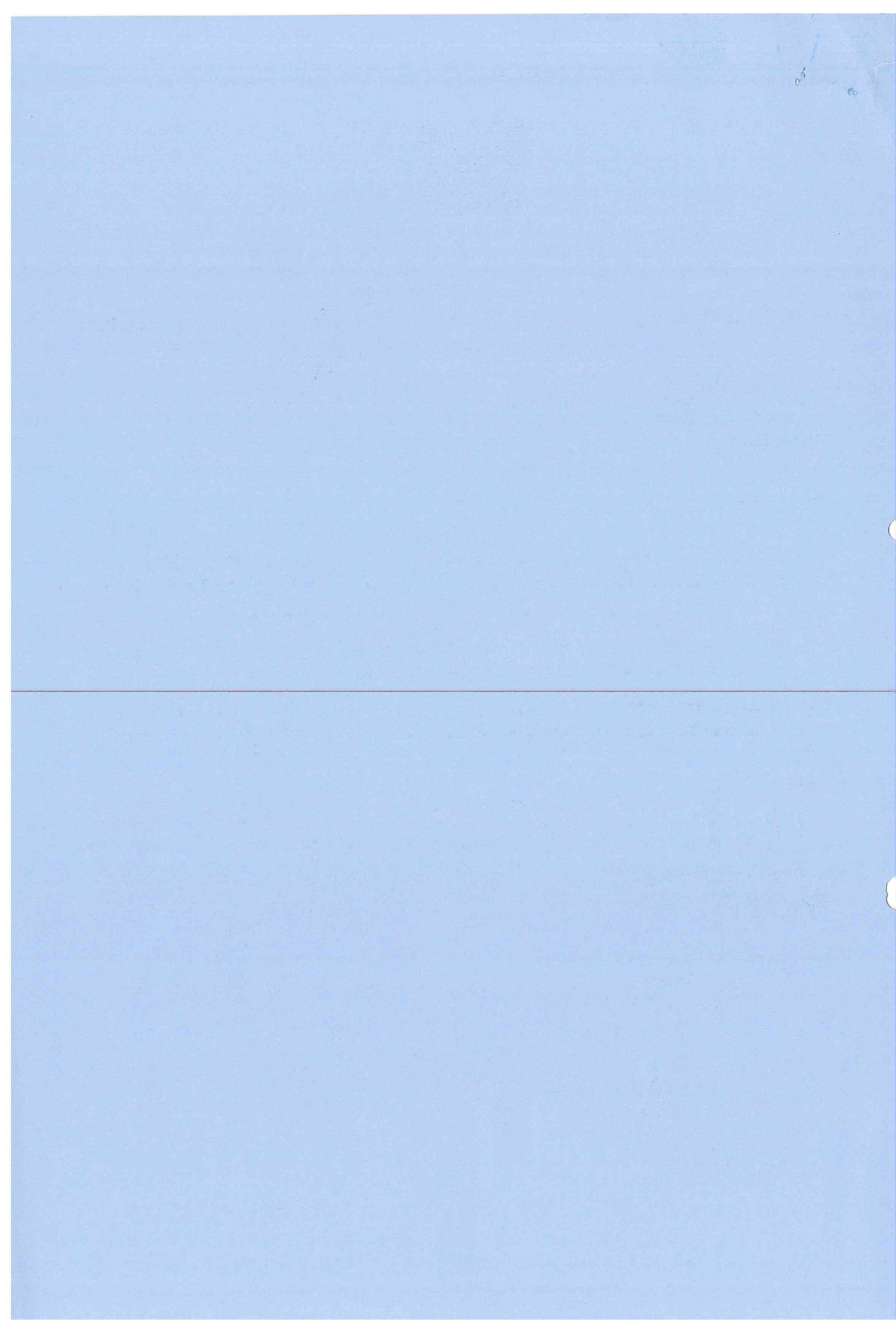
William O. Agunda
For: AUDITOR-GENERAL

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

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

CA - Q. A. D. Jones
Pls TNA.
15/2/19

Approved for tabling
19/2/2019



REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

REPORT

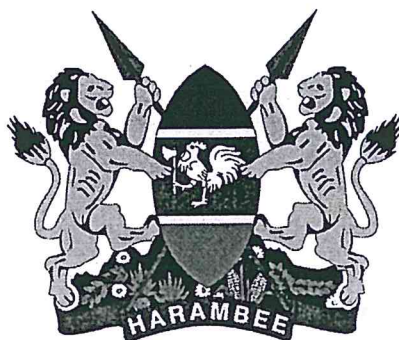
OF

THE AUDITOR-GENERAL

ON

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

**FOR THE YEAR ENDED
30 JUNE 2016**



**NATIONAL GOVERNMENT ENTITY
NAIROBI HEALTH MANAGEMENT BOARD**

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2016**

**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 Norney Home
State House Avenue
Nairobi.

NATIONAL GOVERNMENT ENTITY
NAIROBI HEALTH MANAGEMENT BOARD
Reports and Financial Statements For the year ended June 30, 2016

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NATIONAL GOVERNMENT ENTITY
NAIROBI HEALTH MANAGEMENT BOARD
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I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The **NAIROBI HEALTH MANAGEMENT BOARD** was formed on 26th 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 30th June 2016 and who had direct fiduciary responsibility were:

(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



**NATIONAL GOVERNMENT ENTITY
NAIROBI HEALTH MANAGEMENT BOARD
Reports and Financial Statements For the year ended June 30, 2016**

(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

**NATIONAL GOVERNMENT ENTITY
NAIROBI HEALTH MANAGEMENT BOARD**

Reports and Financial Statements For the year ended June 30, 2016

II. BOARD MEMBERS

1.



DR. STEPHEN OCHIEL, MBS - Chairman

Profession: Medical Practitioner

Academic/Professional Qualifications:

M.B,Ch.B.; M.Med.; Consultant Gynaecologist

DOB: 7th January, 1949

Experience: 40 years' experience in the medical field. Lecturer, University of Nairobi; Member - Tobacco Control Board; Past Chief Medical Officer, University of Nairobi; Consultant Gynaecologist, Kenyatta National Hospital. Author and co-author of several publications.

Past Chairman of:-

- i) Medical Sciences Advisory Research Committee
- ii) Kenya Medical Investment Company Limited Board
- iii) Private Practice Committee of Medical Practitioner and Dentist Board
- iv) Kisumu Town East Constituency Development Fund Committee
- v) President, Federation of Medical Association of East Africa (FEMDA)
- vi) Kenya Medical Association Housing Co-operative Society
- vii) National Chairman of Kenya Medical Association
- viii) Kenya Obstetrical and Gynaecological Society

Past Board/Council Member/Trustee:-

- ix) Medical Practitioners & Dentists Board
- x) National Hospital Insurance Fund
- xi) National Aids Control Council
- xii) NHIF Retirement Benefit Scheme
- xiii) National Economic and Social Council (NESC)
- xiv) Association of Professional Societies of East Africa (APSEA)
- xv) Kenya Medical Association
- xvi) Nairobi Health Management Board
- xvii) Reproductive Health Advisory Board

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<p>2.</p>  <p>ELIZABETH OYWER Profession: Nursing Director of Nursing (designate) – Ministry of Health Academic/Professional Qualifications: Master of Arts (Mental Health) and Master of Nursing (Nursing Education); KRN, KRPN, DAN, BsCN,</p>	<p>DOB: 13th March, 1958 Experience: 35 years in Nursing, Clinical nursing, Lecturer, Administrator at Ministry of Health Headquarters and Registrar/Chief Executive Officer, Nursing Council of Kenya.</p>
<p>3.</p>  <p>Dr. Annah Wanjugu Wamae, OGW Profession: Medical Practitioner Academic/Professional Qualifications: M.B,Ch.B.; M.Med.(Paediatrics and Child Health); Deputy Director of Medical Services Representing Principal Secretary, Ministry of Health</p>	<p>DOB 8th May 1962 Experience: 25 years' work experience in the Health sector providing leadership and coordinating the formulation and implementation of policies and guidelines in both Preventive/Promotive Health and Clinical Services Attended several local and international short courses in Health Policy, Leadership and Maternal and Child Health and Nutrition.</p>

NATIONAL GOVERNMENT ENTITY
NAIROBI HEALTH MANAGEMENT BOARD
Reports and Financial Statements For the year ended June 30, 2016

4.



PROF: ISAAC KIBWAGE, HSC
Principal, Collage of Health Sciences, UoN

Profession: Pharmacist; Professor of
Pharmaceutical Chemistry
Academic/Professional Qualifications: B.Pharm,
M.Pharm, Ph.D, C.Sci, C.Chem, MRSC, FPSK

DOB: August 1954

Experience: 36 years as a Pharmacist. Lecturer, consultant on pharmaceutical quality systems and analytical sciences. Chair of Board of Management, National Quality Control Laboratory; Past Council member, University of Nairobi; Committee on Drug Registration, Ministry of Health; Fellow and past Chairman of the Pharmaceutical Society of Kenya; Board of Governors, Menyenya High School and Kisii Teaching and Referral Hospital. Member: Board of Directors, Kenyatta National Hospital; Board of Management, Kenya Medical Training College; School Equipment Production Unit, Ministry of Education; National Constitutional Conference, World Health Organization Expert Committee on the International Pharmacopoeia and Pharmaceutical Preparations; Pharmacy and Poisons Board, Ministry of Health. Author and co-author of several publications.

5.



SAMUEL M. MACHARIA
Profession: Finance and Budget Officer
Academic/Professional Qualifications: EMBA
(JKUAT), B.COMM (UoN), CPA (K).

Representing Principal Secretary, The National Treasury

DOB 4th May 1971

Experience- 15 years in Financial Management

**NATIONAL GOVERNMENT ENTITY
NAIROBI HEALTH MANAGEMENT BOARD
Reports and Financial Statements For the year ended June 30, 2016**

6.



PAULINE MURIITHIA

Profession: Advocate
Academic/Professional Qualifications: LLB; Dip. Law; Certificate in Strategic Leadership Development; Certificate in Strategic Planning and Management

DOB: 2nd August 1968
21 years' experience in the public service

Representing Principal Secretary, State Department of Devolution

7.





DR. WALTER OWEN OGONY.

Profession: Medical Practitioner
Academic/Professional Qualifications: M.B.,Ch.B., M.Med.; Dip. CEH. Fellow of the Eastern Africa College of Ophthalmology (FEACO); Management & Leadership,



DOB: 26th Sep. 1957

Medical practitioner for 33 years of which 26 as a Specialist Ophthalmologist at Kenyatta National Hospital; Past Head of department for 10 years. Past Assistant Director, Specialised Surgical Services. Past Chair of Performance Contract Committee. Member of the Corruption Prevention Committee. Past BOG Chair - Sidindi Secondary School.

**NATIONAL GOVERNMENT ENTITY
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Reports and Financial Statements For the year ended June 30, 2016

<p>Performance Contract, Corporate Governance.</p> <p>Representing Director, Kenyatta National Hospital</p>	
<p>8</p>  <p>WASONGA SIJEYO OGOLA Profession: Advocate Academic/Professional Qualifications: LLB; Dip. Law; Legal Officer, Nairobi County</p>	<p>DOB: 2nd July 1970 Experience: Legal practitioner for the past 12 years; Part time lecturer – Kenya Institute of Management and Collage of Human Resource Management. Board Member – Pumwani Maternity Hospital. Member – Law Society of Kenya; Kenya Institute of Management</p>
<p>9.</p>  <p>DR. RONALD MWENDE INYANGALA Director, Business Support Services Pharmacy and Poisons Board.</p> <p>Profession: Pharmacist Academic/Professional Qualifications: Msc. (Pharm); MPSK. Certificate in Strategic</p>	<p>DOB: 6th December, 1962 Experience: 27 years' experience in both the public and private sectors of which 12 years have been served in the Pharmacy and Poisons Board.</p>

**NATIONAL GOVERNMENT ENTITY
NAIROBI HEALTH MANAGEMENT BOARD
Reports and Financial Statements For the year ended June 30, 2016**



<p>Leadership Development; Certified GMP and ISO 9001 Lead Auditor</p>	
<p>10.</p>  <p>DR. ROBERT AYISI, OGW, MBS Ag. County Secretary and Secretary to the Board</p>	<p>DOB 27th April 1957 Experience: 32 years' work experience, inclusive of being a Provincial Medical Officer in Kakamega and Nairobi Provinces; Medical Officer of Health - Nairobi Province; Chief Officer – Health, Nairobi County.</p>
<p>Profession: Medical Practitioner Academic/Professional Qualifications: M.B,Ch.B., M.Med. (Paediatrics and Child Health); MPH. Specialist in Family Health and Nutrition.</p>	
<p>11.</p>  <p>DR. SAMUEL OCHOLA Ag. CEO/Ag. County Chief Officer – Health</p>	<p>DOB: 3rd January, 1958 Experience: 31 years' work experience inclusive of Medical officer of health in two districts, Head National Malaria control program, Provincial Director of health in Nairobi and Chief Officer of Health Nairobi</p>

NATIONAL GOVERNMENT ENTITY
NAIROBI HEALTH MANAGEMENT BOARD
Reports and Financial Statements For the year ended June 30, 2016


Profession: Medical Practitioner Academic/Professional Qualifications: M.B,Ch.B., Master's in Public Health, Dip. HSM	
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NATIONAL GOVERNMENT ENTITY
NAIROBI HEALTH MANAGEMENT BOARD
Reports and Financial Statements For the year ended June 30, 2016

III. MANAGEMENT TEAM

<p>1.</p>  <p>DR. ROBERT AYISI, OGW, MBS DOB 27th April 1957 Profession: Medical Practitioner Academic/Professional Qualifications: M.B,Ch.B., M.Med. (Paediatrics and Child Health); MPH; Specialist in Family Health and Nutrition. Experience: 32 years' work experience, inclusive of being a Provincial Medical Officer in Kakamega and Nairobi Provinces; Medical Officer of Health – Nairobi Province; Chief Officer – Health, Nairobi County.</p>	<p>Secretary to the Board/Ag. County Secretary</p>
<p>2.</p> 	<p>Ag. Chief Executive Officer/Ag. County Chief Officer - Health</p>

**NATIONAL GOVERNMENT ENTITY
NAIROBI HEALTH MANAGEMENT BOARD
Reports and Financial Statements For the year ended June 30, 2016**

<p>DR. SAMUEL OCHOLA DOB: 3rd January, 1958 Profession: Medical Practitioner Academic/Professional Qualifications: M.B,Ch.B., Master's in Public Health, Dip. HSM Experience: 31 years work experience inclusive of Medical officer of health in two districts, Head National Malaria control program, Provincial Director of health in Nairobi and Chief Officer of Health Nairobi</p>	
<p>3.</p> 	<p>Administrator</p>
<p>GIDEON MACHARIA GACHUHI DOB: 23rd September, 1957 Profession: Health Administration Academic/Professional Qualifications: BA (Econ; Govt.); Advanced Dip. Health Services Administration. Experience: 32 years' experience in health services management in the public sector</p>	

NATIONAL GOVERNMENT ENTITY
NAIROBI HEALTH MANAGEMENT BOARD
Reports and Financial Statements For the year ended June 30, 2016

IV. CHAIRMAN'S STATEMENT

The Chairman, the Board, and staff of the Nairobi Health Management Board wish to extend their appreciation to State Department of Devolution, Ministry of Health, and Nairobi City County Government, through the County Executive Committee Member for Health (CECM), for their continued support.

Through 2015 – 2016 Financial year, the Board continued with its support to Nairobi City County Government through its various committees offering advice to County management on matters of health. Further, through several supervisory tours to sub-county facilities, the Board extended its advisory role to operational levels.

Further, the Board, through the supply of selected medical equipment and medical oxygen to various facilities, complemented efforts of the county government in provision of health services. The Board also supported several research and study activities.

However, the Board is facing several constraints in its composition and mandate because of the devolution process in the county as prescribed in the constitution. The Board has undertaken to engage the Nairobi City County Government on its future role, which will also include future funding.



Dr. Stephen Ochiel, MBS

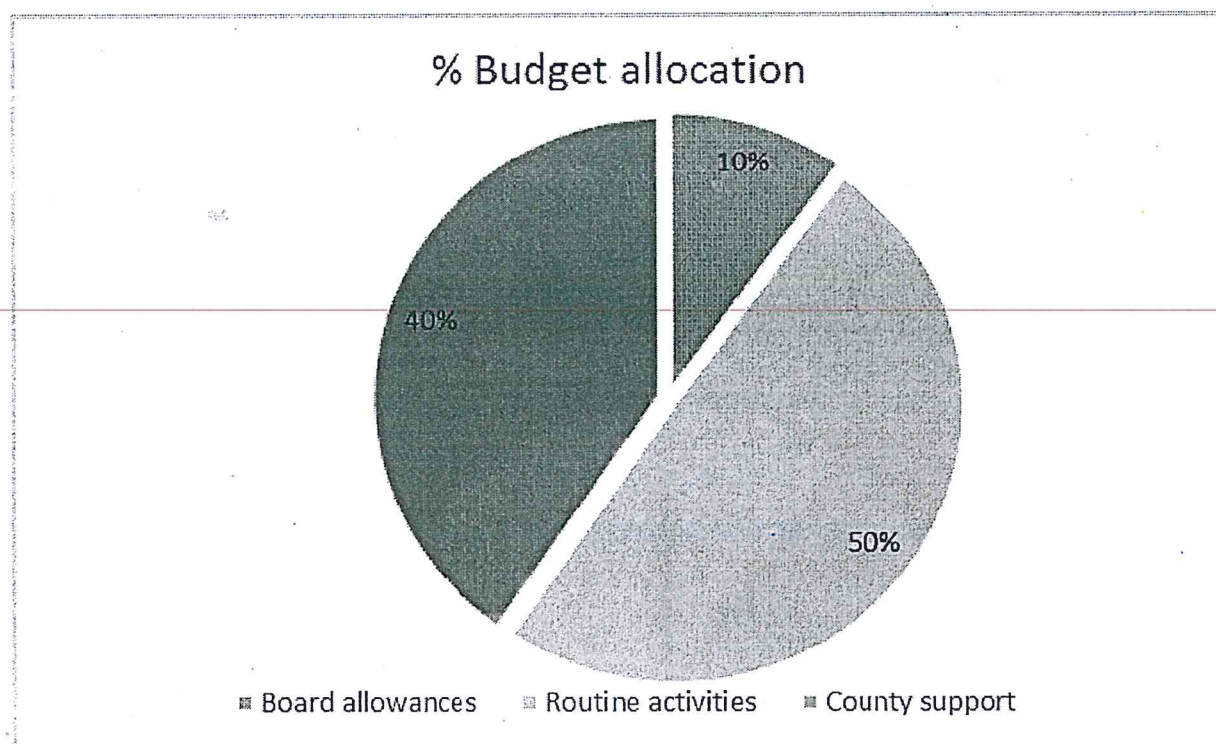
V. REPORT OF THE CHIEF EXECUTIVE OFFICER

The Ag. Chief Executive Officer and the Secretariat would wish to thank the Chairman, the Board and the Nairobi City County Health Sector management for their continued support during the year under review.

This being the last year of the transition period as prescribed in the constitution; the Board has engaged the Nairobi City County Government on its future function and has proposed a transition to an advisory entity within the County health system.

At the beginning of the financial year 2015 -2016, the Board developed a budget, work-plan, and a procurement plan based on a projected amount of Ksh. 50,233,500 comprising of Ksh. 35,011,000 being balances of funds carried forward from the previous year 2014-2015 and an anticipated grant of Ksh. 15,222,500 from the State Department of Devolution.

Total budget utilization



The highlights of the budget, outside of the recurrent expenses to cater for Board activities, reconstruction of financial accounts from 2004/05 to 2014/15 financial years in IPSAS and routine office expenses, the Board had committed to utilize Ksh. 20,300,000/- or 40% towards continued support to County activities, which included:-


a) Evacuation and referral logistics training, b) Provision of emergency medical supplies and commodities, c) Disease surveillance activities, d) Provision of assorted medical equipment to selected facilities, e) Establishment of 2 No. Community units through mapping and training, f) Renovation of a cancer screening room at Mbagathi hospital, g) Disposal of obsolete items, which include expired commodities and equipment, h) Creation of awareness –

**NATIONAL GOVERNMENT ENTITY
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Reports and Financial Statements For the year ended June 30, 2016**

commemoration of health related World days, i) Research and surveys, and j) Purchase of supervision vehicle for use by the Board, Secretariat and County Health staff.

At the end of the financial year, only 50% of the approved budget had been utilized. This was because of the anticipated funding from the State Department of Devolution having not been released at any time during or by the end of the financial year. Thus 73% of the amounts brought forward at the beginning of the financial year was thus utilized, carrying forward an amount of Ksh. 9.4 million to the current financial year 2016-2017.

The Board will engage the County Government on its future role and funding, which will be at a level commensurate with the agreed upon role(s).



**Dr. Samuel Ochola,
Ag. CEO/County Chief Officer – Health**

VI. CORPORATE GOVERNANCE STATEMENT

The mandate of the Board, as per provisions of Legal Notice 99 of 2000 was to “administer, manage and development of provincial and district hospitals, Public health centres, dispensaries and clinics in Nairobi”. In order to achieve this, the Minister for Local Government, in consultation with the Minister for Health, between July 2001 and October 2010, appointed, through a gazette notice, 14 members of the Board. Each Board term lasting for a period of three years, with an option of re-appointment for a further three years for a maximum of two terms.

The Legal Notice 99 of 2000 provided for a Board Secretary. However, with more involvement of the Ministry of Health in a reorganized and a rejuvenated Board in 2003, the Nairobi Provincial Medical Officer was appointed to act as the Board’s Chief Executive Officer.

The current Board was appointed on 15th October 2010; its first term expired on 11th October 2013. The Board has since been operating under the transition clauses of the constitution. The continued existence of the Board, after the transition period, has therefore been, and will continue to be, the prerogative of the Nairobi City County Government in its membership, mandate, and operations.

As expected, the governance structures that were embedded in the Legal Notice have continued to apply in as far as they are not in conflict with the Constitution. The Board operates through its four (4) committees and the Full Board, which meets quarterly. However, the Board’s place in the structure of the Nairobi City County health system is yet to be determined and this will be a main determinant in the governance structure to be adopted in the future.

NATIONAL GOVERNMENT ENTITY
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Reports and Financial Statements For the year ended June 30, 2016

VII. 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 **2015-2016** ended on June 30, 2016. 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.

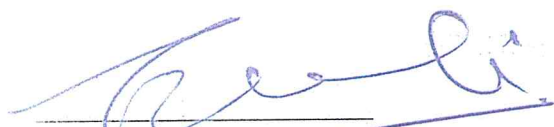
The **Ag. Chief Executive Officer** accepts responsibility for the **Board's** financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS) and relevant 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, 2016, 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** financial statements were approved and signed by the **Chairman, Secretary and Ag. Chief Executive Officer** on 3rd November 2016.

NATIONAL GOVERNMENT ENTITY
NAIROBI HEALTH MANAGEMENT BOARD
Reports and Financial Statements For the year ended June 30, 2016


Chairman


Secretary


Ag. Chief Executive Officer

Nairobi Health Management
Board
P. O. BOX 48651-00100, GPO,
Tel: 2710250 / 1
Lady Northey Home
State House Avenue
Nairobi.

**NATIONAL GOVERNMENT ENTITY
NAIROBI HEALTH MANAGEMENT BOARD
Reports and Financial Statements For the year ended June 30, 2016**

VIII. 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, 2016, which comprise: (i) a statement of receipts and payments; (ii) a statement of financial assets and liabilities; (iii) a statement of comparative budget and actual amounts; (iv) a statement of pending bills as at June 30, 2016; and (v) 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, 2016, 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

REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax: +254-20-311482
E-mail: oag@oagkenya.go.ke
Website: www.kenao.go.ke



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NAIROBI HEALTH MANAGEMENT BOARD FOR THE YEAR ENDED 30 JUNE 2016

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Nairobi Health Management Board set out on pages 19 to 28, which comprise the statement of assets and liabilities as at 30 June 2016, 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 and fair presentation of the

Report of the Auditor-General on the Financial Statements of Nairobi Health Management Board for the year ended 30 June 2016

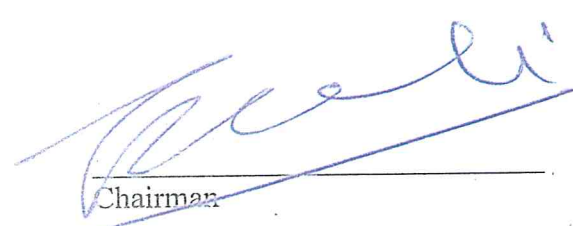
NATIONAL GOVERNMENT ENTITY
 NAIROBI HEALTH MANAGEMENT BOARD
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(Ksh '000)

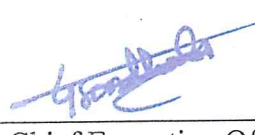
IX. STATEMENT OF CASH RECEIPTS AND PAYMENTS

	Note	2015/2016	2014/2015 Kshs
RECEIPTS			
Transfers from other government entities	1	-	15,223
Other Receipts	2		96
TOTAL RECEIPTS		0	15,318
PAYMENTS			
Use of goods and services	3	11,218	10,983
Acquisition of Assets	4	4,742	4,406
Other Payments	5	5,958	8,125
TOTAL PAYMENTS		21,919	23,514
SURPLUS/DEFICIT		(21,919)	(8,195)

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 3rd November 2016, 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
Reports and Financial Statements For the year ended June 30, 2016**


X. STATEMENT OF ASSETS AND LIABILITIES

	Note	2015/2016	2014/2015 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	6A	13,672	35,591
TOTAL FINANCIAL ASSETS		<u>13,672</u>	<u>35,591</u>
LESS: FINANCIAL LIABILITIES			
NET FINANCIAL ASSETS/(LIABILITIES) REPRESENTED BY			
Fund balance b/fwd.		35,590	43,786
Surplus/Deficit for the year		(21,919)	(8,195)
NET FINANCIAL POSITION	7	<u>13,672</u>	<u>35,590</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 **3rd 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**

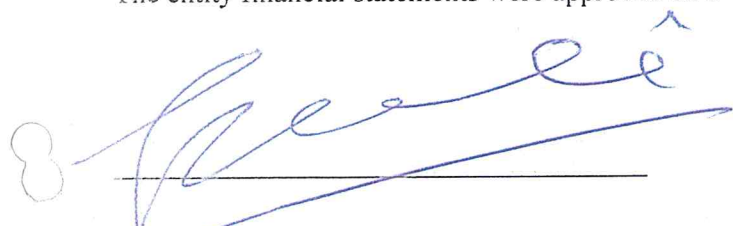
Reports and Financial Statements For the year ended June 30, 2016

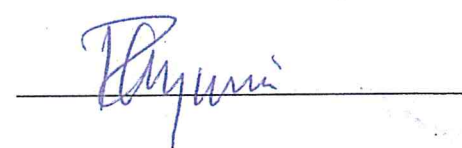
(Ksh '000)

XL STATEMENT OF CASH FLOW

		2015/2016	2014/2015
		Kshs	Kshs
Receipts for operating income			
Proceeds from Transfers from other Government Entities	1		15,223
Other Revenues	2	0	96
Payments for operating expenses			
Use of goods and services	3	-11,218	-10,983
Other Expenses	5	-5,958	-8,125
Net cash flow from operating activities		(17,177)	(3,790)
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	4	-4,742	-4,406
Net cash flows from Investing Activities		(21,919)	(8,195)
NET INCREASE IN CASH AND CASH EQUIVALENT		-21,919	-8,195
Cash and cash equivalent at BEGINNING of the year		35,591	43,786
Cash and cash equivalent at END of the year		13,672	35,591

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


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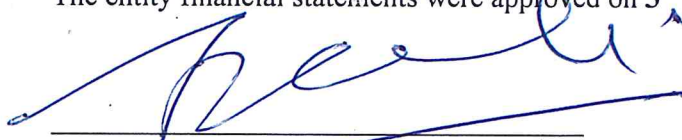
XII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Revenue/Expense Item	Notes	Original Budget	Adjustments **	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilization Difference to Final Budget
		a	b	c=a+b	d	e=d-c	f=d/c %
Use of goods and services	3	31,041	0	31,041	11,218	19,823	36.14%
Acquisition of Assets	4	16,150	75	16,225	4,742	11,483	29.23%
Other Expenses	5	3,050	0	3,050	5,958	-2,908	195.34%
TOTALS		50,541	75	50,223	21,919	28,304	43.64%


**Adjustments explained

The adjustments were done after the corrected opening and closing balances of 2014 – 2015 Financial Year.

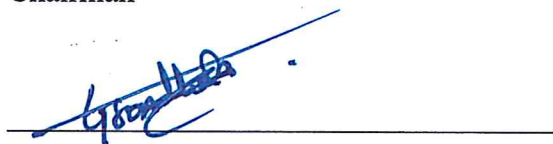
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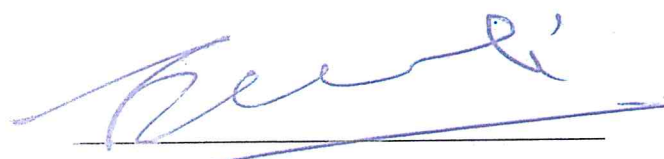
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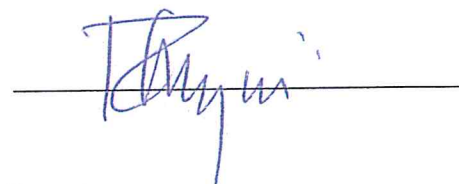
XIII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT

Revenue/Expense Item	Notes	Original Budget	Adjustments **	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilization Difference to Final Budget
		a	b	c=a+b	d	e=d-c	f=d/c %
Use of goods and services	3	31,041	0	31,041	11,218	19,823	36.14%
Acquisition of Assets	4	16,150	75	16,225	4,742	11,483	29.23%
Other Expenses	5	3,050	0	3,050	5,958	-2,908	195.34%
TOTALS		50,541	75	50,223	21,919	28,304	43.64%

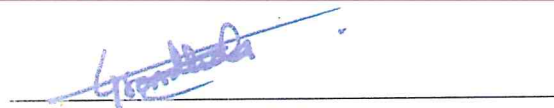
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**NATIONAL GOVERNMENT ENTITY
NAIROBI HEALTH MANAGEMENT BOARD
Reports and Financial Statements For the year ended June 30, 2016**

XIV 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 that were not surrendered or accounted for at the end of the financial year.

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 NHMB'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 NHMB'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, 2016.

**NATIONAL GOVERNMENT ENTITY
NAIROBI HEALTH MANAGEMENT BOARD
Reports and Financial Statements For the year ended June 30, 2016**

(Ksh '000)

XV NOTES TO THE FINANCIAL STATEMENTS

1 TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	2015/2016 Kshs	2014/2015 Kshs
Transfers from Central government entities		
Ministry of Local Government	0	15,223
UNICEF		
TOTAL	-	15,223

2 OTHER REVENUES

	2015/2016 Kshs	2014/2015 Kshs
Receipts from Voluntary transfers other than grants-		
User fees from facilities-User fees		
Donations in Kind :KNH		
World Bank		
Refund	0	96
Total	0	96

3 USE OF GOODS AND SERVICES

	2015/2016 Kshs	2014/2015 Kshs
Domestic travel and subsistence	2	2353
Communication, supplies and services	1236	1308
Printing, advertising and information supplies & services	422	232
Training expenses	1339	459
Hospitality supplies and services	0	2290
Insurance costs	18	0
Specialized materials and services	374	244
Foreign Travel and Subsistence, and Other		
Transportation Costs	903	576
Office and general supplies and services	5021	540
Other operating expenses – Fuel, Oil and Lubricants	0	540
Routine maintenance – vehicles and other transport equipment	1527	861
Routine maintenance – other assets	375	1566
Rentals Of Produced Assets	0	14
Total	11,218	10,983

**NATIONAL GOVERNMENT ENTITY
NAIROBI HEALTH MANAGEMENT BOARD
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 ACQUISITION OF ASSETS

	2015/2016	2014/2015
	Kshs	Kshs
Purchase of Office Equipments	4742	4406
Purchase Of Computers&Computer accessory		
	4,742	4,406

5 OTHER EXPENSES

	2015/2016	2014/2015
	Kshs	Kshs
Board allowances	1463	2968
Commissioner of Taxes	1463	1108
Bank charges	24	12
Board Committee Conferencing	1759	0
Research, Studies, Project Preparation, Design & Supervision	1230	4037
Contracted professionals	20	0
	5,958	8,125

6 Bank Accounts

Name of Bank, Account No. & currency	2015/2016	2014/2015
	Kshs	Kshs
<i>Cooperative Bank ,01136001102000,Kshs</i>		
<i>Cooperative Bank ,0114100110201,Kshs</i>	13,645	35,564
<i>Cooperative Bank ,0114100110200,Kshs</i>	27	27
Total	13,672	35,591

**NATIONAL GOVERNMENT ENTITY
NAIROBI HEALTH MANAGEMENT BOARD
Reports and Financial Statements For the year ended June 30, 2016**

(Ksh '000)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7 BALANCE BROUGHT FORWARD

	2015/2016	2014/2015
	Kshs	Kshs
Fund Balance B/f	35,590	43,786
Surplus/deficit for the Year	(21,919)	(8,195)
Total	<u>13,672</u>	<u>35,590</u>

8 CONTINGENT LIABILITIES

There was no contingent liability as at 30 June 2016.

9 EVENTS AFTER THE REPORTING PERIOD

There are no material events after the reporting date.

NATIONAL GOVERNMENT ENTITY
NAIROBI HEALTH MANAGEMENT BOARD
Reports and Financial Statements For the year ended June 30, 2016

XVI 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

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