

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



REPORT

PAPERS LAID	
DATE	13/02/2005
TABLED BY	Sen. Dr. Maj. Leader
COMMITTEE	CPAC
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THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
NAIROBI HEALTH MANAGEMENT
BOARD

FOR THE YEAR ENDED
30 JUNE 2005



**NATIONAL GOVERNMENT ENTITY
NAIROBI HEALTH MANAGEMENT BOARD**

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30th, 2005**

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 41001-00100, GPO
Tel: 254 20 250 / 1
Lady Mary's Home
State House Avenue
Nairobi

**NATIONAL GOVERNMENT ENTITY
 NAIROBI HEALTH MANAGEMENT BOARD
 Reports and Financial Statements
 For the year ended 30th June, 2005**

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

**NATIONAL GOVERNMENT ENTITY
NAIROBI HEALTH MANAGEMENT BOARD
Report and Financial Statements
For the year ended 30th June, 2005**

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 2005 and who had direct fiduciary responsibility were:

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

**NATIONAL GOVERNMENT ENTITY
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 Report and Financial Statements
 For the year ended 30th June, 2005**

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

(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

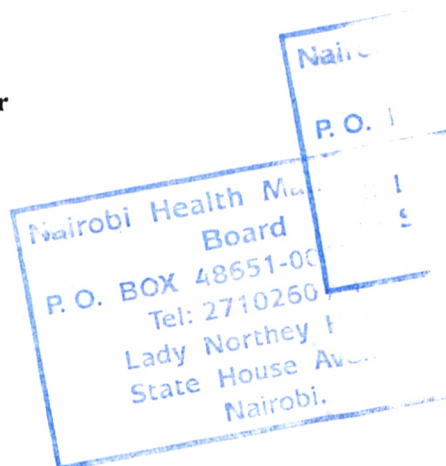
Co-operative Bank of Kenya Limited
 Co-op House Branch
 P. O. Box 67881
 City Square 00200
 Nairobi, Kenya

(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



NATIONAL GOVERNMENT ENTITY
NAIROBI HEALTH MANAGEMENT BOARD
Report and Financial Statements
For the year ended 30th June, 2005

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 **2004-2005** ended on June 30, 2005. 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, 2005, 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 3rd 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
Report and Financial Statements
For the year ended 30th June, 2005**

**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, 2005, 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, 2005; 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, 2005 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

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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 2005

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 2005, and the statement of receipts and payments, summary statement of appropriation and statement of cash flows for the year then ended, and 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

Report of the Auditor-General on the Financial Statements of Nairobi Health Management Board for the year ended 30 June 2005

considers internal control relevant to the entity'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 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 2005 were submitted to the Auditor-General on 19 January 2017 which was more than eleven years after the required submission date of 30 September 2005. This is contrary to Section 47 of the Public Audit Act, 2015 which requires submission of financial statements to the Auditor-General not later than three months after the end of each financial year. Consequently, the Board was in breach of the law.

2. Presentation and Disclosures in the Financial Statements

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

3. Receipts

The statement of receipts and payments for the year ended 30 June, 2005 reflects receipts totalling Kshs.33,701,000 comprising transfers from other government entities of Kshs.3,000,000 and other receipts of Kshs.30,701,000. However, the other receipts include user fees from facilities amounting to Kshs.12,835,000 that were not analyzed. In addition, other receipts include donations in kind (motor vehicle and equipment) from the Ministry of Health, World Bank and City Council of Nairobi totalling Kshs.17,866,000. It is not clear why the donations were included under receipts yet the financial statements have been prepared using the IPSAS (Cash Basis) framework. In the circumstances, the accuracy of receipts amounting of Kshs.33,701,000 for the year ended 30 June 2005 cannot be confirmed.

4. Use of Goods and Services

The following inaccuracies have been noted between expenditure figures as disclosed in Note 3 to the financial statements and the supporting schedules in respect of use of goods and services:

	Figures in the Financial Statements Kshs	Figures in the Supporting Schedule Kshs	Difference Kshs
• Rentals of produced assets	-	4,000	(4,000)
• Domestic travel	497,000	522,000	(25,000)
• Office supplies	191,000	190,000	1,000
• Other operating expenses	696,000	699,000	(3,000)

Consequently, the accuracy of total expenditure of Kshs.3,456,000 on use of goods and services for the year ended 30 June 2005 can not be confirmed.

5. Bank Balance

Note 6A to the financial statements reflects a bank balance of Kshs.10,934,000 as at 30 June 2005. However, the cashbook reflects a balance of Kshs.11,298,000 resulting in unreconciled difference of Kshs.364,000. Further, the bank reconciliation statement reflects unpresented cheques amounting to Kshs.53,000. However, the unpresented cheques list attached amounts to Kshs.84,539 resulting in unexplained difference of Kshs.31,539. In the circumstances, the completeness and accuracy of the bank balance of Kshs.10,934,000 as at 30 June 2005 cannot be confirmed.

6. Budget and Budgetary Control

The summary statement of appropriation reflects final total expenditure budget of Kshs.293,349,000 and actual expenditure totalling Kshs.22,763,000 for the year under review, resulting in an overall under-expenditure of Kshs.270,586,000. However, the Board did not provide an approved budget for the period under review and therefore, it has not been possible to confirm whether the expenditure of the Board was in line with the approved budget and for the intended purposes.

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 2005, 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

22 October 2018

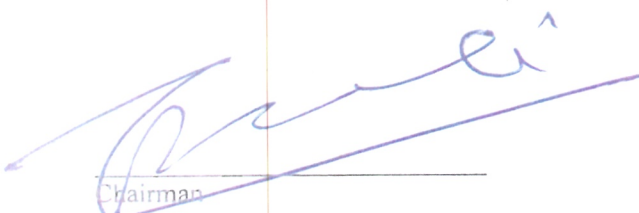
NATIONAL GOVERNMENT ENTITY
 NAIROBI HEALTH MANAGEMENT BOARD
 Report and Financial Statements
 For the year ended 30th June, 2005 (Kshs'000')

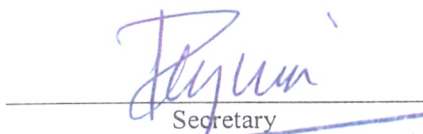
IV. STATEMENT OF RECEIPTS AND PAYMENTS

I. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2004-2005 Kshs	2003-2004 Kshs
RECEIPTS			
Transfers from other government entities	1	3,000	-
Other Receipts	2	30,701	-
TOTAL RECEIPTS		33,701	-
PAYMENTS			
Use of goods and services	3	3,456	-
Acquisition of Assets	4	17,946	-
Other Payments	5	1,361	-
TOTAL PAYMENTS		22,763	-
SURPLUS/DEFICIT		10,938	-

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.

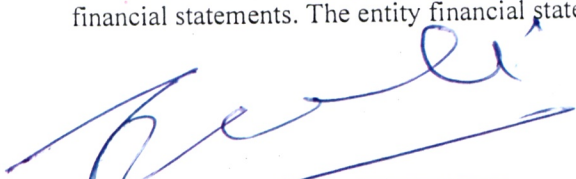
**NATIONAL GOVERNMENT ENTITY
 NAIROBI HEALTH MANAGEMENT BOARD
 Report and Financial Statements
 For the year ended 30th June, 2005 (Kshs'000')**

V. STATEMENT OF ASSETS AND LIABILITIES

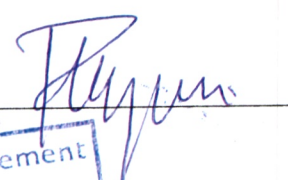
I. STATEMENT OF ASSETS AND LIABILITIES

	Note	2004-2005 Kshs	2003-2004 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	6A	10,934	-
Outstanding Imprest	6B	4	-
TOTAL FINANCIAL ASSETS		10,938	-
LESS: FINANCIAL LIABILITIES			
			-
TOTAL FINANCIAL LIABILITIES			
			-
NET FINANCIAL ASSETS/(LIABILITIES)		10,938	-
REPRESENTED BY			
Fund balance b/fwd.		0	-
Surplus/Deficit for the year		10,938	-
NET FINANCIAL POSITION		10,938	-

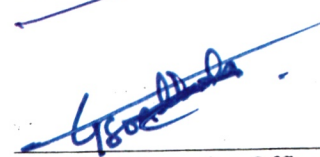
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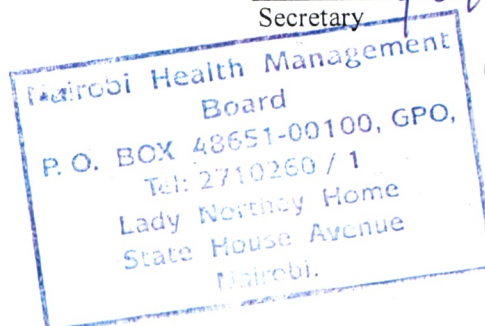
 Chairman



 Secretary



 Ag. Chief Executive Officer



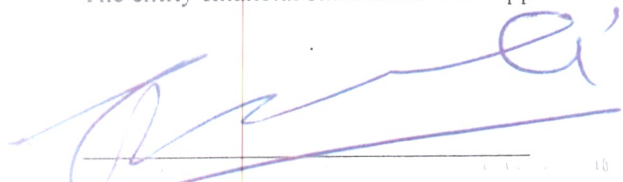
NATIONAL GOVERNMENT ENTITY
 NAIROBI HEALTH MANAGEMENT BOARD
 Report and Financial Statements
 For the year ended 30th June, 2005 (Kshs'000')

VI. STATEMENT OF CASH FLOW


I. STATEMENT OF CASH FLOW

	Note	2004-2005 Kshs. '000'	2003-2004 Kshs. '000'
Receipts for operating income			
Proceeds from Transfers from other Government Entities	1	3,000	-
Other Revenues	2	30,701	-
Payments for operating expenses			
Use of goods and services	3	(3,456)	-
Other Expenses	5	(1,361)	-
Net cash flow from operating activities		28,884	-
CASHFLOW FROM INVESTING ACTIVITIES			
		(17,946)	-
Net cash flows from Investing Activities		10,938	-
NET INCREASE IN CASH AND CASH EQUIVALENT		10,938	-
Cash and cash equivalent at BEGINNING of the year		0	-
Cash and cash equivalent at END of the year		10,938	-


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
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NATIONAL GOVERNMENT ENTITY
 NAIROBI HEALTH MANAGEMENT BOARD
 Report and Financial Statements
 For the year ended 30th June, 2005 (Kshs'000')

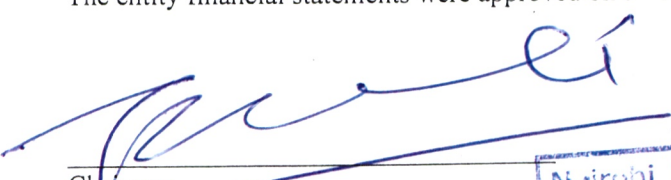
VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

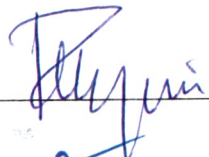
	Note	Original Budget	Adjustments**	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization Difference to Final Budget
		a	b	c=a+b	d	e=d-c	f=d/c %
Use of goods and services	3	282,460	-45	282,415	3,456	(278,959)	122.37%
Acquisition of Assets	4	9,390	-5	9,385	17,946	8,561	191.20%
Other Expenses	5	1,500	49	1,549	1,361	(188)	88%
TOTAL		293,350	-1	293,349	22,763	(270,586)	

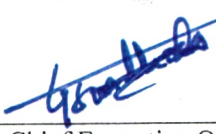
**Adjustments explained

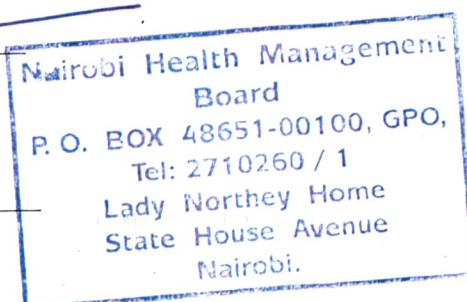
- The adjustments were done and approved by the board on the 30th April, 2005 after receipt of grants fund allocation from the Ministry of Local Government.
- Acquisition of Assets includes donations in kind from World Bank, Ministry of Health and City Council of Nairobi.

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


 Chairman


 Secretary


 Ag Chief Executive Officer

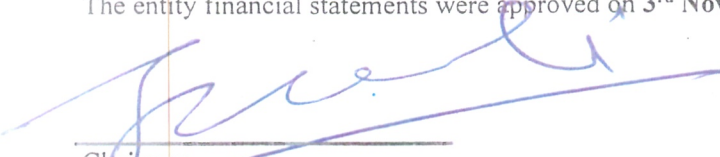


NATIONAL GOVERNMENT ENTITY
 NAIROBI HEALTH MANAGEMENT BOARD
 Report and Financial Statements
 For the year ended 30th June, 2005 (Kshs'000')


VIII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT

	Note	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 %
Use of goods and services	3	282,460	-45	282,415	3,456	(278,959)	122.37%
Acquisition of Assets	4	9,390	-5	9,385	17,946	8,561	191.20%
Other Expenses	5	1,500	49	1,549	1,361	(188)	88%
TOTAL		293,350	-1	293,349	22,763	(270,586)	

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 Chairman


 Secretary


 Ag. Chief Executive Officer

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**NATIONAL GOVERNMENT ENTITY
NAIROBI HEALTH MANAGEMENT BOARD
Report and Financial Statements
For the year ended 30th June, 2005**

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.

**NATIONAL GOVERNMENT ENTITY
NAIROBI HEALTH MANAGEMENT BOARD
Report and Financial Statements
For the year ended 30th June, 2005**

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, 2005.

**NATIONAL GOVERNMENT ENTITY
NAIROBI HEALTH MANAGEMENT BOARD
Report and Financial Statements
For the year ended 30th June, 2005 (Kshs'000')**

X. NOTES TO THE FINANCIAL STATEMENTS

1 TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	2004-2005 Kshs	2003-2004 Kshs
Transfers from Central government entities		
Ministry of Local Government	3,000	-
TOTAL	3,000	-

2 OTHER REVENUES

	2004-2005 Kshs	2003-2004 Kshs
Receipts from Voluntary transfers other than grants-		
User fees from facilities-User fees	12,835	-
Donations in Kind :Ministry of Health	10,643	-
World Bank	7,066	-
City Council of Nairobi	157	-
Total	30,701	-

3 USE OF GOODS AND SERVICES

	2004-2005 Kshs	2003-2004 Kshs
Domestic travel and subsistence	497	-
Communication, supplies and services	643	-
Printing, advertising and information supplies & services	707	-
Training expenses	8	-
Hospitality supplies and services	228	-
Insurance costs	45	-
Specialized materials and services	73	-
Office and general supplies and services	191	-
Other operating expenses – Fuel, Oil and Lubricants	696	-
Routine maintenance – vehicles and other transport equipment	84	-
Routine maintenance – other assets	284	-
Total	3,456	-

**NATIONAL GOVERNMENT ENTITY
NAIROBI HEALTH MANAGEMENT BOARD
Report and Financial Statements
For the year ended 30th June, 2005 (Kshs'000')**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 ACQUISITION OF ASSETS

<u>Non-Financial Assets</u>	2004-2005	2003-2004
	Kshs	Kshs
Purchase of Cash boxes	80	-
Acquisition of Motor Vehicles-Donations	12,800	-
Acquisition of Office Furniture and General Equipment-Donations	381	-
Acquisition of Telephone networks-Donation	548	-
Acquisition of Computer systems-Donation	1,254	-
Acquisition of HP Printer-Donation	250	-
Acquisition of Kyocera Copier	256	-
Acquisition of HF Radio call system-Donation	2,378	-
Total	17,946	-

5 OTHER EXPENSES

	2004-2005	2003-2004
	Kshs	Kshs
Board allowances	1,089	-
Commissioner of Taxes	43	-
Bank charges	69	-
Contracted professional services	160	-
	1,361	-

6.4 Bank Accounts

Name of Bank, Account No. & currency	2004 - 2005	2003 - 2004
	Kshs	Kshs
<i>Cooperative Bank , 01136001102000, Kshs</i>	10,934	-
Total	10,934	-

**NATIONAL GOVERNMENT ENTITY
NAIROBI HEALTH MANAGEMENT BOARD
Report and Financial Statements
For the year ended 30th June, 2005 (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>G.M Gachuhi chq no. 2</i>	588,100	587,093	1,007
<i>G.M Gachuhi chq no. 3</i>	229,080	224,615	4,465
<i>G.M Gachuhi chq no. 9</i>	120,000	120,805	(805)
<i>G.M Gachuhi chq no. 27</i>	50,193	49,890	303
<i>G.M Gachuhi chq no. 43</i>	152,999	152,949	50
<i>G.M Gachuhi chq no. 44</i>	55,000	55,346	(346)
<i>G.M Gachuhi chq no. 50</i>	73,963	73,908	55
<i>G.M Gachuhi chq no. 96</i>	129,287	129,985	(698)
Total			4,031 = 4

*The figures in the above table were not rounded off to the nearest thousand, but the final figure (4,031) is rounded off to 4.

7 BALANCE BROUGHT FORWARD

	2004 - 2005	2003 - 2004
	Kshs	Kshs
Bank accounts	-	-
Unpresented cheques	-	-
Total	-	-

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 2005.

9 EVENTS AFTER THE REPORTING PERIOD

There are no material events after the reporting date.

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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