



THE NAIROBI HOSPITAL

## KENYA HOSPITAL ASSOCIATION

MINUTES OF THE ANNUAL GENERAL MEETING OF THE ASSOCIATION  
HELD AT THE ANDERSON CENTRE 2<sup>nd</sup> FLOOR THE NAIROBI HOSPITAL,  
ARGWINGS KODHEK ROAD, NAIROBI ON THURSDAY, 17<sup>TH</sup> JUNE 2019 AT  
2.00 PM

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<b>PRESENT:</b>	Dr John Simba	-	Chairman
	Mr. Coutts Otolo	-	Vice Chairman
	Mr. Sam Ncheeri	-	Board Member
	Mr. Alan Gachukia	-	Board Member
	Dr. (Mrs.) Anuja Kapila	-	Board Member
	Dr. Charles Kariuki	-	Board Member
	Mrs Margaret Muigai	-	Board Member

Two hundred and seventeen (217) Members of the Association who signed the Attendance Register

<b>IN ATTENDANCE:</b>	Dr. Christopher Abeid	-	Ag. Chief Executive Officer
	Mrs Mercy Mbijiwe	-	Company Secretary
	Members of the Senior Management Team		
	M/s Ann Muraya	-	Representing the Auditors, Deloitte & Touché

Forty-Four (44) apologies were received as per the attached list.

The Chairman called the meeting to order at 2.10 p.m. and welcomed all Members to the meeting. The meeting started with a word of prayer by Father Francis.

### **MIN.NO.1/2019 INTRODUCTION**

The Chairman introduced the Directors of the Board of Management to Members.

### **MIN.NO.2/2019 QUORUM**

Mrs Mercy Mbijiwe the Company Secretary confirmed there was quorum in accordance with the articles and stated that a total of seven (7) proxies had been received.

### **MIN.NO.3/2019 NOTICE CONVENING THE MEETING**

The notice convening the meeting was taken as read.

### **MIN.NO.4/2019 MINUTES OF THE PREVIOUS MEETING**

The minutes of the last Annual General Meeting held on 28<sup>th</sup> June, 2018, having been circulated to all Members, were duly proposed by Dr. Frank Mwangera and seconded by Mr Sam Muumbi. The members unanimously RESOLVED that the minutes be confirmed as the correct record of the meetings proceedings.

## **MIN. NO.5/2019 CHAIRMAN'S STATEMENT**

The statement of the Chairman was taken as read having been circulated.

## **MIN.NO6/2019 ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2019**

The Audited Financial Statements for the year ended 31st December 2019 together with the Report of the Board of Management and Auditors were tabled before the meeting.

The Chairman invited the auditors' representative, M/s Ann Muraya to read the auditor's report. M/s Ann Muraya read the report and stated that proper books of accounts were kept and the financial position and statement of financial activities were in agreement with the books of accounts.

The Chairman then invited the Chairman of the Finance and Investment Committee, Mr Coutts Otolu to present to the Members an overview of the performance and financial position of the Association. Mr Otolu highlighted the following:

Income increased to Kshs 11.10 billion as compared to Kshs 10.10 billion in 2017. The Hospital turnover grew by 10%. The surplus was a sum of Kshs 900,448,000/= compared to Kshs 1,780,070,000/=. The decline was due to increased provision of bad debts of Kshs 441 million after the adoption of the new international financial reporting standards (IFRS) 9. The total net assets stood at Kshs 14,036,697,000/= for the year 2018 as compared to Kshs 13,307,179,000/=. The Hospital invested Kshs 1.7 billion in 2018 and completed a modern critical care unit that increased bed capacity to 16 beds from the previous 8 beds.

The Chairman invited comments and questions from the Members on the audited accounts.

Members wondered whether the forensic audit was part of the annual accounts. The Vice chairman responded that the forensic audit was not part of the accounts but there were areas that it was incorporated where it touched the accounts.

One of the members wondered what were accrued expenditure and it was explained that accrued expenditure is services which has been given but payment will be made at a later date such as contractors who have to be paid after the defects clause of 6 months is over.

A member wanted to know why there are pending law suits and it was explained this are ongoing suits that have either been filed against the Hospital or by the Hospital.

Members wondered why the additional staff cannot be used to collect the outstanding debts. It was explained that the majority of staff hired were clinical staff.

The Vice Chairman clarified that the Anderson building capital expenditure could not be a sum of Kshs 4 billion as the Hospital could not have spent such an amount into one project.

One member wanted to know if there was a policy to pay contractors and if doctors' fees are written off. It was pointed that the amount billed to the doctors should be the same. The payment of doctors has been a problem in the Hospital for a long time and the biggest challenge have been the insurance companies and corporates not paying debts and when they pay they do not give remittances.

It was clarified that a policy existed for the payment of contractors and also doctors. However, the Hospital has not been able to authenticate payments made by patients directly to the doctors. The Hospital is also now required to start withholding tax from the doctors.

A member wanted to know what was authorised amount but not contracted. It was pointed that this was the Board had not authorised a contract but the contract was not commenced.

As regards investment of 2.6 billion in fixed deposit one members wondered if there were other alternatives to invest the money. The Vice Chairman pointed that all the money has been place in tier one banks which have less risk.

As regards when the payment to doctors will be made which one of members wanted to know it was pointed that the Board and Management has taken the matter of doctor's payment seriously and recognise the doctors are contribute to the Hospital. Management was working on the unreconciled remittances from the insurance company and EY had been asked to audit specifically the doctor's payments. The exercise by EY was ongoing and members were asked particularly the doctors to allow them finalize. The payments are being tracked month to month. Other 3<sup>rd</sup> party owe the Hospital a sum of Kshs 418,718,738/=. The Management is working on ensuring payment on current payments is done while resolving the historical payments. The exercise has also earn earthed some doctors who had been paid and this information was not conveyed to the Hospital.

The Ag Chief Executive Officer in response to an issue raised regarding staff being demotivated particularly nurses and looking for jobs elsewhere pointed that the Hospital was facing issues of retention and recruitment but a tasks force has been set up by the Board to look at the issues of the nurses.

One of the members requested to find out how the master plan was being funded and if a technical audit could be carried out to certify the cost of the works and the tendering of the works done.

As regards the laundry being underutilised, the members were informed that the laundry was constructed as a commercial venture and more companies were being engaged in order to ensure full utilisation.

### **Presentation of the Forensic Audit**

The Chairman requested the Members to allow the Vice Chairman to present the forensic report.

Several members pointed that the report should be circulated before it was presented to enable them interrogate it. However, the Chairman pointed that releasing the report may amount to disclosing some confidential information which may lead to litigation. One of the members pointed that when members appoint a Board they represent the members and the report cannot be given to all members as it is confidential.

The Chairman clarified that the forensic report is a Board. The Board however thought it wise to share the report with the members. Circulation of the report will place the Hospital in problems. He further reported that the report will help the Hospital to restructure itself.

The Vice Chairman reported that the Board tendered for the services of a forensic audit which were awarded to Ernst and Young. The objective of the audit was to investigate the following: -

- a. Procurement and Disposal of Goods, Works and Services with a value in excess of KSh5m.
- b. Projects -Procurement and payments of all Projects commissioned
- c. Finance & Treasury -Unallocated Receipts including obligations and payments to Admitting Doctors
- d. Personnel -Recruitment, Appraisal and Dismissal of Senior Staff
- e. HMIS -Procurement and implementation of the Hospital Management Information System.

The findings of the report were also tabled.

Members wanted to know what period the audit covers and how long has this being going on. The Chairman responded and stated that the audit covers the period from 2013 to 2018. He further stated that due to the massive projects that were ongoing and the new computer system which users were complaining about the Board wanted to know and understand the processes.

Some members wanted to know how much was lost as the presentation has not stated so. In response, the Chairman stated that the reason for the forensic audit was to determine if there were any losses and if the Board did not have any faith in itself it would have swept the report under the carpet. Forensic audits are done a lot by organisations in order to examine itself and how to resolve any arising issues.

One of the members pointed that the Board should be commended for taking a bold step to carry out a forensic audit as it is examining itself. The audit is from 2013 and nobody raised any issues during this period and when the Board takes action members are quick to vindicate them. He requested the members not to rush to making decisions lest the association land into problems. The Hospital has grown and any growth comes with challenges.

It was pointed that the Board and Management have not been involving the users particularly the admitting staff on what is being done. The Chairman responded that it would be difficult to respond to everybody and that is why there is MAC which handles matters with regard to the admitting staff.

After a lengthy discussion, the Chairman requested the members to adopt the audited annual accounts as at 31<sup>st</sup> December 2019 and the forensic audit. Mr. Sam Muumbi proposed in favour of the resolution and it was seconded by Mr. Karanja Kabage

#### **MIN.NO7/2019 ELECTIONS**

A point of order was raised as to why 1/3 of the Board Members were not retiring in accordance with article 42. It was clarified that the article does not strictly state it must be one third it states or nearest to one third. It is therefore not a must that one third must retire. Two directors had resigned this year and last year one member resigned also and therefore this affects the rotation. The rotation of one third is only when all Board Members are in place.

Members were informed that there were two position vacant following resignation of two directors. However, only one person was nominated Mr Joseph Kigwe who was given a moment to talk about himself.

The Chairman put to vote to the members if they would vote for Mr Kigwe. The members voted in favour of the motion by show of hands and Mr. Joseph was declared to be a director following the majority of votes.

#### **MIN.NO. 8/2019 RESIGNATION DIRECTORS**

The resignation of Dr. Eric Kahugu with effect from 29<sup>th</sup> January 2019 and Lady Justice Joyce Alouch with effect from 5<sup>th</sup> March 2019 was noted.

#### **MIN.NO. 9/2019 ELECTION OF THE AUDITORS**

The Chairman reported that the auditors Deloitte and Touché had indicated their willingness to continue in office.

The proposal to appoint Deloitte and Touché was duly proposed by Mr. Christopher Chege and seconded by Mr. Karanja Kabage and it was further unanimously RESOLVED that the remuneration of the auditors, Deloitte and Touché be fixed by the Board of Management.

#### **MIN.NO.10/2019 ANY OTHER BUSINESS**

##### **Chairman Closing Remarks**

The Chairman pointed that all the views that had been received during the meeting were good. He pointed that no one is perfect and the Board will analyse all the issues that have been raised an action will be taken. He pointed that the action the Board took to carry out the forensic audit will strengthen the corporate governance of the Hospital and the Board will have made a contribution to the Hospital

He thanked all the members for their contribution as they are lessons to build the institution.

**SIGNED \_\_\_\_\_**  
**CHAIRMAN**

**SIGNED \_\_\_\_\_**  
**COMPANY SECRETARY**

**Confidential Distribution to all Members**