

I



**REPORT ON SYSTEM AUDIT AND
INVESTIGATION INTO ALLEGATIONS
OF CORRUPTION AT KENYA
MEDICAL TRAINING COLLEGE
(KMTC)**

PHASE II

Under the
Ministry of Medical Services

January, 2010



Efficiency Monitoring Unit (EMU)

OFFICE OF THE PRIME MINISTER

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EXECUTIVE SUMMARY

The Permanent Secretary Ministry of Medical Services letter Ref. INST/9/A/1Vol.XII dated 7th July, 2009 addressed to the Permanent Secretary Office of the Prime Minister requested for EMU to investigate into the current practice of admission and selection into KMTC for the last three years. According to the letter, it was stated that there has been hue and cry across the country in regard to the intake criteria of trainees with allegations of corruption taking a centre stage and /or unfairness to prospective candidates.

The PS's letter outlined terms of reference on the admission complaint and in addition requested EMU to investigate other pertinent issues touching on the operations of the college warranting urgent policy response and/or actions from the Ministry. The Director EMU constituted a team to undertake the assignment as per the provided Terms of Reference.

The team examined admission and selection system currently practiced by KMTC for the last 3 years with effect from 2007. Admission of students in KMTC is vested in the Academic Board in accordance with Section 6 of KMTC Act Cap 261. The Academic Board oversees advertisement, vacancy distribution criteria and declaration, determines selection criteria and carries out the actual selection, distribution of selected candidates to campuses and communicates to selected candidates and campuses. The Board in discharge of this function is supported by a secretariat under the Deputy Director (Academic) which amongst other duties prepares adverts, receives and process applications, shortlist candidates for the final selection by the Board, distributes the selected candidates to campuses and communicates admission letters to selected candidates, fill replacements.

On examination of the KMTC's admission and selection system, the team found weaknesses at every stage of the process and the Academic Board charged with managing the process. The resultant effect is the system in its present form is prone to manipulation resulting into many deserving qualified applicants failing to access

admission into KMTC and the selection criteria used particularly in distributing available vacancies does not ensure vacancies allocated to provinces, districts are actually filled up by candidates from those regions.

The team compared KMTC admission and selection process with other national selection intakes at the Ministry of Education (Form 1 National Schools and Teachers Training College (TTC)). The team found similarities and differences between the KMTC selection process and the two national intakes at the Ministry of Education. A major difference found between the two is in the area of the formula or criteria used for distribution of available vacancies across the country. KMTC formula is informed by population proportion and poverty index whereas the Ministry of Education formula for Form 1 National Schools and TTC is informed by available TTC vacancies and the KCPE candidature respectively.

Further the team did not find clear guidelines on the criteria for selection by affirmative action, replacement and distribution of selected candidates to campuses. This gap creates room for discretion and undermines the principle of equity, fairness and transparency of the system.

KMTC since becoming a parastatal in 1991 has registered considerable expansion in respond to high demand for its programmes and secondly meet the national demand for middle level health workers in line with 2015 MDG goals and vision 2030. The increase in KMTC programmes and student enrolment has had its own challenges in terms of balancing the expansion with quality of graduate's incompliance with the requirements of the control bodies such as Clinical Officers' Council, Nursing Council of Kenya, Pharmacy and Poisons Board of Kenya, Laboratory and Technologies Board etc. On examination of the status of physical facilities, teaching staff numbers and the practical teaching clinical areas, the team noted a worrying trend in terms of the expansion in programmes is not matched with growth in physical facilities, staffing and operational budget. This is evident in cases of student congestion in classrooms, laboratories, libraries and hostels which point to the poor state of training facilities and do not augur well with quality training. The

team found out this was mainly attributed to inadequate funding of KMTC by the Exchequer. KMTC receives budget support from Government mainly to cover recurrent expenses personal emoluments and limited support for operation and maintenance and development budget for minor works and rehabilitation for KMTC's sources of revenue are mainly:-

- Exchequer;
- Student fees and application fees;
- External Donor;
- CDF & LATF;
- AIA from IGA projects; and
- Rental income.

However, the team established KMTC faces a huge resource gap for example during FY's 2008/2009 and 2009/2010 the resource gap was estimated at KShs.2.7 billion and KShs.3.3 billion respectively. Besides this challenge, KMTC also has been facing challenge of pending bills which was occasioned by failure of Treasury to avail the promised KShs.120 million budget at the time Government transformed it into a parastatal so as to make it self-sustaining.

The team noted that KMTC constituent campuses remit 25% of student fees paid and AIA the colleges generated from IGA to KMTC headquarters to be used on expenses of the Board of Management and Senior Management. This was found to hamper the colleges operations as they are constrained financially. The campuses programmes are affected by high remittances which leave them with meager resources insufficient to sustain the colleges' operations.

Regarding procurement, the team found evidence of glaring irregularities, fraudulent procurement which may have caused KMTC's loss of monies through improper procurements. The team sampled 3 items i.e. **Purchase of laboratory equipment, purchase of pharmacy equipment and procurement of the KMTC website, for the FY's 2007/2008 to 2008/2009.** According to the documents availed and interviews held with the users of the items purchased, the team established irregularities committed by the Tender Committee and the secretariat which

contravened the provisions of the public procurement and Disposal Act 2005 and Regulations, 2006. KMTC and the government did not obtain value for money on these procurements. **A case in point is the unrealistic huge upward price variation for some items purchased such as blood bank fridges, coulter counters, haemotocrit centrifuges, de-ionizers, spectrometer with printer, disintegrating rate test amongst others.** Secondly, most of the firms awarded the tender were outside the approved pre-qualified firms by the Tender Committee. This requires further investigation by the law enforcement authorities into the manner in which they were awarded tender amongst others.

The team examined the allegations of corruption, nepotism, tribalism practiced by KMTC management in staff promotions, recruitment amongst others. The team also examined the governance structures in place at KMTC, implementation of recommendations made by DPM in the past on improving human resource management in the institution. On promotions and recruitment, the team noted irregularities due to non-adherence to laid down HRM procedures. The team sampled promotions and recruitment of teaching staff during 2008/2009. The team established irregular promotions done by Senior Management Committee vide the meeting held on 7/10/2008 and recruitment which were not sanctioned by the Board of Management. However, the team found, the Board of Management had nullified the irregular promotions but the management has yet implemented the Board directives to recover the irregularly paid monies to the staff irregularly promoted. Secondly, the Board has not taken disciplinary action against members of the Senior Management Committee who occasioned KMTC lose of monies through irregular promotions.

Arising from the foregoing, the team has made recommendations which are summarized in **chapter 7** of this report.

CHAPTER ONE

1.0 INTRODUCTION

The Permanent Secretary, Ministry of Medical Services vide a letter Ref. INST/9/A/1 VOL.XII of 7th July, 2009 (Annex 1) to the Permanent Secretary, Office of the Prime Minister and copied to the Director EMU requested EMU to investigate admission irregularities at KMTC.

According to the letter, it indicated that there has been hue and cry across the country in regard to the intake criteria of trainees, with allegations of corruption taking centre stage and/or unfairness to prospective candidates. Further, that some areas have been favoured in the past leading to the skewed distribution of trainees and qualified health personnel across the country.

The Director EMU constituted a Team to undertake the assignment in line with the Terms of Reference (TOR) provided by the Permanent Secretary, Ministry of Medical Services as follows:-

- 1) Review the set criteria for selection and determine responsiveness to equitability and regional balancing and examine extent to which current admissions have complied with set criteria;
- 2) Review the pattern of allocation of places per district or constituency over the last five years and hence remedial actions that need to be taken to address any regional imbalances in current (and subsequent) admissions;
- 3) Look into allegations and manifestations of corruption and/or unethical practices for placements in the KMTC Colleges across the country;
- 4) Recommend remedial actions the Ministry should undertake in the current admission process (including affirmative action to achieve regional balance) and long term policy measures to guide admission and ensure fairness/equity; and

- 5) Highlight any other pertinent issues touching on operations of the College warranting urgent policy response and/or actions from the Ministry.

Given the limited time before the release of the list of successful candidates for 2009/10 admissions in various courses and in view of the September, 2009 intake, the Team subdivided the assignment into two phases. Phase I was completed in August and a report produced.

Phase one (1) entailed undertaking the immediate TOR No.1, that is:-

“Review the set criteria for selection and determine responsiveness to equitability and regional balancing and examine extent to which current admissions have complied with set criteria”.

Phase Two (2) was envisaged to cover the four (4) remaining TORs which are long term in nature and requires in depth analysis from data gathering and consultations with other stakeholders. The team carried out interviews with major stakeholders who included 11 selected KMTC constituent colleges, KMTC senior management staff, staff welfare association, ministry of education and three regulatory bodies.

This report covers six chapters. Chapter two discusses the way forward for the KMTC admission and selection process. Chapter three to six addresses other pertinent issues of concern on KMTC with respect matters to ranging from compliance with laid down regulations to cases of irregularities in procurement, staff promotions and recruitment due to weak systems. Chapter three addresses training of health providers, chapter four discusses finance management, chapter five covers procurement and chapter six is on promotion and recruitment irregularities.

CHAPTER TWO

2.0 KMTC ADMISSION AND SELECTION PROCESS

2.1 Selection and Admission Process

The team looked at the process of selection and admission which started with the declaration of vacancies, advertisements, academic board, selection and distribution criteria and finally communication to the successful candidates. Further, the team compared the KMTC selection criteria with other national learning institutions.

2.1.1 Academic Board

According to KMTC Act Cap 261, under Part 3, section 7 outlines the Academic Board as one of the members of the college. Further under Section 11 (1) of the Act, the membership of the Academic Board is outlined.

Sub-section 2 of 11 outlines the powers of the Academic Board as stated below:-

- (a) to satisfy itself regarding the content and academic standard of any course of study in respect of any diploma, certificate or other award of the College and to report its findings to the Board of management;
- (b) to propose regulations to be made by the Board of management regarding the standard of proficiency to be gained in each examination for a diploma, certificate or other awards;
- (c) to decide which persons have attained such standard of proficiency or are otherwise fit to be granted the diploma, certificate or other award;
- (d) to initiate proposals relating to the conduct of the College generally, and to discuss any matter relating to the College, including the establishment of faculties or training programmes and make representations thereon to the Board of management; and

- (e) To make regulations governing such other matters as are within its powers in accordance with the provisions of this Act or the statutes.

Pursuant to section 6 of the KMTC Act, the overall responsibility for admission of students is vested onto the Academic Board. The Team noted that the office of the Deputy Director (Academic) provides the secretariat to the Academic Board. The secretariat is headed by the Deputy Director (Academic) and consists of the Registrar and the Deputy Registrar (Admissions) who are members of the Academic Board. On the selection and admission into KMTC's campuses, the role of the secretariat is ideally supposed to be a support team to the Academic Board by basically processing applications for presentation to the Academic Board.

However, the team on scrutiny of the process and after interviewing some Academic Board members, it emerged that the secretariat usually usurped the roles of the Academic Board. Examples of cases where the secretariat made unilateral decisions that were the domain of the Academic Board include amongst others:-

- Declaration of all vacancies from the Kenya Medical Training campuses during the selection process;
- Determination of the selection criteria;
- Distribution of successful candidates to constituent colleges;
- Processing and dispatching of letters;
- Replacement of candidates who fail to take up their places;
- Manipulation of the list of selected candidates; and
- Decision as to which candidates report in September and March to the various constituent colleges.

The team identified a number of the Academic Board's weaknesses on the management of the process of admission.

These included:-

- i. Discussion of the Admission Agenda as Any Other Business vide Minutes of the Academic Board meeting held on 24th, 25th and 26th June 2009; (Annex 2)
- ii. Failure to ratify the full lists of the selected candidates for Academic year 2009/2010;
- iii. From the team's interviews with the Regulatory bodies, it was noted that recommendations made by the bodies are not complied with. For example Clinical officers (Training, Registration and Licensing) Act. Cap 260, rules and regulations stipulates that a class will not exceed fifty (50) students and the tutor/student ratio should be 1:10; and
- iv. Failure to fully exercise its Mandate as per the provisions of the Act. For example, leaving the secretariat to undertake admission of students contrary to the provision of the KMTC Act section 6 which empowers it and not the secretariat.

2.1.2 Advertisement

KMTC annually, invites interested and qualified candidates for admission as regular or parallel category into its various programmes through advertisements in the months of March and May.

An examination of the advertisement dated 7th March 2009 inviting applications for 2009/2010 intake (Annex 3) by the team, some weaknesses were noted which included:-

- There was no timeline specified on the advert as to when successful candidates were supposed to be informed and when to report;
- The advert does not specifically guide the applicant on selection of programme preferred i.e. it does not state that the applicant indicate course applied for in the application letter;

- Information on vacancies available per programme is not made explicit in the advert, making it difficult for applicants to make informed choices on which course to apply;
- The advertisement requires that candidates make a hand written application. Many applications lacked important information required which led to disqualification of many applicants. This renders it difficult to computerize the data capturing process;
- KMTC uses two major print media (i.e. Daily Nation and Standard Newspapers) which was found to be limited in ensuring wide circulation of the advertisement on its programmes; and
- The selection is done twice a year for some courses i.e. in September and March yet this information is not captured on the advert and it was not clear whether the Academic Board approved the list of the both intakes during its sittings.

2.1.3 Vacancies

KMTC every year declares vacancies categorized as regular or parallel in all the 28 colleges. Most of these are for pre-service while there are a few available for in-service programmes. For the academic year 2009/2010 the total number of vacancies on pre-service declared to the Academic Board was 4,115. The vacancies are based on capacities of the 28 Medical Training Centres.

The team noted that during the Academic Board meetings for 2009/2010 admission, the Board did not declare all the available vacancies for each programme. This is evident in the numbers of vacancies for 2009/2010 declared to the PS/MOMS which was 4984 vide letters Ref No. KMTC/TR/29/Vol. XV dated 8th July 2009 which differed by 869 vacancies to that declared to the Academic Board (Annex 4a and b).

Arising from the interviews with principals of various campuses visited, it was unclear on what the number of vacancies was based on. Ideally it should be based on the tutor/student ratio and facilities.

The team further noted that 10% of the total vacancies for both regular and parallel were reserved for selection by affirmative action.

2.1.4 Selection and Distribution Criteria

2.1.4.1 Intake of 2007/2008 Academic year

In the academic board meeting held on 28th - 29th June 2007 the members agreed to apply the selection criteria based on gender 50-50 for all courses except nursing which was to be 70% for female and 30% for male. Nine (9) groups were formed to undertake the selection process; however the team noted that there was no mention of the process and list of candidates selected or number of vacancies to be filled. Further the minutes for the meeting availed to the team was unsigned and improperly recorded and maintained. (Annex 5a)

2.1.4.2 Intake of 2008/2009 Academic year

The academic board met on 16th July 2008 to discuss the pre-service selection as one of the agenda. In the meeting it was agreed that selection for Clinical Medicine and Nursing be ranked according to districts and the others' on provincial basis. Nine (9) groups were formed to undertake the process. The team noted that seven groups comprised of only one (1) member while the remaining two had two (members). (Annex 5b)

2.1.4.3 Intake of 2009/2010 Academic year

In the selection of candidates KMTC was guided by a set of criteria as indicated in the document on the Guidelines to student Recruitment Process (Revised 2009). (Annex 6)

The selection criteria used for 2009/2010 intake was discussed at the meeting of the Academic Board held on 24th, 25th and 26th June 2009 vide under the Min/No. 11/07/2009. (Annex 2)

The selection criteria applied include:-

- Individual Academic excellence (Scores); and

- Provincial population proportion and poverty index already computed using a formula contained in the guidelines to student recruitment process; the available vacancies were distributed to provinces/districts for each programme offered.

Inspections tools include:-

- Candidates rank lists by Province, District Gender and Category;
- Entry requirement for courses;
- Provincial and District codes; and
- Vacancies to be filled.

The Academic Board Meeting agreed on the following selection criteria in respect to the admission categories of regular and parallel:-

- 60% for the regular category;
- 40% for the parallel category;
- Gender is 30% apart from nursing which should be reverse;
- All vacant slots in the parallel categories MUST be filled by 3rd July 2009 but on condition that the applicants had initially applied and registered in the admission office; and
- Fresh applications to be invited for those courses which didn't have enough applicants and to be received within two weeks.

The team noted that despite having vacancies reserved for selection by affirmative action, the Academic Board did not participate in the selection of candidates by affirmative action. Further more there were no documented criteria on selection by affirmative action. The Academic Board Members did not uniformly apply the selection criteria as stated in their meeting held on 24th, 25, and 26th June 2009 i.e. ranking by marks, gender, geographical distribution (Districts and Divisions) among others.

The team noted that the distribution of the selected candidates to various campuses under the Regular category is handled by the Secretariat. There was no criteria of distribution availed to the team. Further it was clear that the Academic Board is not involved in the distribution of students to campuses.

The team was informed that in the past KMTC used to conduct oral and written interviews for all the short-listed candidates who applied for the various courses offered. This was to ensure that the selected candidates possessed the right and desired qualities to serve as health workers.

2.1.5 Admission and Selection Process and Criteria by other National Institutions

The team sampled two national intakes at the Ministry of Education i.e. form one (1) National Schools and Teachers Training College (TTC) intake for comparison of the admission process and criteria used at KMTC.

The findings on the two national intakes are as discussed below:-

2.1.5.1 Form One (1) National Schools Selection

- i. The Director of Education calls for form 1 vacancies in all schools both public and private at the beginning of the year;
- ii. The database on vacancies is updated;
- iii. Before selection is undertaken the Ministry obtains candidate's performance and choices from Kenya National Examination Council (KNEC) on a CD;
- iv. The vacancies are distributed to Provinces using the formula below

$$\text{District (x)} = \frac{\text{No. of District candidature}}{\text{No. of National candidature}} \times \frac{\text{Available places in given National schools}}{\text{National schools}}$$

- v. Each Province is given a quota of 60% while the balance is shared by other districts depending on the district candidature;
- vi. The data on ranked candidates is taken to ICT unit of the Ministry for selection. After selection the data is taken for validation by a committee composed of the Directorate Secondary and Tertiary Departments and the Director of ICT unit;
- vii. Once it is ascertained that the selected lists are correct arrangements are made for release of names of selected candidates to eighteen (18) Principals of schools. The principals are invited at KIA where they are given the results and they issue letters to successful candidates;
- viii. The secretariat checks that students were actually admitted through verifying returns made by the schools; and
- ix. Replacement of unfilled vacancies is done by a secretariat at the Ministry's headquarters without a clearly defined criterion.

2.1.5.2 Teacher Training College (TTC)

According to information availed to the team by officials of the Ministry of Education interviewed is that there are eighteen (18) Teachers Training College (TTC) colleges in the country with a capacity of 8,000 students based on bed capacity.

The team noted the process is guided as follows:-

- i. College Principals usually send to the ministry headquarters projections on vacancies around March of every year;
- ii. The Ministry obtains from Teachers Service Commission (TSC) teacher staffing needs for each Zone/District;

- iii. Using the data on teacher staffing needs and available vacancies, the following formula is used to determine the zone/district quota of the 8,000 vacancies available;

Approved Teacher Establishment Needs + Teacher Needs X Total vacancies in the college
National Teacher establishment + Teacher Needs

- iv. An advert is placed in the daily newspapers inviting interested and qualified candidates to apply to register in the home zone/district;
- v. The District Education Officers constitute a panel that ranks candidates on merit, which are submitted to the Ministry Headquarters. The selection is done by computer at the ICT unit;
- vi. In the case where 2 or more applicants tie in score, the year when a candidate sat for Kenya Certificate of Secondary Education (KSCE) is used whereby the one who sat earlier is considered;
- vii. 45 vacancies (22 males and 23 females) have been reserved for orphans and other vulnerable candidates who many wish to be admitted for the P1 course while 27 vacancies (14 males and 13 females) have also been reserved for candidates from the ASAL region as they did not exhaust the quota allocated;
- viii. The letters for the successful candidates, together with the zonal lists where candidates sign upon collection of letters, are ready for collection by the DEOs once the selection process is complete. PDE's are also issued with complete lists of selected candidates for publicity; and
- ix. Replacement of unfilled vacancies is done by a secretariat at the Ministry's headquarters without a clearly defined criterion.

2.1.6 Comparison of Kenya Medical Training College (KMTTC) and Ministry of Education institutions

Firstly, the formula used by the two institutions to allocate available vacancies to districts takes into cognizance district or zonal needs. The Ministry of Education formula objectively derives the district quota allocation unlike the formula used by Kenya Medical Training College which is based on population proportion and poverty index. The numbers derived by the KMTTC formula is not informed by districts' health care staff needs or shortages. The team noted the district/provincial quota allocation derived using the KMTTC formula take into cognizance regional population unlike the two (2) institutions which looks at the qualifying population i.e. it targets specific KCPE or KCSE candidates population. Thus the KMTTC formula gives skewed quota distribution numbers which gives some provinces unfair advantage. An example is North Eastern Province which during 2009/2010 intake was allocated many vacancies which were more than the number of candidates who applied, unlike other provinces whose vacancies allocated were disproportionate to the number of qualifying candidates. Thus statistically there is need for giving weights to the number of qualifying candidates or vacancies allocated to provinces.

Secondly, the system employed by the two (2) institutions in the Ministry of Education, is transparent and participatory by all key stakeholders, unlike in KMTTC.

Thirdly, under all the two institutions, the candidates apply on a standardized application form which is easily tenable for computerization, unlike KMTTC which request for hand written applications most of which are difficult to process electronically.

Fourthly, the team noted that there were no documented criteria in the replacement of the unfilled vacancies in all the institutions. Finally, the team further observed that all the institutions were faced with challenges such as:-

- High number of applicants against available vacancies;
- Undue political and social pressure;
- Failure by some selected candidates to report due to fees problem; and

- Short reporting notices to successful candidates to both KMTC and TTC.

2.2 Communication to Successful Candidates and Campuses

The Academic year commences in September and for some courses with double intake March for every year. The admission process which starts in March/May is finalized by July. However, the team sampled some letters forwarding a list of successful candidates to various campuses and noted that they were sent on the material day of admission in the month of September (Annex 7). In some cases some names were missing in the list forwarded to the respective campuses and yet they had admission letters. KMTC Director communicates to successful candidates informing them of admission and the dates for reporting. The total list of all successful candidates approved by the Academic Board is neither made available to the campuses nor uploaded in the KMTC website.

In the KMTC Special Board of Management meeting held on 12th November, 2008 under Min. 39/11/2008 (Annex 8b), it was resolved among other issues to appoint a committee to consider the issues observed and terminate the MOU between KMTC and Pioneer International College (PIC) and also address the fate of the ongoing students at PIC.

The team sampled some letters addressed to individual candidates and noted the following discrepancies:-

- Candidates are given too short notice to report;
- Some letters were signed and stamped by the Director, while others had the Director's stamp only;
- Some candidates who applied for KMTC programmes received letters admitting them into Pioneer International College (PIC) in unclear circumstances (Annex 8).

2.3 Observations

Arising from the foregoing, the team noted the following:-

- i) The Academic Board and the Secretariat have not been working in harmony during the admission process creating room for manipulation of the process as evidenced in the Academic Board minutes discussing the admission process for the three (3) years under review i.e. 2007-2009;
- ii) The Academic Board is too large to effectively manage the admission process;
- iii) The admission process is highly centralized leading to unnecessary delays in the recruitment process i.e. advertisement, application processing, communication to successful candidates and replacement of unfilled vacancies;
- iv) The mode of advertisement is limited and the advert lacks some of the important details pertaining to applicant's choice of course, number of vacancies available and reporting timelines. Further, the advert requires that the applicants submit handwritten applications;
- v) Lack of transparency on vacancies declared in the available programmes per campus and distribution for September and March intake;
- vi) The regulatory bodies' recommendations on vacancies are not fully adhered to;
- vii) There are no defined criteria in the distribution of successful candidates for regular category to various campuses and selection by affirmative action;
- viii) The use of population proportion and poverty index in the revised guidelines to student selection has resulted into skewed distribution of vacancies;

- ix) KMTC successful candidates were selected on the basis of paper qualifications only, which is limited in terms of identifying candidates with the desired qualities for health professions;
- x) There were no criteria on replacing the unfilled vacancies; and
- xi) There were some candidates admitted to PIC and yet, the MOU between KMTC and PIC had not been approved by the Board of Management.

2.4 Recommendations

1. The Permanent Secretary, Ministry of Medical Services should:-
 - i) Scrutinize the MOU entered into between KMTC and PIC for any conflict of interest ; and
 - ii) Ensure that in future such collaborations are sanctioned by the Ministry and Attorney General.
2. The Chairman Academic Board should:-
 - i) Consider establishing a sub-committee on student recruitment and admission to replace the secretariat. The sub-committee shall maintain well documented records, procedures and will be reporting to the Academic Board;
 - ii) Ensure that the minutes of the Academic Board meetings are professionally done;
 - iii) Ensure that the Academic Board develops criteria on:-
 - (a) Distribution to all campuses for the successful candidates under the regular category;
 - (b) Selection by affirmative action; and
 - (c) Replacement of unfilled vacancies.
 - iv) Ensure that the total number of vacancies per programme in each campus is declared to the Academic Board before the commencement of the admission process. Further, the

vacancies declared must adhere to the regulatory bodies' recommendations;

v) Consider decentralizing the admission process to make it more participatory;

vi) Consider reviewing the formulae used in determining regional distribution of vacancies.

3. The Director KMTC should:-

i) Ensure that the mode of advertisement has a wide circulation and the advert content contains all the necessary details required; and

ii) Consider developing a standardized application form that will capture all the necessary details required.

CHAPTER THREE

3.0 KMTC TRAINING OF HEALTH WORKERS

KMTC is one of the strategic Government Training Institution since about 80% of medical care and health related workers both in public and private health sectors countrywide are graduates from the Institution. It is mandated to carry out various functions as outlined under section 5 of the KMTC Act, 261

3.1 Vision 2030 National Agenda

The health goal for Kenya Vision 2030 is to provide equitable and affordable health care at the highest affordable standards to all Kenyans. To realize this goal KMTC is expected to be a centre for providing human resource for the health sector. Critical to success of Vision 2030 goal of health for all will be through provision of available health manpower at all levels in right numbers and skills. Secondly through expansion of facilities sufficiently staffed and equipped.

Under Vision 2030 the health sector goal will be pursued through implementation of flagship project activities with KMTC's mandated flagship project being addressing the sector's human resource challenge through **development of a human resource development strategy and infrastructure to balance the supply and demand for health human resources in the entire public sector.**

According to the Draft KMTC Strategic Plan 2008-2012, the results of the 2004 Human Resource mapping and the Joint Programme of Work and Funding (JPWF) indicates that the HR situation is grave, considering the current supply compared with standardized future requirements to support the delivery of the key reform strategy such as the KEPH (Kenya Essential Package for Health). According to the KMTC Draft Strategic Plan, the formal human resource requirement for the sector is estimated at 106,000 against in-post of 62,000 leaving a formal human resource gap of 44,000.

The team in carrying out the inspection of KMTC's capacity in achieving its mandate of training of national health manpower focused on the following:

- Academic programmes
- Infrastructure facilities
- Practical attachments
- Examinations and student welfare

3.2 Academic Programmes

According to the KMTC Annual Operation Plan (AOP 5) 2009/2010, student population is approximately 14,876 distributed among 52 programmes conducted within 17 department ranging from certificate, diploma, to higher National Diploma. (Annex 9)

The college has an annual turnover of about 3,000 graduates who are employed both in the country and overseas.

The team visited twelve (12) KMTC's campuses and three (3) regulatory bodies with a view of assessing the delivery of training programmes. It was noted that some programmes were started without regard to the college's capacity and resource availability. Making such programmes unviable e.g. starting of pharmacy programme without the necessary laboratories and practical training areas for students. Further, the team was informed by the Pharmacy and Poisons Board that KMTC started a diploma in pharmacy in Mombasa and Machakos MTC's without the board's approval.

Expansion of programmes was motivated by the fact that these programmes are treated as income generating activities whose profits are to be shared among staff both at the headquarters and the campus. Political pressure was also noted as a factor that contributed to unplanned expansions of programmes.

The team also noted that there are other training institutions offering similar programmes and some at higher level (Basic degree level) e.g. Universities, technical institutions, mission hospitals. This therefore poses a challenge to KMTC strategic advantages as a leading institution in training of health workers in the country.

3.3 Training Facilities and Resources

A well functioning institution which is able to provide conducive learning environment is required to provide adequate learning facilities and infrastructure which includes among others the following:-

- Accommodation /hostels;
- Classrooms/Lecture theatres;
- Library;
- Laboratory (Medical and pharmacy);
- Skills Laboratory;
- Dinning facilities/kitchen;
- Computer Labs;
- Recreational facilities;
- Transport;
- Staff Offices;
- Abolitions /pit latrines; and
- Land.

The team sampled 12 campuses and regarding the training physical facilities, there is evident mismatch between the student/lecturer, population and the facilities available in most of the Medical Training Campuses. For example on classrooms, Garissa MTC had 2 classrooms against the need of 4 classrooms; Kisii had 5 classrooms against the need of 14 classrooms. This has led to congestion in classrooms. For hostels, Kakamega MTC accommodated 420 students in a hostel meant for 150 students while in Garissa a room previously meant for one student currently host 4 students.

The team was informed that most of the KMTC's campuses have not acquired the title deeds for their respective land. Historically KMTC was under the Ministry of Health and located within the precincts of hospitals thus they used to share resources i.e. land, utilities, staff quarters e.t.c. with the de-linking of KMTC from the hospitals the separation of assets is yet to be resolved in most of the MTC's.

3.4 Practical Attachment

The trainees are trained on sound theoretical knowledge and practical skills with hands on approach, supported by appropriate field visits. The trainees are awarded either certificates or diplomas at the end of their respective courses of studies.

This explains why all KMTC campuses are located within or near health facilities to provide for practical hands on experience and training after the curriculum.

The Government has designated a number of Rural Health Centers as training institutions for all health workers training. These include:

Chulaimbo	-	Nyanza Province
Tiwi	-	Coast Province
Karurumo	-	Eastern Province
Mosoriot	-	Rift Valley Province
Mbale	-	Western Province

The team visited Kisumu district hospital and Chulaimbo Rural Health Training Centre where students undertake practical attachment/rural exposure.

The Director of Medical Services in a letter Ref: MMS/ADM/1/18 of 6th March, 2009 instructed all medical Superintendents and hospital in-charges to ensure that students on attachment to public hospitals are not charged any form of fees. This was further communicated to all Principles and Heads of Departments vide letter Ref: KMTC/CIR/7/VOL. 11 (96) of 12th March, 2009 (Annex 10) by Director KMTC.

The team noted a number of challenges facing students with regard to field attachment or practical/training. These included amongst others:-

- i. Severe understaffing in MTCs resulting into the lecturers not accompanying students on field attachment. For example at Chulaimbo, it was noted in a span of three (3) months practical experience the lecturer only visited the student once. Similarly

- at Kisumu district hospital, the staff overseeing students are overworked;
- ii. Overcrowding in the practical area due to high numbers of KMTC's and other training institutions students using the same facility for attachments;
 - iii. Under-funding of the teaching hospitals leading to overstretching of the limited resources. This contributed to some of the institutions asking for payments from KMTC students on attachment to cater for tools and equipment like gloves. (Annex 10);
 - iv. Until 2004, the Government and KMTC contributed towards the cost of students practical attachment i.e. accommodation transport and out of pocket expenses which has been since discontinued. This burden has been shifted to the student and parents;
 - v. Due to the creation of districts some rural health center have been upgraded to district hospital status without consideration of available resources necessary for effective training of health workers. This also results into reduction of rural health centres designated for rural exposure;
 - vi. There is a disharmony in updating hospitals supervisors whenever changes are made in the curriculum by KMTC; and
 - vii. The team noted that handling field attachment is casually done e.g. students are sent to the field without close supervision, log book, attachment score sheet, failure to keep to schedule and feedback.

3.5 Examinations

In accordance with section 11 subsection 2 (e) the Academic Board is mandated to;-

"Decide which persons have attained such standard of proficiency or are otherwise fit to be granted the diploma, certificate or other award".

Therefore, all KMTC students are required to sit for final examinations set by the KMTC at the end of the training period. In the course of training the student is expected to undertake three types of exams namely:-

- Promotional exams from one year to the next;
- Final qualifying exams; and
- Registration exams administered by the respective regulatory bodies.

3.5.1 Promotion Exams

These examinations are administered at individual colleges at the end of each academic year except for the final year.

The team noted varying arrangements across colleges in the management of promotional exams. Some campuses had an overall coordinator for exams in all departments whereas in others each department managed their own examinations. The promotional exams include practical assessment which is carried out at the practical areas. The team was informed that there were several challenges in administration of promotional exams. The challenges include:-

- Exams leakages;
- Cheating;
- Quality and integrity;
- Supervision of practical assessment is poor due to large number of students and staff shortage; and
- Lack of standardized tools in practical areas.

3.5.2 Final Examinations

Final examinations determine the number of students who will successfully complete their respective courses and graduate at KMTC. The team was informed that the completion rate on average was 90%.

The examinations are set centrally and are sat by all students in all the campuses. KMTC has put in place structures on examination management which is spearheaded by a recently created secretariat. This secretariat is manned by two lecturers whose role is to co-ordinate the exams setting, moderating, proof reading, administering, marking and declaration of the final results. The secretariat also links

with other officers involved with examination administration in the various campuses to carry out the above roles.

The secretariat was established in January 2008 and operates from one office situated at the headquarters. Prior to 2008, each head of department at Nairobi MTC used to administer the exams for the other campuses. The team noted the secretariat has prepared some measures aimed at improving the management of exams which include amongst others:-

- Introduction of answer booklets;
- Development of an invigilation guide;
- Centralization of exams production; and
- Harmonization of declaration of results.

The team also noted that the secretariat is currently headed by a chief examination officer job group M and his assistant who is in same job group. The positions are not in the scheme of service; however a report in July 2009 by Management Consultancy Services division under the Ministry of State for Public Service recommended the creation of the position of a Deputy Registrar (Examination) to be in charge of examinations.

The main challenge facing the secretariat is lack of a budget line and understaffing.

3.5.3 Registration Exams

The team sampled three (3) regulatory bodies namely the Nursing Council of Kenya, the Clinical Officer's Council and the Pharmacy and Poisons Board. The team examined the Acts governing these three (3) bodies with regard to their mandate on registration and licensing of the qualifying trainees from KMTC's programmes.

i. Pharmacy and Poisons Board

According to part II section 8 (2) of the pharmacy and poisons Act Cap 244 of the Laws of Kenya states that:-

"every person who satisfies the Board that he/she hold a diploma in pharmacy approved by the Board of any college in Kenya or any other Country shall subject to this Act, be entitled to have his name entered in the Roll".

ii. Clinical Officers Council

According to the "clinical officers (training, registration and licensing)" Act Cap 260 of the Laws of Kenya, Part 6 Section 23 subsection 1 & 2 provides that:-

1. No person shall be duly qualified for registration as a clinical officer unless that person has been assessed by the council; and
2. The council shall assess a person who has completed training in clinical medicine and is duly qualified to be registered as a clinical officer.

iii. Nursing Council of Kenya

The Nursing Act Cap 257 of the laws of Kenya, under Section 13 states:-

Except as otherwise provided in this Act or in any regulations made there under, every person shall be entitled to registration on the appropriate register who satisfies the Council that he is of good character and has paid the prescribed registration fee, and who has undergone a :-

- (a) Prescribed course of instruction and had passed the appropriate examination conducted or prescribed by the Council; or
- (b) Course of training and passed an examination, elsewhere than in Kenya, which the Council recognizes as equivalent to the training and instruction required in the case of persons trained in Kenya and as equivalent to the qualification by examination required under this Act.

The three (3) regulatory bodies administer examinations to all students who have successfully completed their final examinations. The examinations are conducted at KMTC premises and some of the KMTC lecturers are used. Some of the regulatory bodies i.e. Nursing Council has introduced indexing method as a control measure to avoid registration of unqualified candidates.

3.6 Student Welfare

KMTC has a student population of sixteen thousand five hundred (16,500) spread over 28 campuses. Under Section 11 (1) of the KMTC Act, students are represented in the Academic Board of the college by two members elected by the student body of the colleges. Each constituent college has a student body whose officials is elected by students and has a constitution. The role of the body is to represent the students' welfare and interests to the management.

Students contribute to the said welfare voluntarily for the running of the students' body. The team was informed and observed some of the student's grievances which include:-

i) Accommodation facilities

- Inadequate accommodation in session and on practical attachment;
- Lack of reading tables;
- Inadequate and dilapidated sanitary facilities; and
- Lack of running water.

ii) Learning Facilities

- Inadequate classrooms and lecture halls and some very small in size;
- Limited library space and very few books some of which are irrelevant;
- Most of the librarians are unqualified staff and are inadequate in numbers to man the libraries up to prep time i.e. 9.00 p.m.;
- Inadequate ICT facilities;
- Inadequate transport;
- Poor lecturer/student ratio;

- Most institutions lacked clinic facilities where students would seek treatment when unwell; and
- Poorly equipped medical labs, skills lab and demonstration rooms.

iii) Kitchen and Dinning Hall Facilities

- Lack of dinning halls e.g. Garissa MTC;
- Limited sitting capacity;
- Poor diet; and
- Kitchens are manned by untrained staff.

iv) Recreational Facilities

- Lack of field for outdoor sports and indoor games facilities; and
- Lack of students centre.

The team in its visits observed that most of the campuses lacked a dean of student who is supposed to be handling day to day student welfare issues in the respective campuses.

3.7 Observations:-

Arising from the foregoing, the team noted the following:-

- i) Despite KMTC being an old institution, it has continued offering certificates and diplomas only. This renders its ability to exercise its functions effectively as stipulated under section 5 (d) of the Act which states that:-

"to develop health trainers who can effectively teach, conduct operational research, develop relevant and usable health learning materials and manage health training institutions".
- ii) KMTC started some programmes without the respective regulatory bodies' approval as stipulated in the various acts. This has resulted to compromised qualities, standards and conflict between KMTC and regulatory bodies;

- iii) Expansion of programmes was mainly motivated by the income generating activity policy and political pressure;
- iv) KMTC is facing competition from other players who are using the same practical facilities i.e. public hospitals;
- v) The internal promotional examination structure at individual college level is prone to abuse such as cheating, leakages and favouritism as no proper checks and controls are put in place to check these malpractices;
- vi) The examination secretariat does not have a budget line on exam expenses hence lecturers who are involved in various activities of final examinations, their expenses are met from their respective college budget. This impacts on the colleges budgets and further exacerbates the staff shortage in colleges when lecturers are called upon for marking;
- vii) It was noted when incidences of exam malpractice occur more often it is the student who is punished and not the lecturer involved. This is due to lack of enforcement of rules and regulations governing KMTC;
- viii) KMTC does not strictly adhere to the academic calendar. This causes disharmony on examination dates between KMTC and Regulatory bodies i.e. Nursing Council;
- ix) Due to the few number of hired external examiners , the quality of the examination administered is affected;
- x) KMTC lacked a clearly defined expansion programme policy to guide its various developments and future growth;
- xi) Most of KMTC facilities are overstretched and dilapidated due to the large number of students while in some campuses haphazard facilities were constructed or converted to cater for the shortages;

- xii) There are still unresolved issues concerning land and other resources which KMTC previously shared with the hospitals. This limits KMTC's future expansion programmes;
- xiii) The quality of attachment is compromised due to inadequate supervision, overcrowding in practical areas, limited resources available in some hospitals and rural health centers;
- xiv) The number of practical areas is dwindling due to conversion of the rural health centers to district hospitals;
- xv) There is no provision for attachment fee in the fee structure to cater the student's upkeep during practical attachment which impacts negatively on their learning and self esteem;
- xvi) The student's representative council assists management in resolving conflicts related to students' welfare;
- xvii) Most of the campuses lacked a dean of student who is supposed to be handling day to day student welfare issues in the respective campuses;
- xviii) Lack of a structure communication system between students and college management; and
- xix) Students face accommodation challenges while on field attachments.

3.8 Recommendations:

1. The Permanent Secretaries, Ministries of Medical Services and Public Health should ring-fence the designated Rural Health Training Centers and provide adequate funding to existing hospitals used by KMTC for training.
2. The KMTC Board of Management should:-
 - i) Immediately embark on the process of introducing degree programmes in line with their quality policy manual and to

remain relevant in view of the stiff competition from other learning institutions.

- ii) Ensure that all programmes initiated have been approved by the relevant regulatory bodies;
- iii) Formulate a clear policy on expansion;
- iv) Establish a planning unit to provide technical advice; and
- v) Review the fees structure with a view to include attachment fees to cater for student upkeep during their field attachments.

3. The KMTC Academic Board should:-

- i) Immediately take full control of the examination process both promotional and final examinations in accordance with the provisions of the KMTC Act Section 11 sub-section 2 (e); and
- ii) Provide for the position of dean of students in the establishment of the campuses.

CHAPTER FOUR

4.0 FINANCE MANAGEMENT

4.1 Introduction

Financial management at KMTC is guided by amongst others the Government Financial Regulation, KMTC Act, States Corporations Act and Treasury circulars issued from time to time.

Under Part 4 of the KMTC Act contains provisions on financial management which entails financial year, investment of funds, annual estimates, and accounting and audit.

Further under section 10(2a), the KMTC Board of management is mandated to administer the property and funds of the college. KMTC applies Medium Term Expenditure Framework (MTEF) for their budgetary process. Every financial year the KMTC Management Team presents the Annual Estimates for Revenue and Expenditure for approval by the Board of Management in conformity with the requirements set out in the Treasury Circular Ref No. DGIPE/A/1/10 of 23rd December 2008.

During the inspection of KMTC, the team examined KMTC's revenue base, its sources, allocation procedures and financial control and accountability mechanisms to assess the extend they affect service delivery.

4.2 KMTC Financial Requirements and Challenges

Table 1 below details overall KMTC financial requirements for the FY 2008/2009 which is estimated at KShs. 3,709,355,343 as indicated in their 2008/2009 Annual Budget submitted vide the letter ref. KMTC/FIN/15/Vol V/(96) addressed to the Permanent Secretary Ministry of Health dated 27th February 2008 (Annex 11). Whereas for FY 2009/2010, the gross financial requirements was estimated at KShs. 4,744,983,963 with internal sources projected at 1,353,433,200 leaving a gap of KShs. 3,391,550,763.

Table 1: ANNUAL BUDGET ESTIMATES- 2009/2008

S/No	RECURRENT	KES	KES
		FORECAST BUDGET 2007/08	BUDGET 2008/09
1	P.E. and Related Expenses	811,000,000	1,256,901,732
2	Operations and Maintenance	1,004,863,000	1,804,653,611
	SUB TOTAL	1,815,863,000	3,060,755,343
	Add:- Development	326,734,000	648,600,000
	GROSS TOTAL	1,998,576,000	3,709,355,343
	Revenue (Internal, Donor)	852,020,000	963,897,240
	NET RESOURCE GAP	1,146,556,000	2,745,458,103

According to the Table 1 above for FY 2008/2009, KMTC was able to finance its budgetary requirements from internal sources(mainly fees) amounting to KShs. 963,897,240 leaving a net resource gap of KShs. 2,745,458,103 which can not be fully funded from the internal sources as they are inadequate. KMTC's major internal revenue source is fees which is said to be highly regulated way below the actual cost of training.

The Exchequer finances only KMTC's personal emoluments (P.E) and related expenses; operation and maintenance; and development. For FY 2008/2009 the Exchequer financed KShs. 811 Million and 70 Million for P.E and related expenses and operation and maintenance and development for rehabilitation and minor works respectively, which represents about 30% of the total KMTC resource requirement. This means that KMTC is operating less than its capacity which is a challenge to its expansion programme.

Another challenge KMTC faces is that from the time the college was de-linked from the MOH, the college did not receive the necessary transitional budget of Kshs.120 Million promised from Treasury to transform it into a self-sustaining institution (Annex 11). The budgetary support was needed to take care of staff gratuity and

pension contributions on retirement and pending bills, which were inherited from previous status when the college was under MOH.

4.3 KMTC Financial Sources

4.3.1 Exchequer

The college relies on the exchequer to finance personal emolument and related expenses, and development for rehabilitation and minor works. For example funding for financial year 2008/2009 was KSh.811M and KSh.70M both recurrent and development respectively. The team noted that the Ministry of Medical Services owes KMTC KShs. 19,812,181 as at 30th June 2009.

4.3.2 Internal Sources

(a) Students Fees:

The revenue generated from the student's fees is based on the population of students. The rates applicable vary according to the student's category as follows:-

- Regular
- Private
- Foreign
- Distance learning

The team perused through the Kenya National Audit Office report of the Controller and Auditor General on the financial statements of KMTC for the year ended 30th June 2008 and noted the following in respect to fees arrears: (Annex 12)

The fees arrears from the Government sponsored and private/foreign students amounting to KShs. 62,864,181 (2006/2007- KShs. 34,171,040) continue to accumulate. Further, the report notes that no efforts appear to have been made by the management to recover those debts.

(b) Application Fees

This is from fees charged on all categories of students applying for various academic programmes currently on offer i.e. pre-service programme and post-basic programmes.

(c) Income Generating Activities (IGA)

These are activities undertaken by the campuses to generate income for the institution to supplement revenue collected from regular student's fees (Pre-service, In-service and Parallel). These include:-

- Provision of services to the community i.e. lab test, X-rays, medical and health services from staff and student clinic;
- Hiring out facilities e.g. halls, classrooms, lecture theatres and hostels e.t.c; and
- Initiating projects such as bookshop, keeping cows and farming, training of short courses and consultancy services.

KMTC management had developed an IGA policy guideline which was revised on 19th March 2009 to govern the running of Income Generating Activities (IGA). (Annex 13)

The revised IGA policy outlines the sharing of profits from IGA as follows:

- (a) Remittance to KMTC Headquarters – 25%;
- (b) Payment to service providers – 44%;
- (c) Development of department – 10%;
- (d) Payment to HQ senior staff – 6%; and
- (e) Department seminars and conferences – 5%.

The policy provides that payment to HQ senior staff should be 6% and is to be distributed as per decision of HQ senior management committee. For the purpose of distribution of IGA payment to service providers the 44% should be treated as 100% and is shared as follows:-

- Teaching staff - 60%; and
- Non-teaching staff - 40%

(d) Rental Income

KMTC owns staff houses in most of the campuses majority of which are currently occupied by KMTC staff and others by hospital staff. KMTC also generates income from site rentals which are lease charges paid by the advertising agencies.

4.3.3 External Sources:-

(a) Donor – Funds

KMTC receives grants from development partners and various donor agencies i.e. Belgium and USAID.

(b) University of Nairobi (UoN)

University of Nairobi remits an annual fee of KSH.3, 196,000 being contribution towards payment of shared utilities (electricity, insurance and water). The team noted that there was no lease agreement made between the two institutions. Further the financial statements of KMTC for the year ended 30th June 2008 indicates the UoN had an outstanding rent arrear of Kshs. 2,803,200.

(c) Devolved Funds - CDF and LATF

Some KMTC Constituent colleges have benefited from the CDF and LATF funds particularly on development of buildings i.e. Webuye and Siaya. The team was informed that this leads to pressure from politicians of the areas concerned interfering in the management of the KMTC campuses.

4.3.4 Other Sources

The other sources include sale of tender documents, miscellaneous receipts i.e. graduation fees, transcript processing fees.

4.4 Resource Allocation

The team sampled the distribution and utilization of the revenues collected from fees and IGA. These are the two major sources of funding of KMTTC campuses day to day operations and infrastructure development. According to the document and information availed to the team, the following are the findings with regard to procedures used in the allocation and utilization of fees and IGA generated by the campuses.

4.4.1 Student Fees

The colleges are required to set aside 25% of the total fee revenue collected for remittance to the headquarters. The team was informed that the 25% remitted to the headquarters was used to cater for both the Board of Management and senior management expenses. The balance 75% is left for campus recurrent and development expenditure which is authorized by the headquarters through the issuances of Authority to Incur Expenditure (A.I.E's) to the institutions on quarterly basis. This is also reflected in their 1st quarter A.I.E.s. together with their contribution to Insurance of assets.

The team sampled A.I.Es for two colleges (Annex 14 (a) and (b)) i.e. Kisii, and Mombasa campuses to compare the amount remitted by the colleges to headquarters being 25% of their revenue collection. Table 2 below compares remittance to headquarters and amount authorized for college operations.

Table 2. Contribution of Constituents Colleges to KMTC Headquarters

Table 2 a: Mombasa MTC – 2007/2008 Financial Year

Quarter	AIE Amount KShs.	25% Contribution to HQ KShs.	Insurance Contribution
1 st	20,711,773.00	11,974,116.75	2,953,750.00
2 nd	33,289,679.25	21,971,773.00	4,105,000.00
3 rd	29,260,616.75	19,971,773.00	4,285,000.00
4 th	36,007,928.25	19,471,773.00	3,785,000.00
TOTAL	119,269,997.25	73,389,435.75	15,128,750.00

Mombasa MTC – 2008/2009 Financial Year

Quarter	AIE Amount KShs.	25% Contribution to HQ KShs.	Insurance Contribution
1 st	13,776,026	2,728,531	1,800,000
2 nd	17,423,089	8,185,593.75	-
3 rd	9,237,495	-	-
4 th	9,237,495	-	-
TOTAL	49,674,105	10,914,124.75	1,800,000

Table 2b: Kisii MTC – 2008/2009 Financial Years

Quarter	AIE Amount KShs.	25% Contribution to HQ KShs.	Insurance Contribution
1 st	11,764,294.25	2,053,125.00	1,700,000.00
2 nd	14,170,544.25	6,159,375.00 (2 nd , 3 rd and 4 th Quarters)	-
3 rd	8,011,169.25	-	-
4 th	8,011,169.25	-	-
TOTAL	41,957,177.00	8,212,500.00	1,700,000.00

As indicated on the table, at Mombasa campus a total of KShs. 119,269,997.25 was allocated out of which Kshs.73,389,435.75 (62%) was remitted to headquarters as 25% and 15,128,750 as insurance leaving a balance of KShs. 30,751,811.50 for college operations. Whereas for Kisii out of KShs. 41,957,177.00 allocated KShs. 8,212,500 (20%) was remitted to the headquarters as 25% and KShs. 1,700,000 as insurance leaving a balance of Kshs.32,044,677 for college operations.

From the comparison of the three tables, the 25% of the revenue collected and submitted to headquarters is not consistent.

4.4.2 Income Generating Activities (IGA)

Similarly from Income Generating Activities revenue, 25% and 5 % of the profit is to be remitted to headquarters and for headquarters senior managers respectively. It was noted that 40% is shared by respective service providers in the college. However in the new revised IGA guidelines dated 19th March 2009, the payments to senior managers have been revised to 6% and payment to respective service providers to 44%.

Two (2) AIE's issued to Kisii Medical Training Centre amounting to KShs. 1,360,940 and KShs. 3,326,015.00 on IGA profits distributions is as indicated below: (Annex 15a and b)

- IGA profits from March 2007, September 2006, and March 2008 distance learning classes.

40% service providers	777,680
25% contribution to headquarters	486,050
5% senior Managers	<u>97,210</u>
	<u>1,360,940</u>

- IGA for 3rd quarter for 2008/09 financial year

40% Service providers	1,900,580.00
25% KMTC Headquarters	1,187,862.50
5% Senior Managers	<u>237,572.50</u>
	<u>3,326,015.00</u>

An examination of the above AIE's shows that only 70 % of the profits made was reflected on the AIE leaving 30% unaccounted for. Further, the 25% and 5 % is remitted to KMTC headquarters and to senior managers respectively. It is not clear why the two are separate and yet the senior managers are part of KMTC headquarters.

On perusal of the annual budget estimates the team observed that the IGA profits are not factored in the estimates for approval by the Board of management as per the financial regulations.

4.5 Irregular Payments of I.G.A Profits

The team sampled payments made to senior managers at the KMTC headquarters being 5% of IGA profits remitted by the campuses and noted the following anomalies or irregularities on Payment Voucher no. 0647 dated 26th October 2007 amounted to Kshs.201, 699. (Annex 16)

- Attached to the voucher was a payment schedule. The schedule had 14 recipients paid, however the recipients did not append their signatures and I.D Numbers against their names on the schedule and yet it is attached as an accountable document;
- No authority was given for the payment, in this case resolution of the Board of management. There is no supporting document on justification to warrant the payments made to 14 recipients regarding the service rendered, though according to the IGA policy HQ staff are eligible to be paid 5% of the generated profit;
- It was not clear who the senior managers at the headquarters are as designations and names were used in the preparation of the payments; and
- In the above payment, on yet another supporting documents, names of senior officers was used but for the transport and telephone exchange officers who designations were instead recorded.

4.6 Financial control & accountability

The team noted that the financial management is highly centralized with campuses having very little autonomy over resources they generate and are accountable for. Senior managers at the headquarters make decisions on behalf of the campuses i.e. budget making process, bank accounts controls and reconciliation, procurement, IGA profits distribution, development projects, staffing.

4.7 Observations

Arising from the foregoing, the team noted the following:-

- i) The KMTC annual budget for FY 2008/2009 and 2009/2010 reflect substantial resource gap of KShs. 2.7 billion and 3.3 billion respectively due to insufficient budgetary provision by the Exchequer;
- ii) KMTC is carrying huge liabilities and debts since it became a SAGA due to the transitional budget which was not provided;
- iii) KMTC has debtors i.e. student outstanding fees, university of Nairobi rent arrears, Ministry of Medical services among others which continues to accumulate;
- iv) There is no lease agreement between KMTC and UoN for the hostels currently occupied by UoN students;
- v) The team noted that 25% of any revenue collected at the campuses is remitted at the headquarters to cater for the Board of Management and administrative expenses. It was not clear to the team on what informed the 25% given that it is apparently on the higher side;
- vi) The 25% of the revenue generated by the campuses and remitted to the headquarters was not consistent with the absolute figures given in the availed documents;

- vii) An examination of two (2) AIE's issued to Kisii Medical Training Centre shows that only 70 % of the IGA profits made was reflected on the AIE leaving 30% unaccounted for;
- viii) It is not clear why the 25% and 6 % of IGA profits remitted to KMTC headquarters and to senior managers respectively are separate and yet the senior managers are part of KMTC headquarters;
- ix) It was not clear who the senior managers at the headquarters are and the justification for their payments;
- x) The 5% payment of the IGA profits to the senior managers at the headquarters is discriminatory since the other staff are not considered and yet they do not all offer direct services towards generation of IGA profits;
- xi) The names of the senior managers were not recorded in the above (x) payment, instead their designations were used;
- xii) The IGA profits are not factored in the annual budget estimates for approval by the Board of management as required by the financial regulations;
- xiii) The IGA profits ought to be posted as A.I.A or income to reduce the budget deficit;
- xiv) An examination of the revised IGA policy guidelines has noticeable and glaring errors e.g. the distribution of the profits add up to 90 % and some of the teaching staff such as tutors, principals and their deputies, heads of departments are classified as non-teaching staff; and
- xv) KMTC headquarters has not given reasonable delegation to Principals of constituent campus as AIE holders.

4.8 Recommendations

1. KMTC Board of Management should:-

- i) Come up with measures to increase their revenue base and reduce the administration cost to narrow the resource gap;
- ii) Engage the Permanent Secretary, Ministry of Medical Services in resolving the long outstanding issues of pending bills;
- iii) Aggressively follow up collection of outstanding debts and formalize lease agreement with their tenants i.e. UoN and others;
- iv) Undertake a review of resource distribution in view to aligning the budget with institution management and especially with regard to the 25% remitted to the headquarters by the constituent Campuses from revenue collected;
- v) Instruct the management to review the IGA policy guidelines with a view to abolishing profit distribution to HQ senior staff;
- vi) Immediately stop payment of IGA profits to senior managers at the headquarters and take full charge of IGA policy especially on profits distribution and management; and
- vii) Consider giving the constituent campuses the full authority and responsibility in managing the funds allocated to them.

CHAPTER FIVE

5.0 PROCUREMENT OF GOODS AND SERVICES

5.1 Purchase of Motor Vehicles (Buses)

A scrutiny of the documents availed, the team noted that during the financial year 2007/2008, KMTC purchased 8 buses distributed to the various MTC's as follows:-

1. KBB 139S	-	KISUMU	-	62 SEATER
2. KBB 140S	-	NAIROBI	-	62 SEATER
3. KBB 147S	-	NAIROBI	-	29 SEATER
4. KAY 683V	-	GARISSA	-	29 SEATER
5. KAY 682V	-	THIKA	-	29 SEATER
6. KAY 678V	-	MSAMBWENI-	-	29 SEATER
7. KAY 680V	-	KITUI	-	29 SEATER
8. KAY 681V	-	KISII	-	29 SEATER

5.1.1 Procurement of 62 Seater Bus

Request for quotations were invited from three (3) firms to supply the buses as indicated below:-

S/No	Bidding Firm	Unit price KShs.	No. of Units
1	General Motors	6,926,900	2
2	Simba Colt Motors	Not bided	-
3	D.T. Dobie	No response	-

On the procurement of 62 seater buses, the team noted KMTC used request for quotations method. According to Section 88 of the Public Procurement and Disposal Act, 2005, a procuring entity may use a request for quotations for procurement if:-

- The procurement is for goods that are readily available and for which there is an established market; and
- The estimated value of the goods being procured is less than or equal to the prescribed maximum value for using request for quotations.

Procuring Units using this method should further comply with Regulation 59 (2) (a). (Annex 17)

Under the 2006 Regulations maximum level of expenditure allowed under the request for quotations method is KShs. 1,000,000 for goods.

Section 89 sub-section 3 of the Act, states that a procuring entity shall deal with request for quotation in accordance with the following:-

- (a) The procuring entity shall give the request to such persons as the procuring entity determines;
- (b) The request must be given to as many persons as necessary to ensure effective competition and must be given to at least three persons, unless that is not possible; and
- (c) The procuring entity shall give the request to each person early enough so that the person has adequate time to prepare a quotation.

At the KMTC Tender Committee Meeting held on October 18th 2007 (Annex 18), the list of the three firms which responded were presented to the committee for award of 62 seater buses. Under Min.No.3/10/2007/2008, the meeting was informed that only M/S General Motors (EA) was responsive. The other two firms did not respond namely D.T. Dobie and Simba Colt Motors (Annex 18 b).

The team noted that the Tender Committee awarded the contract to supply the buses to M/S General Motors (E.A) Ltd. at KShs.6,926,900x2= 13,853,800. A payment voucher No. 1723 dated 14th April 2008 was raised for a payment of KShs.13,853,800. (Annex 19)

5.1.2 Procurement of 29 seater buses

A perusal of documents availed indicated that KMTC procured five (5) seater buses model Nissan civilian W 41 D Japan, from DT Dobie at a unit price KShs.4,873,192, totaling KShs. 24,365,960. The engine capacity of the make was 4,200 CC.

The Ministry of Roads and Public Works supply circular No. R14/2006/2007 dated November 17th 2006 (Annex 20) on supply of motor vehicle provided for the approved list and prices of contracted suppliers of motors vehicles for the period 2006/2007 to 2007/2008. KMTTC was guided by this circular in procurement of the 29 seater buses from DT Dobie. At the Tender Committee Meeting held on July 23rd 2007, under Min. No.12/1/2007/2008 (Annex 21) the purchase of motor vehicles was deliberated.

The Tender Committee Secretary informed the members that going by the Supplies Branch Circular; the Nissan Civilian W41 D vehicle would be sourced from M/S D.T. Dobie (K) Ltd (the Nissan Motor Dealers) at a cost of KShs.4, 873,192.

The Tender Committee awarded the contract for purchase of vehicles to M/S D.T. Dobie (K) Ltd. at KShs.4,873,192 for 5 (units) thus giving a total of KShs.24,365,960.00(Annex 22)

It is noted in the Supplies Branch circular that it is a requirement that procurement units to seek Treasury Authority when procuring passenger utility vehicles with engine capacity above 2,000 CC. The team was not given evidence whether this authority was sought and approval given.

5.2 Observations

Arising from the foregoing, the team noted the following:-

- i) The KMTTC Tender Committee in procurement of the 62 seater buses did not adhere to the provisions of the Public Procurement and Disposal Act, 2005 and regulations, 2006 by using the request for quotations method. This method used is for items whose maximum expenditure is KShs.1,000, 000 or below;
- ii) Though KMTTC invited quotations from three (3) firms, only one was responsive. There was no other firm(s) as required by the Act for comparison with the firm awarded the tender. Hence the KMTTC Tender Committee awarded the tender contrary to section 89 (4) of the Act;

- iii) KMTTC Procurement Manager Mr. S.E Njeru did not seek Treasury authority requiring that procuring entity purchasing vehicle exceeding 2,000CC, should seek from Treasury. The Supplies Branch circular clearly stipulated this requirement, which the team noted was contravened by KMTTC; and
- iv) KMTTC Tender Committee did not adhere to Regulation 59 (2) (a) of the Act which requires that procuring entity select firms from a list of pre-qualified firms approved by the Tender Committee.

5.3 Recommendations

The KMTTC Board of Management should:-

- (a) Take appropriate action against the following tender committee members for contravening the provisions of the Procurement and Disposal Act , 2005 and Regulation 2006:-
 - i) Mr. Peter K. Tum
 - ii) Mr. J.O. Ombayo
 - iii) Mr. D. O.Ondeng
 - iv) Mr. N.O. Aura
 - v) Mr. J. M. Munyao
 - vi) Mr. J. I. Obiye
 - vii) Ms. C. Musango
 - viii) Mr. S. E. Njeru
- (b) Reprimand the Procurement Manager Mr. S.E. Njeru for failure to seek Treasury authority on the purchase of passenger utility vehicles above 2000cc.

5.4 Procurement of Laboratory Equipment for the Department of Medical Laboratory Sciences (MLS)

5.4.1 Purchases 2007-2008

For the year 2007/2008, five firms were invited to submit quotations to supply items for MLS for Nairobi MTCs and others dated 14th August 2007. The analysis of the five firms that quoted is as tabulated in table 3(a).

TABLE: 3(a) An analysis of the five firms for supply of MLS equipments 2007/08

S/N	ITEM DESCRIPTION	KIMTRA SUPPLIES	SELTECH PRODUCTS	FIDELITY MEDICAL SUPPLIES	ELCOMED KENYA	NETWORTH TRADING ENTERPRISES
1.	Microscopes (Olympus Japan)	277,000	285,000	275,000	250,000	365,000
2.	Coulter Counters	1,324,000	1,298,000	1,245,000	1,450,000	1,425,000
3.	8 Tube electric centrifuges	180,000	147,900	165,200	150,000	172,000
4.	Haematocrit centrifuges	137,900	148,000	139,500	135,000	147,000
5.	Chemistry Analyzers	865,000	900,000	880,000	800,000	952,300
6.	Blood Bank Fridges	600,000	535,000	500,000	539,000	524,000
7.	Colorimeters	143,800	132,500	121,300	140,500	150,000
8.	Automatic Tissue	4,325,500	4,150,000	4,250,000	4,280,000	5,200,000
9.	Microtomes	2,790,000	2,999,500	2,950,000	2,700,000	3,250,000
10.	Dissecting Microscopes	888,000	830,000	857,000	875,000	853,500

At the Tender Committee meeting held on August, 15th 2007 under Min.No7/3/2007-2008 (Annex 23) adjudication of quotation No. KMTC/HORS/13/2007-2008 for purchase of the medical laboratory sciences for MTC Nairobi and others was deliberated. The committee awarded the tender to three firms for the items they were adjudged lowest bidder as tabulated on the table 3(b) below:

TABLE. 3(b) Awarded firms

	Firm	s/no	Item	Unit Price	Quantity	Total
A	M/S Seltech Product	1	Tube Electric Centrifuges	147,00	100	14,790,000
		2	Dissecting Microscopes	830,000	5	4,150,000
		3	Automatic Tissue Processor	4,150,000	1	4,150,000
B	M/s Fidelity Medical Supplies	1	Coulter counters	1,245,000	3	3,735,000
		2	Blood Bank Fridges	500,000	10	5,00,000
		3	Colorimeter	121,300	100	12,130,000
C	M/s Elcomed Kenya	1	Microscopes	250,000	50	12,500,000
		2	Haemotocrit centrifuges	135,000	100	13,500,000
		3	Chemistry analyzer	800,000	3	2,400,000
		4	Microtomes	2,700,000	2	5,400,000

5.4.2 Purchases 2008/2009

On unreferenced memo dated 26th August 2008 addressed to the Director KMTTC, Mr. J.M. Munyao the Head of MLS, had sought authority to purchase laboratory equipment (Annex 24). The requested items are listed below:-

S/NO	Equipment	Quantity
1	Olympus Microscopes (Japan)	50
2	Haematocrit Centrifuge	20
3	Dissecting Microscopes (Olympus)	5
4	Calorimeters	20
5	Coulter Counters	8
6	Blood Bank Refrigerators	5
7	Chemistry Analysers	7

The Procurement Manager Mr. S.E. Njeru vide a memo Ref.KMTTC/E&S/6/Vol. XV/ (158) dated 10th September 2008 (Annex 25) sought the Director's authority to purchase the items requested by the MLS department. On the memo the Procurement Manager

indicated that the equipment was meant for all the colleges where MLS course was offered and that the items had been factored in the Procurement Plan and the budget.

The Director in a note on the memo dated 16th August 2008 approved the request. The procurement manager invited five (5) firms to submit quotations. An analysis of the quotations from the five (5) firms is as indicated on the table below:-

TABLE: 4 (a) Analysis from quotations for MLS equipment 2008/09

S/N	ITEM DESCRIPTION	M/S LIFE CARE MEDICS LTD	M/S CHEMOQUIP LTD	MS DENTMED (K) LTD	FIDELITY MEDICAL SUPPLIES	M/S HARLEYS LTD
1.	Microscopes (Olympus Japan)	250,000	265,000	300,000	275,000	255,000
2.	Haematocrit centrifuges	172,000	185,000	178,000	163,000	182,000
3.	Dissecting Microscopes	510,000	490,900	475,200	500,000	505,000
4.	Colorimeters	332,900	352,000	350,500	325,000	340,000
5.	Coulter counters	1,950,000	2,320,000	2,200,000	2,150,000	2,500,300
6.	Blood Bank Fridges	1,915,000	1,890,000	1,850,000	1,895,000	1,980,000
7.	Chemistry Analyzers	945,800	899,500	935,500	890,500	920,000

At the KMTC Tender Committee meeting held on 30th September 2008 under Min.No7/6/2008-2009 (Annex 26) adjudication of quotation No. KMTC/HORS/22/2008-2009 for purchase of the medical Laboratory sciences for MTC Nairobi and others was deliberated. The committee awarded the tender to three firms for the items they were adjudged lowest bidder as tabulated on the table 4(b) below:

TABLE.4 (b) Awarded Firms 2008-2009

	Firm	s/no	Item	Unit Price	Quantity	Total
A	M/S life Care Medics ltd	1	Olympus Microscopes (Japan)	250,000	50	12,500,000
		2	Coulter counters	1,950,000	8	15,600,000
B	M/S Dentmed Ltd	1	Dissecting Microscopes	475,000	5	2,375,000
		2	Blood Bank Fridges	1,850,000	5	9,250,000
c	M/s Fidelity Medical Supplies	1	Haemotocrit centrifuges	163,000	20	3,260,000
		2	Colorimeter	325,000	20	6,500,000
		3	Chemistry analyzer	890,000	7	6,230,000

5.4.3 Comparison of prices of items awarded 2007/08 and 2008/09

The team compared the prices of items awarded during the Tender Committee meetings of 15th August 2007 and 30th September 2008. The team noted drastic changes in price within the period of one year under review ranging from negative 43% to positive 270% as indicated on table 5.

Table 5: A comparison of prices awarded between 2007/08 and 2008/9

Tender Committee No.3 of 2007/08 held On 15/8/07					Tender Committee No.6 of 2008/09 held 30-09-08			
Quantity Ordered	FIRM AWARDED	PRICE PER UNIT	ITEM DESCRIPTION	Quantity Ordered	FIRM AWARDED	PRICE PER UNIT	CHANGE IN PRICE 2007/8	% CHAN
50	Elcomed Ltd	250,000	Olympus Microscopes	50	Life Care Medics Ltd	250,000	0	0
3	Fidelity Medical Supplies Ltd	1,245,000	Coulter Counters	8	Life Care Medics Ltd	1,950,000	705000	56
5	Seltech Ltd	830,000	Dissecting Microscopes	5	Dentmed Ltd	475,000	-355,000	-43
10	Fidelity Medical Supplies Ltd	500,000	Blood Bank Fridges	5	Dentmed Ltd	1,850,000	1,350,000	+270
100	Elcomed Ltd	135,000	Haematocit Centrifuges	20	Fidelity Medical Supplies Ltd	163,000	28,000	20
100	Fidelity Medical Supplies Ltd	121,000	Colorimeter	20	Fidelity Medical Supplies Ltd	325,000	204,000	168
3	Elcomed Ltd	800,000	Chemistry Analyzer	7	Fidelity Medical Supplies Ltd	890,000	90,000	11

On examination of the MLS requisitions, internal memos by procurement manager, the quotations and tender committee minutes, the team noted the following:-

- (i) The Head of Department for Medical Laboratory Sciences did not indicate the performance characteristic (clear specifications) or evaluation criteria in his requisition memo to the Director, contrary to the provisions of section 34(1&2) of the Public Procurement and Disposal Act, 2005;
- (ii) Some of the items are described in the brand names/trademark like Olympus contrary to the provisions of the

section 34(4 (a) & (b)) of the Public Procurement and Disposal Act, 2005;

- (ii) The requested laboratory equipment are related items, chargeable to one budget line and the user is one department in specific campus and **should therefore have been considered as one lot for tendering and therefore not to be split** contrary to the provisions of the section 30 (1) of the Public Procurement and Disposal Act, 2005;
- (iii) The Procurement Manager did not specify the date for returning quotations contrary to the provisions of the section 89 (2 c) of the Public Procurement and Disposal Act, 2005;
- (iv) The quotation opening committee did not insert date and time for opening the request for quotation forms (S10 Revised). This was common practice in many other quotations contrary to the provisions of the section 89 (2) of the Public Procurement and Disposal Act, 2005;
- (v) The equipment procured is of high value and intended for long term use. There is no evidence of warranty or after sales service;
- (vi) Some of the confidential business questionnaire's details were not provided for example Ms Life Care Medics Ltd had no current trade license yet was awarded two items namely; 50 No. Olympus Microscopes @ KShs. 250,000=12.5 million and 8No.coulter counters@ Kshs.1, 950,000=15.6 million;
- (vii) The request for quotations method was used for the items whose expenditure was in excess of the allowed maximum threshold of KShs. 500,000 contrary to the provisions of the section 88 (b) of the Public Procurement and Disposal Act, 2005;
- (viii) The team noted that though the KMTC Director properly constituted the Tender Committee members by appointing them vide letter Ref No. KMTC/E&S/6/VOL.XIII/ (243) dated 16th February 2007. The quotation opening committee members

were Messr P.K Tum, S.E. Njeru and J.O Ombayo who were also the Chair, Secretary and a member of the Tender Committee. They further participated on the adjudication of the quotations contravening the provisions of section 16 (4) of the Public Procurement and Disposal Regulations 2006. The user department was not represented in opening;

- (ix) According to the minutes of the Tender Committee dated 30th September 2008, the Secretariat presented a price comparison table of five firms to the Committee ignoring the sixth firm Ms. Bakpharm Ltd for adjudication without the technical evaluation and secretariat comments;
- (x) The Procurement manager invited firms to quote outside the approved list for the year 2007-2008 of the pre-qualified firms by the Tender committee contrary to the Regulations, examples include Kimtra, Seltech and Networth (Annex27);
- xi. Two firms Seltech Products and Elcomed Kenya were not invited to quote during the year 2008/9 despite the fact that their prices previous year were fair;
- xii. The price increases of some items for the two years as quoted by the same firm were unrealistic as indicated below:-

				2007/8	2008/09	Change in price	%change
B	M/s Fidelity Medical Supplies	1	Coulter counters	1,245,000	2,150,300	+905,300	73
		2	Blood Bank Fridges	500,000	1,895,000	+1,395,000	280
		3	Colorimeter	121,300	325,000	+203,700	168

5.5 Observation

Arising from the foregoing, the team noted the following:-

- i) The Procurement Manager contravened procurement procedures by persistently :-
 - a) Using the inappropriate method of procurement;
 - b) inviting firms not pre-qualified to submit quotations;
 - c) Failure to issue specifications to bidding firms;
 - d) Failure to give firms adequate and specific time of returning the quotations; and
 - e) Participating in quotations opening while being a member of the Tender Committee.
- ii) A comparison of prices of items purchased within a spell of one year, show unrealistic trend of drastic changes ranging from -ve 43% to +ve 270% as indicated in table 5. Hence KMTC did not get value for money. The procurement entity should have conducted a market survey.
- iii) The procurement entity structured procurement of Medical Lab Equipment as many of the same lot (split), for the purposes of avoiding the use of appropriate procurement procedure/method.
- iv) The institution raises Appropriation in Aid (A.I.A) through sale of tender documents. For the past two years under review, KMTC lost A.I.A by failing to tender. This was due to persistent use of procurement by quotations even where it was not warranted.
- v) The Tender Committee handling of the procurement was not above board as evident in their participation in opening, technical evaluation, price comparison, and awards. This created room for micromanagement, mismanagement and conflict of interest of the process contrary to their appointment letters and section 43 of the Public Procurement and Disposal Act, 2005.

5.6 Recommendations

1. The KMTC Board of Management should:-

- (a) Take appropriate action against Procurement Manager Mr. S.E. Njeru as the principle head of procurement and entire committee for contravening the provisions of the Procurement and Disposal Act and Regulation;
- (b) Ensure that the tender committee members adheres to Procurement and Disposal Act, 2005 and Regulation 2006; and
- (c) Ensure thorough audit of the purchase of medical laboratory equipment is done to establish the magnitude of the loss incurred in view of recovering the same from the Tender Committee Members.

5.7 Procurement of Pharmacy Equipment

5.7.1 Purchase for financial year 2007/2008

During the year 2007/2008 six (6) firms were invited to submit quotations as indicated on table 6.

Table 6: Analysis of the six Firms for the supply of Pharmacy Equipment 2007/08.

SN	Item Description	Chemoquip Ltd	Bakpharm Ltd	Dentmed (K) Ltd	Pacific Medical Supplies	Becam Kenya Industries	Herly's Ltd
1	Analytical balance	448,000	455,000	475,000	445,500	400,000	415,000
2	Dispensing balance	234,000	234,500	230,000	215,700	210,000	235,600
3	Water Baths	295,800	295,600	312,000	287,200	280,000	300,000
4	Deionizers	615,000	700,000	655,000	652,000	600,000	652,600
5	Tableting machine	No quote	539,000	520,000	547,700	499,000	505,000
6	Autoclaves	520,000	525,000	536,000	555,000	498,500	560,000
7	Viscometer	No quote	276,000	280,000	275,000	240,000	265,000
8	Disintegrating Rate Test	No quote	2,200,000	1,720,000	1,820,000	1,900,000	1,820,000
9	Dissolution test machine	No quote	2,750,000	2,600,000	2,799,000	2,720,000	2,870,000
10	Spectro photo meter with printer	998,000	1,150,000	1,150,000	1,200,000	995,600	998,000
11	TLC	No quote	1,320,000	1,100,000	1,160,000	1,230,000	1,210,000
12	HPLC	No quote	3,400,000	3,450,000	3,290,000	3,200,000	3,500,000
13	Magnetic strives	90,000	105,000	100,000	92,300	85,000	89,900
14	B.P	No quote	395,000	400,000	392,600	379,000	388,400
15	BPC	No quote	520,000	515,000	535,000	495,900	550,000
16	Martindale	No quote	195,000	210,000	200,000	190,000	200,000

At the Tender Committee Meeting held on March 10th 2008, (Annex 28) under minute 4/20/2007 – 2008, the committee deliberated and awarded the following firms:

(A) The committee awarded M/S Dentmed (K) Ltd Box 43873 Nairobi being the lowest bidder to supply the following items:-

1. Disintegrating rate text – KShs1, 720,000x4No = KShs.6, 880,000.00
2. Dissolution test machine – KShs.2, 600,000xNo = KShs.5, 200,000.00
3. TLC – KShs.1, 100,000x2No =KShs.2, 200,000.00

(B) The Committee awarded M/S Becam Kenya Industries Box 41393, Nairobi being the lowest bidder to supply the following items:-

1. Analytical balance – KShs.400, 000x5No. =Kshs.2, 000,000.00
2. Dispensing balance – KShs.210, 00x30No. =Kshs.6, 300,000.00
3. Water bath – KShs.280, 000x4No. = Kshs.1, 120,000.00
4. Deionizers – KShs.600, 000x2No. – KShs.1, 200,000.00
5. Tableting machine – 499,000x4No. = KShs.1, 996,000.00
6. Autoclave – KShs.498, 500x4No. = Kshs.1, 994,000.00
7. Viscometer – KShs.240, 000x4NO. =KShs.960, 000.00
8. Spectrophotometer with printer – KShs.995, 600x1No = Kshs.995, 600.00
9. HPLC – KShs.3, 200,000x 1 No. =Kshs.3, 200,000.00
10. Magnetic Strives – KShs.85, 000x4No. = KShs.1, 983,600.00
11. BP – KShs.379, 000x3 No. = KShs.1, 137,000.00
12. BPC – KShs.495, 900x4No. = KShs.1, 983,600.00
13. Martindale – KShs.190, 000x4No. = KShs.760, 000.00

5.7.2. Purchase of pharmaceutical Equipment for financial year 2008/2009

In an unreferenced internal memo dated September 23, 2008 (Annex 29) Mr. R.A. Kelute, the Head of Pharmacy Department wrote through the Principal Nairobi MTC to the Director KMTC requesting authority to purchase listed pharmacy items for Nairobi, Mombasa and Machakos MTCs.

In a memo Ref. KMTC/E&S/6/Vol.XV/(178) dated September 29,2008 (Annex 30), addressed Director KMTC, the procurement manager requested authority to float quotations in the market to establish how much the items will cost. The director approved the requisition on October 2nd, 2008.

Five (5) firms were invited to submit quotations for supply of pharmacy items, on January 8th, 2009 and to return by January 14th 2009. The firms which responded are indicated under Min.No.8/13/2008-2009 of Tender Committee meeting dated 15th January 2009 (Annex 31)

Under Min. No. 8/13/2008/2009, the Tender Committee deliberated the quotations and awarded four (4) firms to supply various items been the lowest bidders .The firms are (Annex 31):-

A. M/S Chemoquip Ltd. To supply Cuvettes for UV- 22,300 X 4 pieces at Kshs. 89,200

B. M/S Backpharm Ltd to supply Viscometer- 110,800X 4No. At Kshs. 443,520

C. M/S Megascop Pharmaceutical Ltd. to supply 28 items (Annex 31)

D. M/S. Hartshill Mediquip to supply 101 items (Annex 31) which include Desktop computer with scanner & printer quoted as one items for KShs. 538,000. This is contrary to regulations on ICT purchase.

5.8 Comparison of quoted bids 2007/08 and awards 2008/09 for sampled items

The Team sampled eight items to compare the bid prices of 2007/08 with the actual awards of the same items of 2008/09 in view of drastic changes in prices which cannot be explained by the normal market trends or inflation. The reduction and increase in prices reflect unrealistic market trends. The quotations of 2007/08 or those of 2008/09 were likely to have been manipulated and not genuine firms must have worked together to defraud the institution. The differences in prices are as indicated in table 7 and 8 below:-

TABLE 7: SAMPLED QUOTATIONS & PRICE ANALYSIS MIN.NO.4/2007/2008 OF 10TH MARCH 2008

SN	Item Description	Chemoquip Ltd	Bakpham Ltd	Dentmed (K) Ltd	Pacific Medical Supplies	Becam Kenya Industries	Herly's Ltd	MEGAS COPE
1.	Analytical balance	448,000	455,000	475,000	445,500	400,000	415,000	82,400
2.	Water Baths	295,800	295,600	312,000	287,200	280,000	300,000	217,540
3.	Deionizers	615,000	700,000	655,000	652,000	600,000	652,600	1,540,000
4.	Autoclaves	520,000	525,000	536,000	555,000	498,500	560,000	440,000
5.	Disintegrating Rate Test	No quote	2,200,000	1,720,000	1,820,000	1,900,000	1,820,000	440,000
6.	Dissolution test machine	No quote	2,750,000	2,600,000	2,799,000	2,720,000	2,870,000	484,000
7.	Spectro photo meter with printer	998,000	1,150,000	1,150,000	1,200,000	995,600	998,000	1,658,000
CHEMOQUIP								
8.	Viscometer	No quote	276,000	280,000	275,000	240,000	265,000	110,880

2008/09
AWARDED
ON 15TH
JAN
2009

Table 8: Differences in prices in a period of ten months.

	Awarded 2007/08	awarded 2008/09	Difference	Percentage Change.	Remarks
Analytical balance	400,000	82,400	317,600	-79	Unrealistic drop in price.
Water Baths	280,000	217,540	62,460	-22	Unrealistic drop in price.
Autoclaves	498,500	440,000	58,500	-11	Unrealistic drop in price.
Viscometer	240,000	110,880	129,120	-54	Unrealistic drop in price.
Disintegrating Rate Test	1,720,000	440,000	1,280,000	-81	Huge loss. No value for money.
Dissolution test machine	2,600,000	484,000	2,116,000	+157	Huge loss. No value for money.
Deionizers	600,000	1,540,000	940,000	+157	Huge loss. No value for money.
Spectro photo meter with printer	995,600	1,658,000	662,400	+67	Huge loss. No value for money.

5.9 Observations

- (i) The Procurement Manager contravened procurement procedures by:-
- a. Using the appropriate method of procurement;
 - b. Using firms not pre- qualified;
 - c. Failure to issue specifications to bidding firms; and
 - d. Failure to give firms adequate and specific time of returning the quotations.

- (ii) A comparison of prices of items purchased within a spell of one year, show unrealistic trend of drastic changes ranging from -ve 11% to +ve 157%. Hence KMTC did not get value for money. The procurement entity should have conducted a market survey;
- (iii) The procurement entity structured (split) procurement of pharmacy equipment as many items instead of one lot, for the purposes of avoiding the use of appropriate procurement procedure;
- (iv) The institution raises Appropriation in Aid (A.I.A) through sale of tender documents. For the past two years under review, KMTC lost A.I.A by failing to tender;
- (v) The Tender Committee handling of the procurement was not above board as evident in their participation of opening, technical evaluation, price comparison, and awards. This created room for micromanagement and mismanagement of the process contrary to their appointment letters;
- (vi) There was no evidence of the request from the user campuses of the equipments procured; and
- (vii) The desktop, computer with scanner & printer are separate items, and they should not have been valued as one. This is contrary is to regulations on ICT purchase.

5.10 Recommendations

1. The KMTC Board of Management should:
 - (a) Take appropriate action against Procurement Manager Mr. S.E. Njeru and entire tender committee for contravening the provisions of the Procurement and Disposal Act , 2005 and Regulation, 2006;
 - (b) Ensure that the tender committee members adheres to Procurement and Disposal Act, 2005 and Regulation, 2006;

- (c) Ensure thorough audit to come up with the magnitude of the loss incurred through manipulation of quotations in view of recovering the same from the tender committee members; and
- (d) Ensures KMTC undertake market survey bearing in mind the exemption of import duty on medical equipment.

5.11 Procurement of Website

In a memo referenced KMTC IQP – 17/LAP dated 15th April, 2008, the Head of ICT Department wrote to the Director, KMTC requesting for the approval of proposal for development of a KMTC Intra -net and a new interactive website (Annex 32). The Director approved on the same memo dated April 18, 2008.

Four (4) firms were invited to submit quotations on 2nd May 2009 as shown in the analysis in the table 9 below:-

Table 9: List of Firms submitted Quotations

SN	ITEM DESCRIPTION	FEL SOTF SYSTEMS LTD	3 MICE INTERACTIVE MEDIA	DOTSAVVY LTD	DIGITAL CONSULTING GROUP
1.	Website	170,000+VAT	889,546.00	468,640.00	127,600.00
2	Intranet	-	750,000.00	501,120.00	406,000.00
3	Hosting	25,000+ VAT	61,387.00	23,200.00	26,680.00

At the Tender Committee Meeting under Min. No. 6/2007-2008 of 3rd June, 2008 (Annex 33) the committee made the following observations:-

1. The technical evaluation revealed that the bids by M/S Felsoft systems Ltd and Digital Consulting group were too low as compared to the scope of the work. The two firms had not quoted as per specifications provided thus unable to do the work as required. The portfolio of the firms i.e. other similar undertakings and experience were wanting. This means that only two firms i.e. M/S 3 Mice Interactive Media and Dotsavvy Ltd were considered for the award.

2. The committee recommended to award the web installation, hosting and intranet to M/S Dotsavvy Ltd. being the most responsive bidder at a cost of KShs.992, 960 (Annex 33) as follows:

Item description	Amount
1. Website Installation	KShs.468,640
2. Intranet	KShs.501,120
3. Hosting	KShs. 23,200

The team noted KMTC used request for quotations method instead of request for proposals which is recommended method for procurement of services as per the requirements of the Public Procurement and Disposal Act, 2005 and Regulations, 2006.

Section 76 of the Act states that:-

- (1) A procuring entity may use a request for proposals for procurement if:-
 - (a) The procurement is of services or a combination of goods and services;
 - (b) The services to be procured are advisory or otherwise of a predominately intellectual nature; and
- (2) Subject to any prescribed restrictions, a procuring entity may use a request for proposals for procurement if the procuring entity would be allowed to use another alternative procurement procedure for that procurement under section 73, 74, 88 or 90.

Section 78 to 86 set out the procedure for a procurement using Request for proposals (Annex 34)

5.12 Observations

Arising from the foregoing, the team noted the following:-

(1) The Procurement Manager Mr. S.E. Njeru contravened provisions of the Public Procurement and Disposal Act, 2005 for:-

- Using request of proposals method instead of request for quotations;
- Splitting tender into the following items contrary to regulations with a view to avoiding using appropriate procurement method:-

- (ii) Website
- (iii) Intra-net
- (iv) Hosting (outside KMTC); and

- Not preparing technical evaluation of the bids before price comparison for presentation to the tender committee for award.

(2) The tender committee awarded the tender without the representation of the user department i.e. the ICT department contrary to the provisions of the Act;

(3) An examination of the payment vouchers (Annex 35) and supportive documents availed showed that the payments made were divided as follows:

S/NO	Payment Tranche/Installment	LSO No	Amount KShs.
1	50 % down payment for installation of website	0009330	234,320
2	25% for website integration	0009330	117,160
3	25% final payment for website integration	0009330	117,160
4.	Payment for website hosting	0009191	23,200
5	Total		491,840

An examination of the payment voucher in respect of the above payment, there was no evidence of verification and certification services by either the Inspection and the Acceptance Committee or the user department for the payments contrary to regulation 17 of the Public procurement and Disposal Regulations,2006(Annex 36) .

5.13 Recommendations

The KMTTC Board of Management should take appropriate action against Mr. S. Njeru the Procurement Manager for contravening the provisions of the Public Procurement and Disposal Act, 2005 and Regulations, 2006 in the Procurement of Website Services.

CHAPTER SIX

6.0 PROMOTIONS AND RECRUITMENT

6.1 Provisions on Regulations and Procedures

Human resource management function at KMTC is guided by provisions stipulated in the following documents;

- KMTC Act Cap 261;
- Terms and conditions of services for KMTC , October 2005, Ref KMTC/OP-23/TCS;
- Civil Service Code of Regulations;
- The career guidelines for KMTC, January 2008, Ref KMTC QP-23/CCG; and
- Other Rules and Regulations as issued from time to time.

The overall responsibility for human resource management function is vested in the Board of Management as stipulated under the KMTC Act. The KMTC Board Management has in place committees which include Staff Establishment Committee which is its advisory committee on human resource function. According to Minutes of special Board of management meeting held on February 7th 2007 under Min.2/021 2007, on institution of Board committees, the Board appointed the following to the staff establishment committee:-

1. M/s Patience Chome – Chair;
2. PS, DPM;
3. Director, KNH;
4. Mr. Charles Malonza;
5. PS, Health; and
6. Inspector of State Corporations.

Staff promotion in KMTC is guided by the KMTC Terms and Conditions of Service under clause 5.1.1 which states that:-

“As far as practicable all job openings in the college shall be filled through promotions and shall be in accordance with the provision of the job descriptions and specifications for each cadre in accordance

with the procedure laid down in Section III (3.3.3) that also provides that "Application for appointment to vacant posts, will either be invited by public advertisement in the press or internally".

Further to Section 3.3.1 to 3.3.6 of the Terms and Conditions of Service for KMTC outlines the procedure for recruitment and promotion. (Annex 37)

6.2 Staff Promotions

In a letter dated March 31st 2009 addressed to the Ministry of Medical Service, the chairman of the KMTC Welfare Staff Association alleged malpractices and impropriety amongst others at KMTC on promotions, recruitment and fraudulent payments to staff (Annex 38).

Under Min.3/7/10/2008 of the senior management committee meeting held on October 7th, 2008 (Annex 39) it was resolved that officers from the administration department listed in the minutes who have been acting in various levels for more than six months should be confirmed in those positions. The then KMTC Director Dr. T. King'onde appended his approval dated 14th November, 2008 on the same copy of minutes for implementation of the Senior Management decision to promote the officers w.e.f 1st November, 2008. The team noted that some of the beneficiaries of the promotion are Mr. D. Ondeng (Secretary to the Senior Management Committee) and Mr. K. Maina (who was taking minutes in the same Senior Management Committee meeting) participated in the meeting. The team did not find evidence that they were asked to leave the meeting at the time the decision was made.

The Board of management at its meeting held on April 16th, 2009 under Min.15/04/09 resolved (Annex 40) as follows:-

- To nullify all contentious promotions presented to the Board by the Human Resource Manager;
- Management to compile the list of all staff who have been promoted since when KMTC became a parastatal; and

- The Staff establishment committee to scrutinize circumstances under which the promotions were effected and report to the Board.

At the meeting of the Board of Management held on June 16th, 2009 under Min.25/06/2009 (Annex 41), the Board considered the report of the Staff Establishment Committee. The Board approved the committee request for a retreat to discuss the report and present to the Board.

At the retreat held at Mombasa Beach Hotel from 5th- 9th August, 2009, the Establishment Committee deliberated on the irregular promotions and recommended that. (Annex 42):-

- That the Board upholds its decision to reverse the promotions that were irregular; and
- Declare the promotions as irregularly granted, null and void and request the relevant arm of Government to investigate and surcharge those responsible for occasioning the loss of any monies already paid out.

The team sampled five (5) promotions irregularly effected by senior management meeting vide Minutes dated October 7th, 2008 (Annex 39) to examine the implementation of the Board of Management directive on nullification of the irregularly granted promotions

6.2.1 M/S Caroline Musango – P/NO 2005 070001, Legal Officer, JG M 12/M

An examination of the officer's personal file the team noted the following that:-

- she was appointed into KMTC as an Administrative Officer II JG J/M9 on 03.11.05;
- she holds a Bachelor Degree in law, a post-graduate Diploma in law and is an advocate of the High Court of Kenya;

- She applied for, and was appointed as legal officer, JG M/M2. w.e.f from 10.8.07 being the entry grade for the legal cadre at the college;
- She is Head of legal services in the college; and
- Management promoted her to the grade of senior Legal Officer, JG N/M13 with effect from 01.11.08 which has since been nullified by the Board.

For Promotion to this position, a candidate must have:-

- Served in the grade of Legal Officer for at least three (3) years;
- Been an Advocate of the High Court; and
- A relevant Masters Degree from a recognized institution.

Following the Board of management nullification of all the promotions the team noted, in a note dated 1st September 2009, (Annex 42) the HRM manager instructed the Deputy HRM to reverse promotions of all the affected cases with effect from 16.4.09 being the date it had been nullified by the Board of Management. Further, the note stated that no recoveries were to be effected before 16.4.09. The HRM based his decision on the Board of Management meeting held on 28.8.09.

6.2.1 Benson Mbathi Kondo P/NO. 81088374, Principal lecturer, JG N/M13

On perusal of the officer's personal file the team noted that:-

- He was appointed into the service as Medical Laboratory Technologist III on 01.07.81;
- He was Promoted to MLT II on 14.01.87 and MLT I on 17.07.91 and later re-designated to Principal lecturer JG N/M13 on 26.02.08;
- His promotion to the grade of senior principal lecturer JGP/M14 with effect from 01.11.08 has been nullified by the Board;

The requirements of promotion to the post of senior principal lecturer are:-

- i. Served in the grade of Principal lecturer or comparable position for a minimum period of 3 years;
- ii. A degree holder in a relevant field;
- iii. Published at least three publications in peer research; and
- iv. Shown merit and ability as reflected in work performance and results.

The head of Human Resource in a note dated 1st September 09 instructed the Deputy Human Resource Manager to effect the Board decision and inform the officer. No recoveries were to be effected before 16th April, 2009.

6.2.3 Mr. Peter O. Ongeru P/NO 83058587, Senior Lecturer

On examination of the personal file, the team noted the following:-

- i) He was appointed into the service as a Medical Laboratory Technologist III with effect from 05.07.83;
- ii) He was promoted to medical laboratory Technologist II on 14.01.87 MLT I on 28.02.96 and later re-designated to senior lecturer;
- iii) He has been in the same grade since then (i.e 28.02.96) to date;
- iv) He holds Higher Diploma in MLT and Basic Diploma in MLT; and
- v) His promotion to the grade of principal lecturer JG N/M13 with effect from 01.11.08 has been nullified by the Board.

For appointment to this grade an officer must have:-

- (i) Served in grade of senior lecturer scale M12 or in a comparable and relevant position for a minimum period of three (3) years;
- (ii) Published at least (2) two publication in a peer research/review journal;

- (iii) Attended a management course lasting for not less than four (4) weeks; and
- (iv) Shown merit and ability as reflected in work performance and results.

Mr. Ongeri's promotion to principal lecturer by management with effect from April 16th, 2009 was nullified by the Board of management on grounds that he had not served for a minimum period of three (3) years in his present grade and that specified procedure in the KMTC Terms and conditions of service was not adhered to.

In the senior management meeting held on 7th October, 2008 the minute indicates the names of officers to be confirmed in the position they were acting on due to their commendable performance. However, the team noted that Mr. Ongeri's name was not among the list approved for promotion.

6.2.4 Mr. John Kariuki Mwangi P/NO 98007088

An examination of the personal file, the team noted that:-

- i) He was appointed into the service with effect from 13.03.98 as supplier officer II;
- ii) He has a Bachelor of Arts, Masters in Arts (Economic Policy and Management), Post-graduate Diploma and purchasing and supply as well as being a member of both CIPS and KISM;
- iii) He applied for and was promoted to the grade of chief procurement officer, JG M/M12 with effect from 10.08.07 following an advertisement and interview for the same; and
- iv) Management promoted him to the grade of principal procurement officer JG N/M13 with effect from 01.11.08 which was later nullified by the Board as the position had not been advertised and interviews held.

For appointment to that grade, an officer must have:-

- i) Served as a chief supply officer JG M/12 for a minimum period of three (3) years;
- ii) Have Diploma in supply chain management from CIPS or its equivalent from a recognized institution;
- iii) A master degree in procurement business administration or its equivalent from recognized institutions;
- iv) High ethical standards and integrity; and
- v) Shown a high administrative capability in the management of procurement services

The Board of management nullified Mr. Mwangi's promotion to Principal procurement officer with effect from 16.4.09 since he had not served a minimum period of three years in the present grade and the promotion had not been conducted through the procedure specified in the KMTC Terms and Condition of services.

6.3 Observations

Arising from the foregoing, the team noted the following:-

- (i) The Senior Management Committee irregularly promoted some officers during its meeting held on October 7th, 2008 (Annex 39) without following procedure outlined under Section III subsection 3.3.1 to 3.3.5 of the Terms and Conditions of Service for K.M.TC;
- (ii) The Senior Management Committee usurped the role of the Establishment Committee of the Board of Management in promoting officers above JG 'P';
- (iii) The KMTC Board of Management appointed Inspector of State Corporations as one of the members of the Staff Establishment Committee. This is in contravention of the Office of the President circular OP/CAB9/1VOL. XXI (31) dated July 18th, 2007. (Annex 43);

- (iv) Additional names which were not in the Staff Establishment Committee list were added by the Senior Management Committee;
- (v) The Human Resource Manager through a note on the establishment committee paper (Annex 42) presented to the Board of Management, instructed his Deputy to bring forward the effective date of nullification of all the promotions by the Board of Management;

6.4 Recommendations

The Board of Management should:-

1. Take appropriate action against the members of Senior Management Committee for irregular promotions during its meeting held on 7th October, 2008;
2. Ensure recovery of all monies paid to all the irregularly promoted officers nullified at its meeting held on April 16th, 2009 by the Board with effect from the date when they were irregularly promoted i.e. 1/11/2008 and not April 16th, 2009;
3. Failure of (2) above surcharge the Human Resource Manager Mr. J.I. Obiye an equivalent of the difference of all monies paid the officers between effective promotion date 1/11/2008 and his directive date commencing April 16th, 2009 for his decision subjecting the organization to loss of funds;
4. Ensure that the Senior Management Committee only handles promotion cases for JG A – N and notify the Board to prevent members of the senior management committee promoting themselves in contravention of the Regulations and Procedures;
5. Strengthen oversight role of the Staff Establishment Committee on human resource management function to ensure equity, transparency, fairness in promotion and

recruitment at KMTC in line with the policy manual on Quality Management Systems (QMS);

6. Implement DPM's recommendations on the appropriate staff establishment and grading structure; and
7. With immediate effect revoke the appointment of Inspector of State Corporations to the Staff Establishment Committee.

6.5 Recruitment of Academic Staff

According to a summary establishment (Annex 44) vide a report of the Ministry of State for Public Service titled "Report on Organization Structure and Staffing for KMTC and its constituent centers", of July 2009, recommended an establishment for KMTC at 3,202 and appropriate grading structure. According to the same report, KMTC's current actual staff in-post is 1,585 against a staff establishment provision of 2,495 as at 2005. KMTC has a staff shortage both teaching and support staff estimated at 1,000. This has impacted negatively on staff morale and motivation due to long period of stagnation as a result of a well defined and responsive grading structure.

Secondly, the mis-match between the student numbers and the staffing levels has adversely affected the quality of teaching programmes as reflected into imbalance in the student/lecturer ratios which are beyond the recommended ratios by the respective regulatory bodies for example at Nyeri MTC (Annex 45).

The team noted in 2008 KMTC made several recruitments of both teaching and non-teaching staff (Annex 46). KMTC placed an advertisement in the one of the local daily newspaper for the vacant positions of Lecturer II (17 posts), Senior Lecturer (3 posts) and Principal Lecturer (1 post) in March 2008. The deadline for submission of applications was March 20th, 2008. (Annex 47).

6.5.1 Short listing Candidates

According to minutes of the recruitment/short listing of additional teaching staff meeting held on April 29, 2008 under Min. 02/04/2008 (Annex 48) candidates who applied were short listed. There was no indication in the minutes the short listing criteria used.

The shortlist of candidates selected for interview (Annex 49) is shown on table 10 indicating number of applicant's short listed and vacant posts.

Table 10: List of Vacancies and Short listed candidates- 2008

S/No	Position	Short listed No.	Vacant Posts	
			Per Advert	Revised by the Committee
1	Nursing Lecturer II	28	1	11
2	Nursing Officer III	3	1	2
3	Rehabilitative Sciences Lecture II	6	1	4
4	Public Health Sciences Lecture II	2	1	2
5	Principal Lecturer	9	1	1
6	Clinical Sciences Lecture II	26	8	14
7	Senior Lecturer	9	1	5
	TOTAL	83	14	39

6.5.2 Selection by the Senior Management Committee

According to minutes of the Senior Management Committee meeting held under Min.7.7.2008 on July 10th, 2008 (Annex 50) the candidates short listed were interviewed from 11th June to 13th June, 2008. The criteria to guide selection of successful candidates were outlined under this minute.

The following selected candidates were presented to the Committee for the post of Lecturer II Nursing:-

1. Naomi D.G Kariuki
2. Isaac Machuki Ogoncho
3. Morris Hamisi
4. Kipsang Rotich Patrick
5. Simon M. Kamau
6. Fredrick Wakhula Obonyo
7. Henry B. Michael
8. Zipporah M. Muia
9. Debora Aleyo Mogo
10. Susan Akitola Ereng
11. Anne Mwikali Mawia
12. David Obonsi Onyango

An examination of the selected against the shortlist (Annex 50) indicates only 8 candidates were from the shortlist whereas 4 candidates were not hence they were appointed irregularly without following the proper procedure as outlined under Section III subsection 3.1.1 to 3.1.5 of the Terms and Conditions of Service for KMTCC. (Annex 37).

The following selected candidates were presented to the Committee for the position of Clinical Sciences Lecturer II.

1. Patrick Njue Njagi
2. Simon Sila Ndolo
3. Reuben Nyecheya
4. Leonida Torotich
5. Gerald Muriithi Weru
6. Philip Ng'ang'a
7. Joseph Nyakundi Ogwaro
8. Joseph Bwongo Kirui
9. Remjuice Gomba Ojil
10. Celestine O. Mbanda
11. Philip Joseph Kithonga
12. Charles Akeyo K'Oduong'o
13. Nzole Mbae Ndeme

14. Dr. George Owino Oguna

An examination of the candidates selected above, two candidates namely: Phillip Ng'ang'a and Dr. George Owino Oguna were not on the shortlist. These candidates were irregularly appointed without following the laid down procedure on recruitment.

The following candidates were presented to the committee for selection to position of Senior Lecturer Pharmacy.

1. Dr. Marcella Ogendo Otieno
2. Dr. Sylvia Opanga Adisa
3. Dr. Linus Makokha Wafula
4. Dr. Samuel Kagara Kingau
5. Dr. Munyao Muendo

On examination of the candidates selected above, Dr. Marcella Ogendo Otieno was not on the shortlist.

6.6 Observations

Arising from the foregoing, the team noted the following:-

- (i) KMTTC has lagged behind in implementation of DPM recommendations on the optimal staffing level and appropriate grading structure which the team found to contribute to slow staff career progression and attraction and retention of qualified staff;
- (ii) The Senior Management Committee during its meeting held on July 10th, 2008 (Annex 50) irregularly appointed the following four (4) persons to the position of Nursing Lecturer II as they had not been short listed:-
 - Naomi D.G. Kariuki
 - Isaac Machuki Ogancho
 - Debora Aleyo Mogo
 - Zipporah M. Muia

(iii) The Senior Management Committee during its meeting held on July 10th, 2008 irregularly appointed the following two (2) persons to position of Clinical Sciences Lecturer II as they had not been short listed:-

- Phillip Ng'ang'a; and
- Dr. George Owino Oguna

(iv) The Senior Management Committee during its meeting held on July 10th, 2008 irregularly appointed Dr. Marcella Ogendo Otieno to position of Senior Lecturer Pharmacy.

6.7 Recommendations

1. The Board of Management should:-

- a) Implement DPM's recommendations on the appropriate staff establishment and grading structure;
- b) Demand an explanation from Dr. J. A. Ogola, Deputy Director – A & F on the irregular appointment of four, two and one to the posts of Lecturers Nursing II, Clinical Sciences and Pharmacy respectively; and
- c) Instruct the Staff Establishment Committee to verify the qualifications of those appointed in (b) above, with a view of ascertaining whether they met the job requirements as per the advertisement.

CHAPTER 7

7.0 SUMMARY OF RECOMMENDATIONS

1. **The Permanent Secretaries, Ministries of Medical Services should:-**
 - (i) Scrutinize the memorandum of understanding (MOU) entered into between KMTC and Pioneer International College (PIC) for any conflict of interest ; and
 - (ii) Ensure that in future such collaborations are sanctioned by the Ministry and Attorney General State Law Office.
2. **The Permanent Secretaries for the Ministries of Medical Services and Public Health should:-**
 - (i) Ring-fence the designated Rural Health Training Centers and provide adequate funding to existing hospitals used by KMTC for practical training; and
 - (ii) Ensure job descriptions of staff at the district hospitals and designated health centers include supervision and assessment of KMTC students.
3. **The KMTC Board of Management should with regard to:-**
 - (a) **Academic Programmes:-**
 - (i) Immediately embark on the process of introducing degree programmes in line with their quality policy manual and to remain relevant in view of the stiff competition from other learning institutions;
 - (ii) Ensure that all programmes initiated have been approved by the relevant regulatory bodies and a clear policy on expansion developed. Further, a planning unit should be established to provide technical advice; and

(iii) Review the fees structure with a view to include attachment fees to cater for student upkeep during their field attachments.

(b) Financial Management:-

- (i) Come up with measures to increase their revenue base and reduce the administration cost to narrow the resource gap;
- (ii) Engage the Permanent Secretary, Ministry of Medical Services in resolving the long outstanding issues of pending bills;
- (iii) Aggressively follow up collection of outstanding debts and formalize lease agreement with their tenants i.e. UoN and others;
- (iv) Undertake a review of resource distribution in view to aligning the budget with institution management and especially with regard to the 25% remitted to the headquarters by the constituent Campuses from revenue collected;
- (v) Immediately stop payment of IGA profits to senior managers at the headquarters and take full charge of IGA policy especially on profits distribution and management; and
- (vi) Consider giving the constituent campuses the full authority and responsibility in managing the funds allocated to them.

(c) Procurement Irregularities:-

- (i) Take appropriate action against the following tender committee members for contravening the provisions of the Procurement and Disposal Act and regulation:-
- a) Mr. Peter K. Tum
 - b) Mr. J.O. Ombayo
 - c) Mr. D. O.Ondeng
 - d) Mr. N.O. Aura
 - e) Mr. J. M. Munyao
 - f) Mr. J. I. Obiye
 - g) Ms. C. Musango
 - h) Mr. S. E. Njeru
- (ii) Reprimand the Procurement Manager Mr. S.E. Njeru for failure to seek treasury authority on the purchase of passenger utility vehicles above 2000 cc;
- (iii) Take appropriate action against Procurement Manager Mr. S.E. Njeru and entire tender committee for contravening the provisions of the Procurement and Disposal Act and regulation with regard to purchases of buses, laboratory and pharmacy equipments and the website services;
- (iv) Ensure that the tender committee members adhere to Procurement and Disposal Act 2005 and Regulations, 2006;
- (v) Institute thorough audit of purchases of laboratory and pharmaceutical equipments for FY 2007-2009 to come up with the magnitude of the loss incurred occasioned by manipulation of quotations in view of recovering the same from the KMTTC tender committee and secretariat members;
- (vi) Ensure KMTTC undertake market survey of medical equipments bearing in mind of the exemption of import duty on medical equipment; and

- (vii) Reprimand Tender Committee members for disqualifying two firms and proceeding to award supply to M/S Datsawy Ltd with only one firm to compare with contrary to provisions of the Act.

(d) Irregular Promotions and Recruitment:-

- (i) Take appropriate action against members of Senior Management Committee for irregular promotions during its meeting held on 7th October, 2008. The members are:-

- Dr. T. King'ondeu - The then Director
- Mr. D. Ondeng
- Dr. J. Ogolla - Deputy Director A & F
- Mr. H. Nasengo - Registrar
- Mr. R. Mworia
- Mrs. M. Kanyottu
- Bishop Muasya
- Mr. K. Maina

- (ii) Ensure recovery of all monies paid to all the irregularly promoted officers nullified at its meeting held on April 16th, 2009 by the Board with effect the date they were irregularly promoted ie. 1/11/2008 and not April 16th, 2009;

- (iii) Failure of (ii) above surcharge the Human Resource Manager Mr. J.I. Obiye an equivalent of the difference of all monies paid the officers between effective promotion date 1/11/2008 and his directive date commencing April 16th, 2009 for his action subjecting the organization to loss of funds;

- (iv) Ensure that the Senior Management Committee handles promotion cases for 'JG' A – N and notify the Board to prevent members of the senior management committee promoting themselves in contravention of the Regulations and Procedures;

- (v) Strengthen oversight role of the Staff Establishment Committee on human resource management function to ensure equity, transparency, fairness in promotion and recruitment at KMTC in line with the policy manual on Quality Management Systems (QMS);
- (vi) Implement DPM's recommendations on the appropriate staff establishment and grading structure;
- (vii) With immediate effect revoke the appointment of Inspector of State Corporations to the Staff Establishment Committee; and
- (viii) Demand an explanation from Dr. J. A. Ogola, Deputy Director – A & F on the irregular appointment of the following persons to the post of Lecturer II Nursing, Clinical Sciences and pharmacy respectively:-

Lecturer II Nursing

- Naomi D.G. Kariuki;
- Isaac Machuki Ogancho;
- Debora Aleyo Mogoia; and
- Zipporah M. Muia.

Lecturer II Clinical Sciences

- Philip Ng'ang'a; and
- Dr. George Owino Oguna.

Senior Lecturer Pharmacy

- Dr. Marcella Ogendo Otieno

- (ix) Instruct the Staff Establishment Committee to verify the qualifications of those appointed in (viii) above, with a view of ascertaining whether they met the job requirements as per the advertisement.

3. The Chairman Academic Board should with regard to:-

(a) Admission and Selection Process:-

(i) Consider establishing a sub-committee on student recruitment and admission to replace the secretariat. The sub-committee shall maintain well documented records, procedures and will be reporting to the Academic Board;

(ii) Ensure that the Academic Board develops criteria on:-

- a) Distribution to all campuses for the successful candidates under the regular category;
- b) Selection by affirmative action; and
- c) Replacement of unfilled vacancies.

(iii) Ensure that the total number of vacancies per programme in each campus is declared to the Academic Board before the commencement of the admission process. Further, the vacancies declared must adhere to the regulatory bodies' recommendations;

(iv) Consider decentralizing the admission process to make it more participatory; and

(v) Consider reviewing the formulae used in determining regional distribution of vacancies.

(b) Academic Programmes:-

(i) Immediately take full control of the examination process both promotional and final examinations in accordance with the provisions of the KMTTC Act Section 11 sub-section 2 (e); and

(ii) Provide for the position of dean of students in the establishment of the campuses.

4. The Director KMTC should:-

- (i) Ensure that the mode of advertisement for KMTC training opportunities has a wide circulation and the advert content contains all the necessary details required; and
- (ii) Consider developing a standardized application form that will capture all the necessary details required.