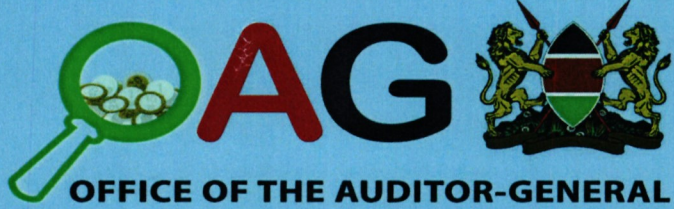


REPUBLIC OF KENYA



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REPORT

OF

THE AUDITOR-GENERAL

ON

MINISTRY OF HEALTH

FOR THE YEAR ENDED

30 JUNE, 2020

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MINISTRY OF HEALTH

REPORTS AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2020**

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

Ministry of Health
Reports and Financial Statements
For the year ended June 30, 2020

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1. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The Ministry of Health was formed in March 2014 by merging the former Ministry of Public Health and Sanitation and the Ministry of Medical Services. The Ministry is represented by the Cabinet Secretary for Health who is responsible for the general policy and strategic direction of the Ministry.

The vision of the Ministry is to have an efficient and cost-effective medical care system for a healthy Nation, while its mission is to promote and participate in provision of integrated and quality curative and rehabilitative services to all Kenyans with the overall goal of achieving Universal Health Coverage.

The mandate of the Ministry is to coordinate health policy, health regulation, National Referral Health Facilities, capacity building and provide technical assistance to the Counties. The Ministry was ISO 9001:2008 certified in the period under review.

The following are the key objectives of the ministry:

- 1) To reinforce and improve access to people-centered essential primary health services
- 2) To increase access and improve quality of health services at all levels
- 3) To institutionalize emergency preparedness and response, early recovery and resilience
- 4) To build and strengthen partnerships and sector coordination
- 5) To strengthen the health systems for effective delivery of health services
- 6) To advocate and mobilize for adequate financing for health at all levels

(b) Key Management

The Ministry's day-to-day management is under the following key organs:

- 1) Directorate of Preventive and Promotive Health
- 2) Directorate of Health Care Services
- 3) Directorate of Standards, Regulations and Quality Assurance
- 4) Directorate of Health Policy, Research, Monitoring and Evaluation
- 5) Directorate of Public Health
- 6) Directorate of Health Sector Coordination and Inter Governmental affairs
- 7) Directorate of Administrative Services

(c) Fiduciary Management

No.	Designation	Name
1.	Cabinet Secretary	Hon. Mutahi Kagwe, EGH
2.	Principal Secretary	Ms. Susan Mochache, CBS
3.	Ag. Director General, Health	Dr. Patrick Amoth
4.	Chief Finance Officer	Mr. Joseph K. Muraga
5.	Chief Economist	Samuel R. Nthenge
6.	Head of Accounting Unit	Mr Samson M. Ongalo
7.	Head of Procurement	Mr. Dickson Lugonzo

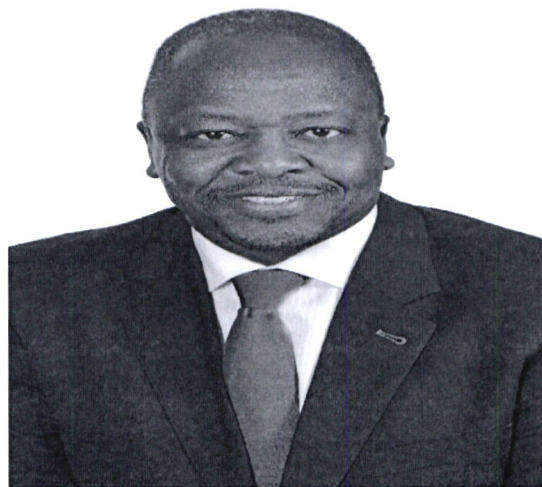
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**Hon. Mutahi Kagwe, EGH
Cabinet Secretary, Health**

Hon. Mutahi Kagwe is the Cabinet Secretary, Ministry of Health, and Prior to joining the Ministry was a former member of the Senate of the Republic of Kenya, as first Senator to represent the County of Nyeri. He previously served as Cabinet Minister for Information and Communications, and Member of Parliament for Mukurweini Constituency; Chairman of the Senate Standing Committee on Information and Technology; Member Senate Standing Committee on Education and Senate Standing Committee on Finance, Commerce and Budget. Other past positions also include Committee Member, The Commonwealth Parliamentary Association, Member, the parliamentary network of the World Bank and Chair, The Finance, Trade, Tourism and Planning Parliamentary Committee.

Hon. Mutahi Kagwe Holds a Bachelor of Commerce (Hons.) degree from the University of Nairobi and a master's in business administration from the United States International University. He was also awarded the Marshal trophy of excellence. He has 30 years' experience in various management positions including Group Executive Director, Managing Director, Commercial Operations Director for industry leaders in Kenyan media; has managed contractual relationships, the development of successful growth strategies and the effective oversight of commercial projects; and created dynamic marketing/brand strategies that catapulted profitability and effectively managed P&L on multimillion business lines. Companies served include

Trend Publishers, The Standard Group, Media House Limited and Tell-Em Public Relations (EA) Ltd.



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**Ms. Susan Mochache, CBS
Principal Secretary, Ministry of Health**

Ms. Mochache is the Principal Secretary, Ministry of Health. Prior to joining MoH, Ms. Mochache was the immediate former Principal Secretary, Social Services & East Africa Affairs a position she held since December 2011. She previously served as Assistant Director, Universal Service Obligation and Funding at the Communication Authority of Kenya for over 10 years.

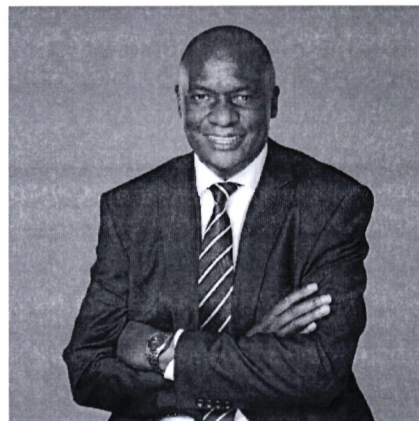


**Dr. Patrick Amoth
Ag. Director General, Health**

Dr. Patrick Amoth is the acting Director General for Health in the Ministry of Health, Kenya. A consultant obstetrician and gynecologist of immense repute, Patrick previously headed the Directorate of Public Health at the Ministry, where spearheaded strategy development for effective delivery of health services in all the 47 counties in Kenya and was centrally involved in the inception and alignment of Universal Health Coverage for the country. Dr. Amoth formerly headed the Department of Health Sector Coordination and Intergovernmental Affairs, an assignment that was preceded by his successful stint as a Chief Medical Specialist and Senior Deputy Director of Medical Services at Mama Lucy Kibaki Hospital Nairobi.

Dr. Amoth's has had expansive experience in civil service having risen from a Medical Officer at Kisumu's Provincial Hospital before becoming the Medical Superintendent in the former Kiambu District Hospital, now Kiambu County Referral Hospital. He also later served as the Director of Medical Services for Kiambu East and Kiambu West Districts, now Kiambu County. During his stint in Kiambu, Dr. Amoth is credited with having had excellent managerial skills as well as robust and successful fundraising for the hospital, initiating various programs, and revolutionizing infrastructural improvement of most hospitals. Dr. Patrick Amoth is a graduate of the University of Nairobi's Medical School and has a Masters in

Obstetrics and Gynecology from the same university. He also holds a Diploma in Health Systems management from Galilee College in Israel.



Chief Finance Officer

Mr. Joseph K. Muraga is the current Chief Finance Officer in MOH. He has an MA in Economics from UON and has worked as an Economist for 10 years as well as a Finance Officer for 15 years.



Chief Economist

Samuel R. Nthenge is the Chief Economist for MOH. He has BSC in Mathematics and Statistics as well as MA Economics and Bphil Economics. He has over 30 years of experience in Economics having worked in KNBS 1988-2002, Ministry of Education 2002-2016 and ODPP in 2017-2019.



Head of Accounting Unit

Mr Samson M. Ongalo is the Head of Accounting Unit in MOH. Academic qualifications include MBA in Finance from UON, BCOM, Accounting from Catholic University as well as CPA (K). He has over 20 years' Experience in government as an Accountant.



Head, Procurement

Mr. Dickson Lugonzo is the Head procurement MOH. His qualifications include, masters in procurement and logistics and he is a full member of MCIPS. He has over 15 years of experience in public service with 3 years in a World Bank funded project.



(d) Fiduciary Oversight Arrangements

The Ministry of health has the following key fiduciary committees that are responsible for the day to day activities at the Ministry.

Audit and finance committee oversees the activities and financial or audit matters in the ministry
Budget Execution Committee helps in monitoring and implementation of the budget.

(e) Entity Headquarters

P.O. Box 30016-01000
Afya House Cathedral Road
Nairobi, Kenya

(f) Entity Contacts

Telephone: (254) 020-2717077
E-mail: ps@health.go.ke
Website: www.health.go.ke

(g) Entity Bankers

Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000-00200
Nairobi, Kenya.

(h) Independent Auditor

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

(i) Principal Legal Adviser

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

**FORWARD BY THE CABINET SECRETARY
INTRODUCTION**

The Health Sector is responsible for the provision and coordination of the health policy formulation, ensuring quality of service delivery and regulation and control of health care. The responsibility should be guided by the understanding that good health ensures a robust population able to contribute to productivity, and overall economic development thus contributing directly to the achievement of the national poverty reduction as outlined in the Sessional Paper No. 10 of 2012 of Kenya Vision 2030.

Vision

“An efficient and cost-effective medical care system for a healthy Nation”

Mission

“Promote and participate in Provision of integrated and quality curative and rehabilitative services to all Kenyans”, with the overall goal of achieving Universal Health Coverage.

The Vision and Mission of the Ministry translates to the following strategic objectives.

- a) **Eliminate communicable conditions:** The Health sector will achieve this by reducing burden of communicable diseases, till they are not of major public health concern.
- b) **Halt, and reverse the rising burden of non-communicable conditions** by setting clear strategies for implementation to address all the identified non-communicable conditions in the country.
- c) **Reduce the burden of violence and injuries.** Through directly putting in place strategies that address each of the causes of injuries and violence at the time.
- d) **Provide essential health care** that are affordable, equitable, accessible and responsive to client needs.
- e) **Minimize exposure to health risk factors** by strengthening the health promoting interventions, which address risk factors to health, plus facilitating use of products and services that lead to healthy behaviours in the population.
- f) **Strengthen collaboration with private and other sectors that have an impact on health.** The health sector will achieve this by adopting a ‘Health in all Policies’ approach, which ensures it interacts with and influences design implementation and monitoring processes in all health-related sector actions.

There are seven Semi-Autonomous Agencies (SAGAs) under the Ministry of Health which complement it in discharging its core functions through specialized health services delivery, medical research and training; procurement and distribution of drugs; and financing through health insurance. These SAGAs are the Kenyatta National Hospital, Moi Teaching and Referral Hospital; National Aids Control Council; Kenya Medical Research Institute; Kenya Medical Training College, Kenya Medical Supplies Authority and National Hospital Insurance Fund. There are also eight statutory organizations mainly involved in regulation of health care services in the country, definition of professional standards; establishment of codes of conduct and licensing of facilities, training institutions and professional health workers.

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Mandate

Schedule 4 of the Constitution assigns the National Government the following functions:

1. Health Policy;
2. National referral health facilities;
3. Capacity building and technical assistance to counties.

Priority investment areas

In order for the sector to realize the above mandate, the Ministry focused on the following priority areas for investment:

- a) Scaling up Universal Health Coverage (UHC) initiatives including free Maternity Health services, Subsidies for the poor and vulnerable groups and reducing out of pocket/catastrophic health expenditures.
- b) Improving reproductive, maternal, neonatal, child and adolescent Health (RMNCAH) through increased immunization, improved nutrition, increased access to family planning services and improved quality of health services.
- c) Installation and commissioning of specialized medical equipment in 94 hospitals (2 per county) and the four (4) national referral hospitals on a Managed Equipment Service (M.E.S) contract framework that will give emphasis to Critical and Specialized care equipment e.g. Renal, Cancer and Diagnostics.
- d) Increase access to national referral health facilities and specialised services through increased investment in Human resource for health and medical equipment.
- e) Building capacity on preventive, promotive and palliative care for Non-Communicable Diseases.
- f) Reducing morbidity and mortality from Malaria, HIV/AIDs, Tuberculosis and Non-Communicable Diseases
- g) Strengthening health research for improved quality of healthcare
- h) Increased quality of health services through availability of norms and standards, and enhanced regulations.
- i) Building capacity in human resources for health.

The above measures are meant not only to enhance the health service delivery at hospital level, but also the primary health facilities, health promotion and prevention. The Ministry is also promoting public private partnership (PPP) and other innovative financing mechanisms in order to mobilize additional financial resources and expertise for health.

Changes in Policy/Strategy and Legal Frame Work

Amendment of the Health Act, 2017 to enable the realization of the rights to health as provided for the Constitution of Kenya and to provide uniformity in respect of health services across the nation – implementation of which is underway;

As shown in the table below, the approved estimates for national Ministry of Health was at KSh 119.3 Billion in 2019/20 which represented a 54 percent increase from KSh 78.4 Billion in 2017/18. The actual expenditures was at KSh 54.6billion, KSh 74.5 billion and KSh 108.5 billion respectively for the years 2017/18, 2018/19 and 2019/20. This is shown in table below.

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Table 4.1: Analysis of MOH Budgetary Trends 2017/18– 2019/20

VOTE By Economic Classification	Approved Estimates (KSh) Million			Actual Expenditures(KSh) Million		
	2017/18	2018/19	2019/20	2017/18	2018/19	2019/20
Total Recurrent	48,981	53,199	76,097	33,778	48,753	71,221
% of Total	63%	62%	64%	62%	65%	66%
Total Development	29,383	31,944	43,198	20,835	25,781	37,285
% of Total	37%	38%	36%	38%	35%	34%
Total Vote	78,364	85,143	119,295	54,613	74,534	108,505

Table 4.2: Analysis of recurrent approved budget vs actual expenditure amount in KSh Million

Budget Category	Approved budget allocations			Actual expenditure		
	2017/18	2018/19	2019/20	2017/18	2018/19	2019/20
Gross	48,982	53,199	76,097	33,779	48,752	71,221
AIA	14,429	11,465	14,971	1	9,708	13,417
NET	34,553	41,734	61,125	33,778	39,044	57,804
Compensation to Employees	6,761	7,096	8,904	6,662	7,137	8,092
Transfers	20,536	21,324	50,085	19,932	21,322	47,955
Other Recurrent	7,256	13,314	2,136	7,184	10,585	1,757

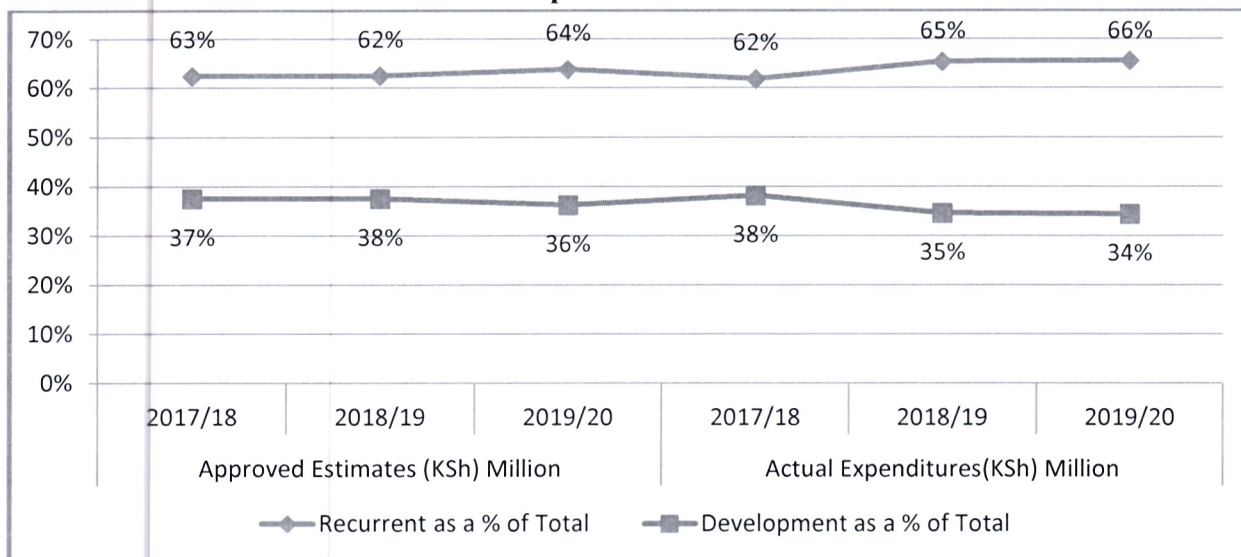
Table 4.3: Analysis of Development approved budget vs actual expenditure amount in KSh Million

Category	Approved budget allocations			Actual expenditure		
	2017/18	2018/19	2019/20	2017/18	2018/19	2019/20
Gross	29,381	31,943	43,197	20,837	25,782	36,092
GOK	15,186	16,973	26,892	13,120	15,527	25,545
Loans	7,050	5,876	10,773	3,560	3,142	6,844
Grants	7,145	9,094	5,532	4,157	7,113	3,703
Local AIA	-	-	-	-	-	-
Other Development						

Breakdown of Recurrent versus Development trends FY 2017/18 – 2019/20

Analysis of the breakdown of recurrent and development budgetary allocations and actual expenditures for the Ministry of health shows that the recurrent vote had been consuming over two thirds of the resources. The Figure below shows the breakdown of recurrent and development expenditures for the period between 2017/18 and 2019/20.

Breakdown of Recurrent versus Development for FY 2017/18 – 2019/20



Breakdown of MOH Actual Expenditure by Economic Classification, FY 2017/18 – 2019/20

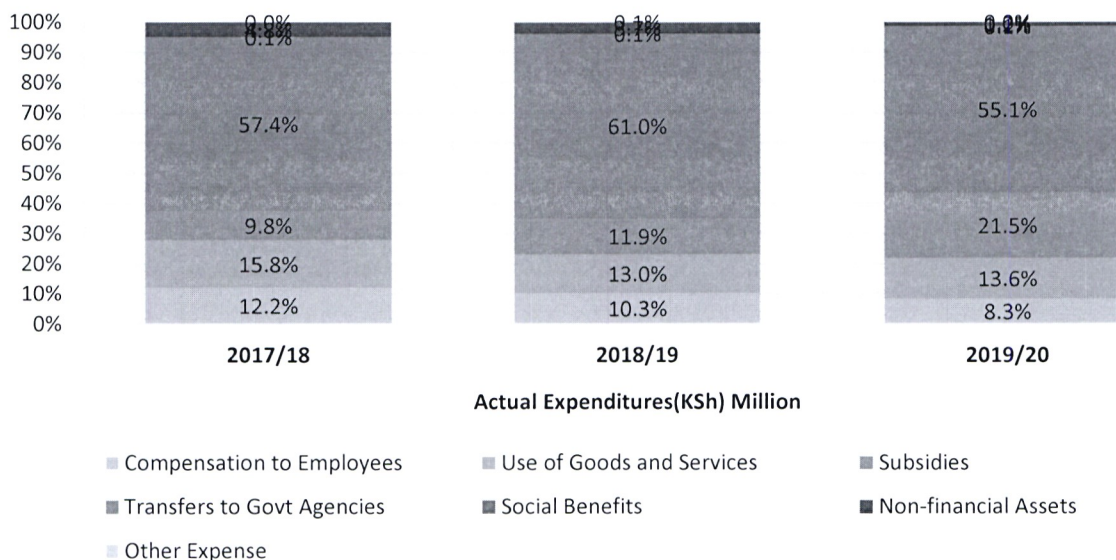
Economic classification¹ distinguishes between various categories of current and capital expenditure in nature. The main categories in the economic classification of recurrent and development expenditure includes:

- **Compensation to employees** - (salaries and personnel emoluments);
- **Use of goods and services** - including general administrative expenses and purchases of other goods and services which are not of a capital nature including drugs and medical consumables;
- **Grants, Transfers and Subsidies** - within this, grants to County referral hospitals, Health Centers and Dispensaries are included;
- **Acquisition of Non-financial Assets** – this comprises expenditure on construction, the purchase of equipment and other physical assets.
- **Social benefits** - Current transfers received by households intended to provide for the needs that arise from certain events or circumstances, for example, sickness, unemployment, retirement, housing, education, or family circumstances. They are transfers made (in cash or in kind) to persons or families to lighten the financial burden of protection from various risks.

Analysis of expenditures by Economic classification indicates transfers to government agencies and other levels of government (conditional grants) consumed the largest share of funds (59.1%); followed by use of goods and services (18.4%) during the period. (See figure below).

¹ Classification of the Functions of Government (COFOG) classifies government expenditure data from the *System of National Accounts* by the purpose for which the funds are used

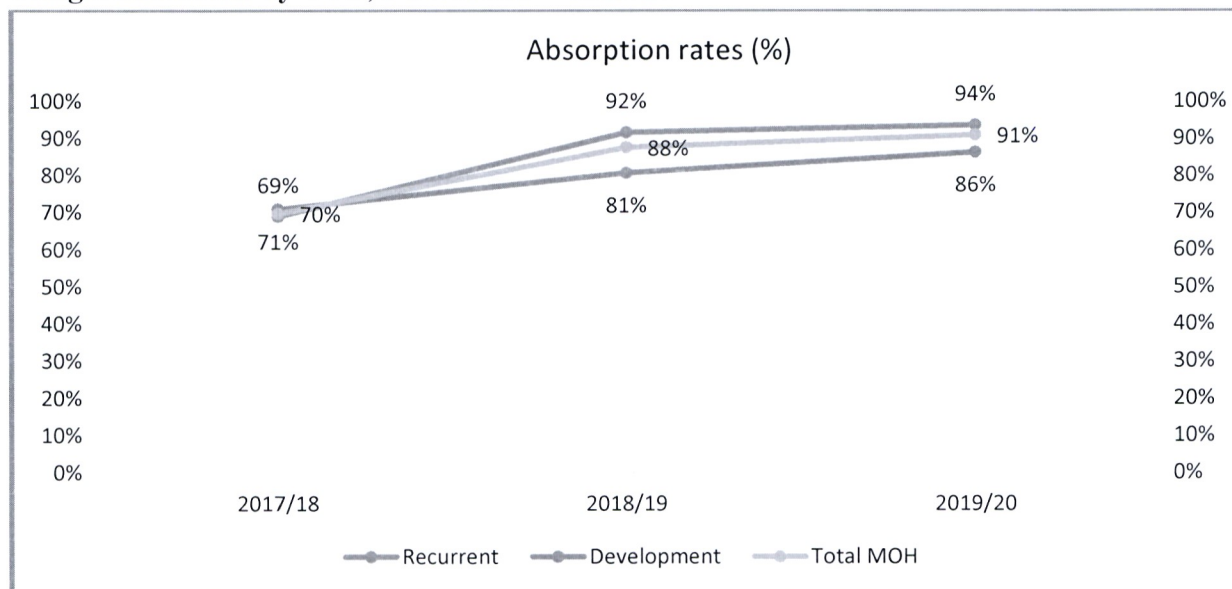
Breakdown of MOH Actual Expenditure by Economic Classification, FY 2017/18 – 2019/20



MOH Budget Execution by Vote, FY 2017/18 – 2019/20

Figure below shows analysis of budget execution by the Ministry of health for financial year 2017/18 to 2019/20. Overall, budget execution levels for the ministry of health was at 70 percent, 88 percent, and 91 percent respectively for the FY 2017/18, 2018/19 and 2019/20 respectively.

Budget Execution by Vote, FY 2017/18 – 2019/20



MOH Budget Execution by Economic Classification, FY 2017/18 – 2019/20

Figure below shows analysis of budget execution by the Ministry of health for financial year 2017/18 to 2019/20 by economic classifications. The data analysis reveals major variations in spending the allocated funds. Analysis by economic classifications depicts an overall declining trend in budget execution.

The approved estimates for national Ministry of Health was at KSh 119.3 Billion in 2019/20. This comprised Ksh. 76,097 million in recurrent and Ksh 43,198 million in development. The actual expenditures were at KSh 71,221 million in recurrent and KSh 37,285 million in development budget. This is shown in table below.

Table 1: Analysis of MOH Budget 2019/20

class	Approved Estimates (KSh) Million	Actual Expenditures(KSh) Million
	2019/20	2019/20
Total Recurrent	76,097	71,221
% of Total	64%	66%
Total Development	43,198	37,285
% of Total	36%	34%
Total Vote	119,295	108,505

Table 2: Analysis of recurrent approved budget vs actual expenditure amount in KSh Million

Budget Category	Approved budget allocations	Actual expenditure
	2019/20	2019/20
Gross	76,097	71,221
AIA	14,971	13,417
NET	61,125	57,804
Compensation to Employees	8,904	8,092
Transfers	50,085	47,955
Other Recurrent	2,136	1,757

Table 3: Analysis of Development approved budget vs actual expenditure amount in KSh Million

Category	Approved budget allocations	Actual expenditure
	2019/20	2019/20
Gross	43,197	36,092
GOK	26,892	25,545
Loans	10,773	6,844
Grants	5,532	3,703
Local AIA	-	-
Other Development		

Key Achievements

The Health Sector has the mandate of implementing the Universal Health Coverage (UHC) in collaboration with counties, coordinating health policy and regulation, management of the national referral health facilities, Capacity building and technical support to the counties. There are five (5) key programmes in the Health Sector as follows:

1. Preventive, Promotive & RMNCAH;
2. National Referral & Specialized Services;
3. Health Research and Development;
4. General Administration, Planning and Support Services;
5. Health Policy, Standards and Regulations

The sector has continued to receive increasing allocations, recording a 42% rise in the sector allocations between the years 2017/18 and 2020/21. The actual allocation rose from Ksh 78.4 Billion to Ksh 111.7 Billion between 2017/18 and 2020/21 respectively. In the presiding financial year 2019/20, the sector received an allocation of Ksh 119.3 Billion, of which it spent Ksh 108.5 Billion, representing an absorption capacity of 91%.

The health sector piloted the Universal Health Coverage (UHC) in four counties during the financial year 2019/20, where all residents in the pilot counties received subsidized health services in county health facilities. The facilities were supplied with commodities and financial support for operations and maintenance. Plans are already ongoing to have all counties enrolled in the UHC programme in the current financial year.

The sector continues to make strides in management of communicable diseases. The national HIV prevalence has reduced from 5.6% to 4.5% among adults aged 15-64 years with the total number of people on ART increasing from 1,121,900 to 1,160,479 due to implementation of innovative approaches such as test and treat. The number of new HIV infections has decreased from 52,800 to 49,020. PMTCT coverage increased from 77 % to 94% with a resultant decrease in the MTCT final transmission rate from 11.5 % to 10.8 %.

The sector was able to provide reproductive and maternal health services to 1.5 million pregnant women, over 7 Million women of reproductive age and close to 10 Million adolescents and young adults every year through a network of over 6,000 public health facilities free of charge through the Linda mama, youth friendly services and a national cervical cancer and tetanus immunization programmes as well as a national Family Planning Programme.

One of the key challenges in the health sector is the rising burden of disease of non-communicable diseases (NCDs), which is now contributing 30% of overall mortality. Cardiovascular diseases are the second leading cause of death in the country accounting for 12% of all deaths while 1.2 Million Kenyans are living with diabetes. The risk factors for NCDs in Kenya are also increasing. About 6.5% of Kenyans (6.3% men; 6.8% women) do not engage in the recommended amount of physical activity, while 94% of Kenyans consume less than the WHO recommendation of five servings of fruits and vegetables a day for most days in a week. The Ministry of Health has developed diabetes and cardiovascular clinical guidelines to be used by all health care workers across the country.

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In order to improve access to cancer services, ten regional county chemotherapy centers have also been established covering a number of counties with a view for phased upgrading to comprehensive cancer centers through construction of radiotherapy bunkers.

The Semi-Autonomous Government Agencies (SAGAS) in the Health Sector are listed below with their mandate and key achievements;

Kenya Medical Training College (KMTC): The mandate of KMTC is to produce competent health care professionals through training and research. The college expanded from 64 campuses in 2017/2018 to 71 campuses by end of the previous financial year, spread across 43 of the 47 counties of Kenya. The student population has also increased from 19,000 to over 41,000 students in the same period.

Kenyatta University Teaching, Referral and Research Hospital (KUTRRH): KUTRRH is a ultra-modern 650-bed state-of-the-art Hospital sitting on 100 acres of land along the northern bypass road. Its mandate is providing tertiary, highly specialized health care services as a referral facility for level 4 and 5 facilities in the region. The facility also provides training and research services with the aim of becoming the Model for research based Integrated Health Care Delivery System. KUTRRH is also poised to be the only Public facility in East and Central African region to offer the complete continuum of Cancer treatment with the proposed establishment of the Integrated Molecular Imaging Cancer diagnostic and Treatment Center.

Kenya Medical Supplies Authority (KEMSA): The mandate of KEMSA is to provide reliable, affordable and quality health products, technologies and supply chain solutions for improved health care. During the previous financial year, the Authority procured COVID-19 commodities worth Kshs 9.1 Billions while also receiving donations valued at KES 2.5 Billions. The authority was also able to distributed Medical Commodities worth Kshs. 37.6 Billion across the country.

Kenya Health Human Resource Advisory Council (KHHHRAC): The council was established to provide a unified and coordinated health system through the review of policies and development of uniform norms and standards for the health workforce.

National Cancer Institute of Kenya (NCI-K): NCI-K has the mandate of coordinating and centralizing all activities, resources and information related to cancer prevention and control in Kenya. Number of people reached with cancer Prevention & Control messages during the previous financial year was 2,399,081.

National Aids Control Council (NACC): NACC was established to provide Policy and a Strategic framework for mobilizing and coordinating resources geared towards prevention of HIV transmission and provision of care and support to the infected and affected people in Kenya.

National Hospital Insurance Fund (NHIF): The mandate of NHIF is provision of health insurance to the population. During the previous financial year, NHIF the total membership of NHIF increased from 7.4 million to 8.9 million members. At the same time, the Fund paid out benefits to health facilities across the country worth Kshs 53 Billions.

Kenyatta National Hospital (KNH): KNH is a multispecialty center of excellence oriented towards provision of highly specialized healthcare services in the country.

Kenya Medical Research Institute (KEMRI): KEMRI is mandated with conducting research geared towards improving human health and quality of life. In the previous year, KEMRI has managed to develop rapid test for COVID 19, as well as primers for manual COVID19 PCR kit. The Institute also managed to sequence the entire genome of 600 COVID-19 samples. The Institute also conducted pre-clinical studies for 20 herbal medicines for cancer treatment and identified one herbal treatment for development into a therapeutic agent for cancer.

The Kenya Health Professions Oversight Authority (KHPOA): The mandate of KHPOA is to provide oversight in training, registration and licensing of health professionals, coordinate joint health inspections of health facilities. During the Financial Year ending in June 2020, the Authority managed to develop draft regulations prescribing the manner of coordination of joint inspections.

Moi Teaching and Referral Hospital (MTRH): is a specialized health facility aimed at providing timely, cost effective and patient centered specialized healthcare services; fostering learning and growth through training and research and utilization of new technologies. MTRH has strived to position itself as the region's center of excellence in the areas of Mother & Baby care, Cardiac treatment, cancer & chronic diseases management, Renal and Alcohol and Drug Abuse Rehabilitation. The facility has also expanded its ICU bed capacity from 6 beds to 30 ICU beds.

Emerging issues related to the Ministry of Health

1. The increasing Challenge in management and coordination of the limited supply of specialized Health care providers to cover all the counties effectively to ensure fair access to relevant health services to all.
2. Strategic interventions require more financing from current allocation as the package keep increasing
3. The Ministry is currently installing the radiotherapy equipment that produces radioactive wastes. Therefore, there is need to complete the Radiation waste management plant which has financial implication.
4. More funding is required to cater for Personnel Emoluments for Health workers interns
5. Dealing with Emergencies has been a problem because the Ministry does not have budgetary provision for it.
6. There is inadequate allocation to the TB, HIV/AIDS, Malaria and Family planning programs

Implementing Challenges

The Ministry was constrained by several factors including:-

- a) Communicable diseases still continue to pose a threat to health as it contributes largely to morbidity and mortality
- b) There is an inadequate budgetary provision for the procurement and distribution of strategic commodities of public health importance from the exchequer, of which cause lack of financial capacity to operationalize the proposed new structures at the National and County levels.

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- c) Rising incidence of non-communicable diseases, e.g diabetes, cancer and heart diseases
- d) Low physical access to services particularly in arid and semi-arid areas. There also exists obsolete health equipment in health facilities that require replacement with modern ones
- e) Due to rebasing of the country's economy to lower middle income, donor support has drastically reduced hence need for government to increase domestic health care financing.
- f) High cost of health care which further pushes poor households further into poverty
- g) Little provision of training funds to develop human resources in key health specialties to meet the health sector demands in the country
- h) Funding for health research remains donor-driven, fragmented and uncoordinated
- i) Limited coverage of the social health insurance by the National Hospital Insurance Fund within the informal sector.
- j) Physical access to services is a challenge particularly in arid and semi-arid districts while user fees continue to be an obstacle to poor population.
- k) Growing threat of Multi Drug Resistant TB
- l) High maternal mortality
- m) High growth in population (3%), which is unlikely to slow down in the near future. Will continue to strain existing resources.

Conclusion

While some gains have been achieved, Kenya has not been able to meet the MDG health targets. In order to sustain the achievements and meet the targets presented through the Sustainable Development Goals, funding of the sector will need to be scaled up. Increasing investments in health systems is particularly critical to support improvements in service delivery.

Finally, I wish to acknowledge the support of the Ministry of Finance (now the National Treasury) for providing funds for Recurrent and Development Expenditure, the Development Partners for supporting the infrastructural projects and other stakeholders in the health sector for their participation in the development of key ministry policy documents.

DR. MUTAHI KAGWE, E.G.H
CABINET SECRETARY

2. STATEMENT OF PERFORMANCE AGAINST MINISTRY’S PREDETRMINED OBJECTIVES

Introduction

Section 81 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting officer when preparing financial statements of each National Government entity in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the national government entity’s performance against predetermined objectives.

The key development objectives of the Ministry’s 2018-2022 plans are to:

- 1) To reinforce and improve access to people-centered essential primary health services
- 2) To increase access and improve quality of health services at all levels
- 3) To institutionalize emergency preparedness and response, early recovery and resilience
- 4) To build and strengthen partnerships and sector coordination
- 5) To strengthen the health systems for effective delivery of health services
- 6) To advocate and mobilize for adequate financing for health at all levels

Progress on attainment of Strategic development objectives

For purposes of implementing and cascading the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic and time-bound (SMART) and converted into development outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement: Below we provide the progress on attaining the stated objectives:

	Key Output	Key Performance Indicators	Target 2019/20	Actual Achievement 2019/20
Programme 1: Preventive, promotive and RMNCAH				
<i>Programme Outcome: Increased access to quality promotive and preventive health care</i>				
	human resource for strengthening disease surveillance and epidemic response trained	Number of FELTP residents (MSc Applied Epidemiology) sponsored by the GoK (Has been 100% financed by CDC)	7	3
	Eliminate Lyphantic filariasis a prevalence of 1%	No of people treated for LF	3.4	3.8m
	Eliminate Trachoma a prevalence of 5% of active trachoma		700,000	1.2m
	Capacity of laboratory network for referral services enhanced	No. of national reference laboratories and county reference laboratories able to conduct testing of at least 5 priority diseases	5	5

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	uptake of HIV and SRH services among adolescents and young people enhanced	Number of adolescents and young people reached with HIV prevention and SRH information through peer to peer approach	1,500,000	298,226
	Uptake of HIV and wellness services by boys and men improved	Number of men reached with information on HIV prevention and SRH and UHC information	420,000	598,339
	PLHIV networks improved to mobilize and promote health among peers	Number of PLHIV networks trained on UHC literacy and NCDs	30	0
	Condoms distributed	Number of condom dispensers in non-health settings	300	545
		Number of condoms distributed in non-health settings	15,000,000	10,131,843
	Communication strategy for implementation of UHC developed and disseminated to stakeholders	One (1) Communication strategy developed	1	1
		Number of counties reached with dissemination of the communication strategy	47	47
	Mass media message/episodes targeting the general population developed and disseminated	Number of people reached with HIV prevention and UHC messages via different platforms.	20,000,000	8,300,000
	Uptake of eMTCT, ANC and Pediatric HIV services enhanced in the communities	No of counties reached through Beyond Zero medical safaris clinics	10	2
	Domestic Resources Mobilized (DRM) for the HIV response from infrastructure projects	Number of Infrastructure projects implementing Health and HIV prevention Programmes (Road, Energy, Water and Irrigation, Housing)	50	30

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	Domestic Resources Mobilized (DRM) for the HIV response from County governments'	Number of counties supported in Capacity development in Health and HIV resources allocation within the MTEF process	N/A	N/A
	Unit cost for HIV and Health programming analysed for Decision making	No. of Reports on Unit costing for Health and HIV Programming	N/A	N/A
	Situation Room with additional Health indicators Reengineered for UHC	Number of thematic modules introduced into the Situation Room	3	3
	Community Activity Program Reporting system (CAPR) developed and implemented	Number of organizations reporting through the CAPR system	1,625	1,619
	Mathematical modeling projects HIV and NCDs conducted	No of mathematical modeling projects conducted	2	2
	Different sectors and stakeholders engaged to promote HIV and UHC	Number of MDA s reporting on Maisha Certification system	287	236
	Access to ARV's improved	Number of people currently on ART	1,150,926	1,191,367
		Number of people tested for HIV	11,245,432	6,447,971
		Number of HIV positives identified	171,832	157,897
		Percentage of HIV pregnant women who received HAART in ANC,PNC and Labour and Delivery.	93%	94%
	TB burden reduced	Number of TB cases notified (All forms)	101,414	80,223
		Proportion of successfully treated TB cases (all forms of TB)	90%	84%
		Proportion of drug-resistant TB cases detected	43%	45%
		Proportion of Childhood TB cases detected	50%	41%
	Malaria treatment improved	Number of Artemisinin Combination Therapy (ACTs) doses distributed to public health facilities	6,700,000	6,747,745
	Testing of Malaria cases in public health facilities enhanced	Proportion of suspected cases presenting to public health facilities tested (microscopy or RDT)	90%	56%

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		Proportion of Confirmed Malaria Cases treated in accordance to the Kenya Malaria Treatment Guidelines	70%	95%
	Malaria cases prevented	Number of Routine Long Lasting Insecticidal Nets distributed to public health facilities	1,700,000	1,468,565
SP. 2 Non-Communicable diseases	Women of reproductive age screened for cervical cancer	Number of women of reproductive age screened for cervical cancer	400,000	369,380
	Early detection of cancer improved	Number of cancer centers established	3	5
	Cancer specimen handling and diagnosis improved	Number of health care workers trained on the Cancer specimen handling and diagnosis guidelines	-	-
	Cancer prevention and control awareness among HCWs enhanced.	Number of health care workers trained on management of priority cancers using protocols and curriculum	600	0
	Cancer information platforms established in National and County levels to inform policy & practice	Number of National & County cancer registries established	0	0
	Stakeholders engaged to enhance access to cancer prevention and control	Number of counties engaged in resource allocation and prioritization of cancer prevention and control	2	3
		Number of people reached with cancer Prevention & Control messages	2,000,000	2,399,081
	Stakeholders engaged to promote cancer prevention and control in workplaces	Number of ministries; departments and agencies engaged and implementing workplace cancer prevention and control programs	0	0
	Strengthened capacity of NCI-Kenya to deliver on its mandate	Number of officers recruited into NCI-Kenya	0	0

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	Policies, strategies and guidelines on Mental Health disseminated under the presidential directive on MH	Number of counties and MDAs (Ministries, Departments and Agencies) (47 counties +10MDAs) disseminated to	47	15
	Awareness and capacity for priority Mental health Interventions enhanced	Health Care Workers Trained on Mental Health interventions guide	600	0
	Number of Community Health Volunteers trained on Mental Health	3750 Community Health Volunteers Trained on Mental Health	400	300
	Key messages for Mental Health developed and disseminated	Key messages for 10 common MH conditions developed and disseminated	5	0
	Kenya Board of Mental Health Oversight functions as stipulated in the Mental Health Act	Number of reports from the quarterly meetings carried out	4	2
	Number of Health Care Workers trained on Diabetes and CVDs prevention and management	10,000 Health Care Workers trained on Diabetes and CVDs prevention and management	2500	800
	Number of Community Health Volunteers trained on Diabetes and CVDs prevention and control	3750 Community Health Volunteers trained on Diabetes and CVDs prevention and control	400	285
	Policies, strategies and guidelines on Injury Prevention and Control developed and disseminated	Number of Policies, strategies and guidelines on Injury Prevention and Control developed and disseminated	1	1
	Number of Health Care workers trained on trauma prevention and care	800 Health Care workers trained on trauma prevention and care	60	75
	Trauma information platforms established in National and County levels to inform policy & practice	Number of National & County trauma registries established	3	3

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	Number of Health Care Workers trained on implementation of Tobacco Control Act, NTCSP and Cessation Guidelines	Health Care Workers trained on implementation of Tobacco Control Act, NTCSP and Cessation Guidelines	100	150
	Number of enforcement officers trained on Tobacco Control Act	Enforcement officers trained on Tobacco Control Act	150	150
	Establishment of Tobacco cessation clinics	300 Tobacco cessation clinics established	5	0
	Develop and disseminate an assortment of thematic IEC materials on Tobacco control	IEC materials developed and disseminated for 6 thematic areas on tobacco control	1	1
	Capacity in managing tobacco use among graduating health care workers	6 cadres of health care workers whose curricular has tobacco control integrated	2	0
	Establish Tobacco Control - TWGs, Participate in NCD ICC,	6 Tobacco Control- TWGs established	3	3
	Increased proportion of tobacco tax in retail sale price	Tobacco tax in retail sale price increased from 52% to 67%	58%	52%
	Establish a functional workplace wellness program at Ministry of Health	1 functional workplace wellness program established at Ministry of Health	1	0
	Geriatric centers of excellence developed	2 Geriatric centers of excellence developed	2	0
	Establish Exercise clinics	2 exercise clinics established	2	0
	National NCD Strategy 2020-2025 developed	One National NCD Strategy 2020-2025 developed	1	0

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SP . 4 RMNCAH	Reproductive Health Services enhanced	Proportion of women of reproductive age receiving family planning commodities	45%	45%
		Proportion of deliveries conducted by skilled health workers	70%	66%
		ANC Attendance Coverage	90%	83%
	School age children dewormed	No. of Preschool and school going children dewormed	6.5million	6.5million
	Pentavalent Vaccination Coverage improved	Proportion of fully immunized children (Proxy Penta 3)	80%	81%
	Facilities with Functional Cold Chain Equipment improved	Proportion of Health Facilities with Functional Cold Chain Equipment	80%	90%
	Nutrition interventions as a component of primary health care strengthened	Increase Vitamin A Supplementation (VAS) coverage	80%	62%
SP.5 Environmental Health	Villages declared open defecation free	Proportion of open defecation free villages	20%	20%
	County referral Health facilities health committees trained	No. of county referral hospitals health committees trained on health and safety	10	10
	medical waste microwave equipment Installed and commissioned	No. of health facilities with functional microwave equipment for medical waste treatment	3	3

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		No. of health care workers trained at national and county health referral hospitals on healthcare waste management	600	600
	Management of Border Health Capacity enhanced	No. of Points of Entry (POEs) implementing the Boarder Health Capacity Discussion Guide (BHCDG)	3	3
SP .6 Primary Health Care	Policy on Health Promotion Reviewed	Policy document reviewed	1	-
	Centre of Excellency for advocacy and communication operationalized	No. of functional Regional Centers of Excellence for advocacy and communication	6	1
	Health promoting activities enhanced in schools	Percentage of schools with health promoting activities	80%	10%
	Health promoting activities at work places enhanced	Proportion of organizations with Health Promotion Programs at the work place	N/A	N/A
	Capacity of community workers to offer comprehensive community health services enhanced	Proportion of CHEWs trained	80%	34%
		Proportion of Community Units established	80%	86%
		No. of CHVs trained on basic modules	80,000	88,000
		No. of CHVs trained on technical modules	50,000	59,000
		No. of CHVS kits procured	103,000	7,500

Programme 2: National referral and specialized services

Programme Outcome: Increased access and range of quality specialized health care services

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S.P 1 National Referral Health Services	Specialized health care services offered	Number of open-heart surgeries done	76	47
		Other Cardiothoracic surgeries	210	408
		Number of Kidney Transplants conducted	25	15
		Number of minimally invasive surgeries done	2,400	3,637
		Number of patients undergoing specialized Burns treatment	1,493	523
		Number of Research Projects completed and disseminated	15	16
	Reduced average waiting time for specialized diagnostic and treatment services	ALOS for orthopedic patients days	38	38.4
		Average waiting time (days) for radiotherapy	28	30
	Outreaches conducted	No of outreaches conducted	65	34
	Mentorship and preceptor ship for specialized health personnel conducted	Number of Youth Internships/Industrial Attachment/ Apprenticeship provided	1,800	1,611
	Provision of Specialized Healthcare Services	Average Length of Stay for Orthopedic Surgery (Days)	12	11
		No. of Kidney Transplants undertaken	15	16
		Average Length of Stay for Pediatric Burns Patients	35	36.7
		Number of Minimally Invasive Surgeries	1,651	1,839

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		Patients receiving oncology services- Consultations & Treatment	15,242	17,106
		Number of Open Heart Surgeries	27	33
		Number of Corneal Transplants	12	20
		Number of Hemodialysis Sessions for Children	1,470	1,701
		Number of Disseminated Research Papers on Health	12	12
		Number of Outreaches/mentor-ship conducted	50	51
		Number of Youth Internships/Industrial Attachment/ Apprenticeship	2,485	2,890
SP 2 Specialized Health services	Access to specialized health services improved	No of patients receiving in-patient mental health services		234,980
	Wards & Staff houses Modernized	No of modernized wards and staff houses	5	3
	Quality of spinal services improved	No of in-patients receiving spinal services	190	179
		Number of out-patients receiving spinal services	1230	1254
		Average Length of Stay (months)	3	2.5
SP. 3 Specialized medical equipment & Infrastructure	Wajir hospital Level 4 hospital Upgraded	% completion of Wajir Level 4 hospital	10%	5%
	Kisii level 5 cancer center constructed	% completion of Kisii Level 5 cancer center	10%	5%
	Operational portable clinics	Number of operational clinics	5%	10%

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	Improved management of cancer patients in Mombasa, Garissa and Nakuru	% completion of regional cancer centers (Mombasa, Garissa and Nakuru)	5%	20%
	Improved service delivery in Rongai Hospital	% completion of Rongai hospital construction	5%	0
	Increased number of renal specialist	% completion of EACE construction	5%	5%
	Improved management of dental and ophthalmology cases in MTRH, CPGH, Nyeri PGH and KNH	% completion of eye & dental centers in MTRH, CPGH, Nyeri PGH and KNH	5%	5%
	Kapenguria Memorial hospital Constructed	% completion of Kapenguria Memorial Hospital	5%	0
	Kenneth Matiba Memorial hospital Constructed	% completion of Kenneth Matiba Memorial hospital	5%	0
	Access to specialized diagnostic and treatment services increased	No of Public hospitals with specialized equipment	119	119
SP 4 Forensic and Diagnostic services	Safe blood and blood products available	No. of blood units secured	200,000	136305
		Percentage of whole blood units collected converted into components	75%	60%
		Percentage of reagents procured to screen for blood infection in collected blood	100%	100%
		Percentage of reagents procured to perform ABO and Rh grouping in donated blood	100%	100%

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		Number of transfusing facilities under Haemovigilance surveillance	300	200
		No. of specialized commodities and equipment procured for 34 sites	15	10
SP 5 Health Products & Technologies	Health products and technologies available for public health facilities	% order fill rate for HPTs	90%	69%
		% UHC Value fill rate for HPTs	100%	69%
		Order turnaround time – RHF(Days)	10	17.5
		Order turnaround time – HOSP(Days)	7	17.5
	National Commodities Storage(supply chain) center established	% completion rate	80%	75%

Programme 3: Research and development

Programme Outcome: Increased capacity and provide evidence for policy formulation and practice

SP:3.1 Pre-service and In-service Training	Middle level health professionals trained	Proportion of health professionals graduating	100%	95%
	Training opportunities available	Number of students enrolled	12,046	14,403
	Community Health Workers Trained (Chews and Chas)	Number .of Chews trained	2,800	80
		Number of CHAS trained	400	599
	Health Professionals training curriculum reviewed	Number of curriculums reviewed	10	10
	Increase Human Resource for Health to support primary care	Number .of students attached to the primary health facilities	5493	2650
SP:3.2 Research and Innovation	Evidence for policy making increased	No. of Research projects conducted	24	14
	Innovative research finding in application.	Number of policy contributions	5	2

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	Reduction of disease burden	New research protocols developed & approved	200	119
		Ongoing Research Projects	400	1,042
	Disseminate Research Findings	Published Papers	302	285
		Abstracts	190	152
		Hold Scientific & Health Conferences	4	4
	Critical mass of human resource for health in preventive, curative, research and leadership aspects developed	Number of graduate researchers enrolled	60	0
		Number of graduate researchers enrolled	60	0
	Quality products & services	Diagnostic kits	251,790	651,220
		Specialized laboratory services	1,272,896	1,234,733
	Activity Reports	No of activities	18	20

Programme 4: General Administration, planning and support services

Programme Outcome: Strengthen Governance and Leadership in the sector

	Staff with PWD mapped	No. of staff with PWD appropriately mapped	100%	100%
	HRH workers recruited towards achievement of UHC	No of health care workers recruited	115	13656
	Capacity building of MoH staff enhanced	No. of staff trained in SMC,SLDP & Supervisory Skills Development	350	350
	Health Workers in different specialties trained	No. of Health workers trained in different health specialties	120	120
	Staff undergoing pre-retirement trained	Number of retirees trained	115	115
	Training Need Assessment	No. of TNA Conducted	1	1
	HR Management	No. of MHRMAC held	12	8
SP4.2: Financing and planning	Financial resources efficiently utilized	Percentage of allocated funds utilized as per plan	100	80

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	Public health sector financial resources enhanced	Total of A-in-A collected by the Ministry	10 Billion	12.8 Billion
	Quarterly budget performance reports reviewed	Number of quarterly reports submitted	4	4
	Financing strategies developed	No. of strategies, plans and guidelines developed	2	2

Programme 5: Health Policy standards and regulation

Programme Outcome: Strengthened Health Policy, Standards and Regulations

	Policy making guidelines finalized	Number of Policy making guideline documents developed	1	0
	Harmonized health facility assessment done	Number of HHFAs reports	1	1
	Ministry of Health Data centre Enhanced	% completion of the MOH Data centre	1	30%
	Major Intergovernmental Health System Policy Issues discussed	Number of Health Sector Intergovernmental Consultative Forums planned and held	4	2
	Annual achievements and challenges in the sector shared	Number of Kenya Health Sector Forums held	1	1
SP5.2: Social Protection in Health	Population Coverage	Service Coverage Index	83	67
	No. of Counties implementing UHC	No. of Counties signed IPA's	47	46
	Reduction of financial barriers to access health care	No. of mothers accessing health care services through the program	1,231,200	1,272,907
	Reduction of financial barriers to access health care	Number of indigents accessing health care through HISP.	181,315	181,315
	Reduction of financial barriers to access health care	Number of elderly & Persons with severe disabilities accessing health care	42,000	42,000

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	County Health Inspectors Trained on Joint Health Inspection Checklist	Number of County Health Inspectors Trained on Joint Health Inspection Checklist	141	71
	Kenya Quality Model for Health rolled out to 47 counties	Number of Counties mainstreaming KQMH	7	7
	Safety and Quality of Care Policy Developed	Safety and Quality of Care Policy approved	1	-
	Facilities with capacity to detect Antimicrobial Resistance	Number of facilities reporting on Antimicrobial Resistance	2	2
	Organization Structure and Staffing document finalized and implemented	KHHRAC Organization Structure and Staffing	1	50%
	Career Progression Guidelines finalized and implemented	Career Progression Guidelines for KHHRAC staff	1	50%
	Human Resource Policies and Procedures Manual finalized and implemented	Human Resource Policies and Procedures Manual for the Council	1	50%
	Salary Structure finalized and implemented	KHHRAC Salary Structure	1	50%

3. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES

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

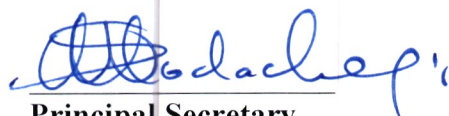
The Accounting Officer in charge of the *Ministry of Health* is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2020. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the entity; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the *Ministry of Health* accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the *Ministry of Health* financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2020, and of the entity's financial position as at that date. The Accounting Officer charge of the *Ministry of Health* further confirms the completeness of the accounting records maintained for the *Ministry of Health* which have been relied upon in the preparation of the *Ministry of Health* financial statements as well as the adequacy of the systems of internal financial control.

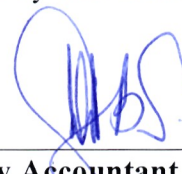
The Accounting Officer in charge of the *Ministry of Health* confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the eligible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

Approval of the financial statements

The *Ministry of Health* financial statements were approved and signed by the Accounting Officer on _____ 2020



Principal Secretary
Susan Mochache, CBS



Deputy Accountant General
Samson M. Ongalo
ICPAK Member Number: 3128

4. REPORT OF THE INDEPENDENT AUDITORS ON THE MINISTRY OF HEALTH

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON THE MINISTRY OF HEALTH FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of Ministry of Health set out on pages 36 to 68, which comprise the statement of assets and liabilities as at 30 June, 2020, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation: recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, in all material respects the financial position of the Ministry of Health as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and do not comply with Public Finance Management Act, 2012.

Basis for Adverse Opinion

1.0 Un-Surrendered and Unsupported Cash and Cash Equivalents

The statement of assets and liabilities as at 30 June, 2020 reflects a cash and cash equivalents balance of Kshs.117,494,653. This, as previously reported, excludes deposits totalling to Kshs.10,956,114,687 that were held in the former Ministries of Medical Services and Ministry of Public Health and Sanitation which merged in May, 2013 to form Ministry of Health that were never transferred to the new deposit account. This was contrary to Treasury Circular No.AG/CONF.17/01/65 of September, 2013 which required deposits in former Ministries to be analyzed and transferred to new accounts. Further, the bank accounts of the former Ministries were closed on 16 October, 2014 with the Ministry seeking approval from The National Treasury to write off the balance through letter Ref: No/ACC/AUDIT/12/VOL.II(18) dated 6 March, 2019.

In addition, review of bank reconciliation statements revealed that reconciling items relating to the recurrent and deposit bank accounts totalling Kshs.9,125,242,123 and Kshs.10,668,033 respectively were cleared from the reconciliation. However, the respective clearance dates were not indicated.

Consequently, the validity and accuracy of the reported cash and cash equivalents balance of Kshs.117,494,653 as at 30 June, 2020 could not be ascertained.

2.0 Unexplained Variance in Proceeds from Sale of Assets

The statement of receipts and payments reflects proceeds from sale of assets amounting to Kshs.8,252,948,617 for the year ended 30 June, 2020 while the supporting schedule reflects Kshs.8,252,981,034 resulting into an unexplained or unreconciled variance of Kshs.32,417.

Consequently, the accuracy and completeness of the proceeds from sale of assets amount of Kshs.8,252,948,617 for the year ended 30 June, 2020 could not be confirmed.

3.0 Accounts Receivables

3.1 Outstanding Imprest and Advances

The statement of assets and liabilities and as disclosed under Note 13 to the financial statements reflects an amount of Kshs.18,446,372 in respect of accounts receivables – outstanding imprest. This included imprests of Kshs.10,425,598 that ought to have been accounted for on or before 30 June, 2020 but were still outstanding as at 31 October, 2020. This is contrary to Regulation 93(5) of the Public Finance Management Regulations, 2015 which provides that a holder of a temporary imprest shall account or surrender the imprest within seven (7) working days after returning to duty station. Regulation 93 (6) further provides that in the event of the imprest holder failing to account for or surrender the imprest on the due date, the Accounting Officer shall take immediate action to recover the full amount from the salary of the defaulting officer with an interest at the prevailing Central Bank Rate.

3.2 Unsupported Imprest

The statement of assets and liabilities and as disclosed under Note 13 to the financial statements reflects an amount of Kshs.18,446,372 in respect of accounts receivables – outstanding imprest. The outstanding imprest balance included Kshs.748,566 disclosed as other imprests. Supporting documents in respect of this amount were not provided for audit verification. This is Contrary to Regulation 104(1) of the Public Finance Management (National Government) Regulations, 2015 which provides that all receipts and payment vouchers of public moneys shall be properly supported by the appropriate authority and documentation.

In the circumstances, the accuracy, validity and recoverability of the outstanding imprest amount of Kshs.18,446,372 is in doubt.

4.0 Compensation of Employees

4.1 Unexplained Variance in Compensation of Employees

The statement of receipts and payments reflects compensation of employees' payments of Kshs.8,149,395,770 and as disclosed under Note 6 to the financial statements. This amount includes basic salaries of permanent employees and personal allowances paid as part of salary of Kshs.1,058,840,293 and Kshs.2,491,375,847 respectively. However, the supporting schedules reflect Kshs.1,010,562,686 and Kshs.2,416,930,272 resulting in unexplained variances of Kshs.48,277,607 and Kshs.74,445,575 respectively.

4.2 Unauthorized Over Establishment

During the financial year 2019/20, the Ministry employed 1009 staff in 28 departments/sections against an approved staff establishment of 361 vacancies resulting to over employment of 648 staff. No explanation has been provided for the over establishment.

4.3 Irregular Salary Payment

The statement of receipts and payments reflects compensation of employees' payments of Kshs.8,149,395,770 and as disclosed under Note 6 to the financial statements. Analysis of the staff payroll also revealed that twenty-six (26) employees had a net salary amounting to negative Kshs.1,037,421. They however, received a total of Kshs.1,627,818 in their bank accounts resulting to overpayment of Kshs.2,665,239.

Consequently, the accuracy and validity of the compensation of employees' balance of Kshs.8,149,395,770 could not be confirmed.

5.0 Unsupported Expenditure on Other Grants and Transfers

The statement of receipts and payments reflects other grants and transfers of Kshs.3,159,808,772 and as disclosed under Note 9 to the financial statements. The amount includes expenditure on emergency relief and refugee assistance amounting to Kshs.3,154,296,199 of which payment vouchers for amounts totalling to Kshs.28,105,636 were not provided for audit verification.

Consequently, the accuracy, completeness and validity of emergency relief and refugee assistance expenditure amount of Kshs.3,154,296,199 could not be confirmed.

6.0 Unsupported Expenditure on Rentals of Produced Assets

The statement of receipts and payments and as disclosed under Note 7 to the financial statements reflects an amount of Kshs.8,597,415,768 in respect of use of goods and

services. This includes expenditure of Kshs.6,021,637,158 relating to rentals of produced assets. The amount includes quarterly payments for hire of transport amount of Kshs.3,017,711 and variations for leased managed equipment services amount of Kshs.1,126,359,946 whose payment vouchers were not availed for audit review.

Consequently, the accuracy, completeness and validity of rentals of produced assets amount of Kshs.6,021,637,158 included under use of goods and services could not be confirmed.

7.0 Unexplained Variance in Transfer to Other Government Units

The statements of receipts and payments reflects transfers to other government entities of Kshs.85,544,463,723. However, the supporting documents provided for audit reflected transfers of Kshs.85,545,063,722 resulting into an unexplained variance of Kshs.599,999. Further, the transfer to other government entities amount of Kshs.85,544,463,732 included an amount of Kshs.53,021,332,693 to beneficiaries against which Management was only able to provide confirmations from the beneficiaries of Kshs.38,004,592,237 resulting to an unexplained variance of Kshs.15,016,740,456.

Confirmation of receipts by various beneficiary institutions in respect of transfers amount of Kshs.12,351,070,164 were not availed for audit verification.

Consequently, the accuracy, completeness and validity of transfers to other government units of Kshs.15,016,740,456 could not be confirmed.

8.0 Acquisition of Assets

8.1 Unsupported and Excess Expenditure on Construction of Buildings

The statement of receipts and payments and as disclosed under Note 11 to the financial statements reflects an amount of Kshs.1,265,744,065 in respect of acquisition of assets. This includes expenditure on construction of buildings amount of Kshs.151,588,886 out of which an amount of Kshs.1,882,794 paid to a contractor was not supported with contract documents and payment vouchers. Further, journal vouchers in support of adjustment made on 30 June, 2020 amounting to Kshs.82,716,029 were not availed for audit verification.

In addition, the construction of buildings balance of Kshs.151,588,886 includes Kshs.26,610,826 relating to purchase of one hundred and ninety-eight (198) desktop computers, fifty (50) laptops and thirteen (13) black and white printers. However, according to the prevailing market price index at the time, the amount payable was Kshs.19,070,650 resulting into an over payment of Kshs.7,540,176

In the circumstances, the accuracy, completeness and validity of the amount of Kshs.84,598,825 in respect of acquisition of assets could not be confirmed.

8.2 Research, Studies, Project Preparation, Design and Supervision

The statement of receipts and payments as disclosed under Note 11 to the financial statements reflects expenditure on acquisition of assets amount of Kshs.1,265,744,065. This includes expenditure on research studies, project preparation, design and supervision amount of Kshs.323,169,684. Management did not provide payment vouchers and supporting documents for expenditure of Kshs.80,007,220 for audit verification.

Consequently, the accuracy, completeness and validity of acquisition of assets expenditure of Kshs.80,007,220 for the year ended 30 June, 2020 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Ministry of Health Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my adverse opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. I have determined that there are no other key audit matters to communicate in my report.

Other Matter

1.0 Budgetary Controls and Performance

As reflected in the summary statement of appropriation: recurrent and development combined, the Ministry's actual receipts amounted to Kshs.106,831,908,804 against budgeted receipts of Kshs.125,644,729,264 resulting into a shortfall of Kshs.18,812,820,460 or 15%. The Ministry's actual expenditure was limited to the receipts realized.

The under-funding affected the planned activities and may have impacted negatively on service delivery to the public.

2.0 Unresolved Prior Year Audit Matters

In the previous year's audit report, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness on Internal Controls, Risk Management and Governance. The issues remained unresolved as at 30 June, 2020 and have been included in Note 21 to the financial statements on Progress on Follow Up of Prior Years' Auditor's Recommendations.

3.0 Pending Bills

3.1 Non-Payment of Bills

As disclosed under Note 20 to the financial statements, pending bills totalling to Kshs.41,657,572,631 were not settled during the year but were instead carried forward to financial year 2020/2021. Failure to settle bills during the year in which they relate to distorts the financial statements and adversely affects the budgetary provisions for the subsequent year as they form a first charge.

3.2 Unsupported Pending Bills

Included in the pending bills balance of Kshs.41,657,572,631 as at 30 June, 2020, is an amount of Kshs.80,419,835 in respect of fifteen (15) companies whose copies of original documents including certificate of incorporation, tax compliance, pin certificate and confidential business questionnaire were not availed for audit verification. Further, the invoices and delivery notes for the companies provided for audit were computer generated with the same numbers and the local purchase orders raised were not signed.

3.3 Pending Legal Bills and Court Awards

Analysis of the pending bills as at 30 June, 2020 revealed that out of the total pending bills of Kshs.41,657,572,631, an amount of Kshs.40,715,355,848 or 98% of the total bills related to court awards and legal fees. Further, out of the total court awards and legal fees of Kshs.40,715,355,848, a balance of Kshs.33,089,728,834 or 81% of the total court awards and legal fees was in respect to claims by two (2) suppliers.

3.4 Awards Relating to Goods Supplied in 1996

On 31 July, 2000 a supplier sued the Ministry for failure to pay for goods supplied in 1996 and for loss of profit on cancellation of contract. The cancelled contract which the supplier used to sue for claim of loss of profit was however, not availed for audit verification.

Information availed indicated that the goods supplied amounted to Kshs.57,356,951 while the claim for loss amounted to Kshs.20,410,831 totalling to Kshs.77,766,832. On 9 October, 2015, the Court awarded the supplier Kshs.1,862,302,792 for pending amount, outstanding accounts and for lost profits. This comprised of the principal amount of Kshs.77,766,832, legal fees of Kshs.26,602,660 and compounded interest of 2% per month from 31 May, 2000 running to the date of judgement.

This amount had, however, accumulated to Kshs.3,139,492,149 by 2017. Subsequently, the Ministry entered into negotiations with the supplier and the amount was revised downwards to Kshs.1,751,416,684, but continued to attract compounded interest at the rate of 2% per month. On 30 June, 2020, the Ministry paid the supplier Kshs.751,416,684 through the Attorney General, leaving a balance of Kshs.1 billion which continued to attract compounded interest at 2% per month.

In the circumstances, the accuracy, validity and recoverability of the outstanding imprest amount of Kshs.18,446,372 is in doubt.

4.0 Compensation of Employees

4.1 Unexplained Variance in Compensation of Employees

The statement of receipts and payments reflects compensation of employees' payments of Kshs.8,149,395,770 and as disclosed under Note 6 to the financial statements. This amount includes basic salaries of permanent employees and personal allowances paid as part of salary of Kshs.1,058,840,293 and Kshs.2,491,375,847 respectively. However, the supporting schedules reflect Kshs.1,010,562,686 and Kshs.2,416,930,272 resulting in unexplained variances of Kshs.48,277,607 and Kshs.74,445,575 respectively.

4.2 Unauthorized Over Establishment

During the financial year 2019/20, the Ministry employed 1009 staff in 28 departments/sections against an approved staff establishment of 361 vacancies resulting to over employment of 648 staff. No explanation has been provided for the over establishment.

4.3 Irregular Salary Payment

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The under-funding affected the planned activities and may have impacted negatively on service delivery to the public.

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In the previous year's audit report, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness on Internal Controls, Risk Management and Governance. The issues remained unresolved as at 30 June, 2020 and have been included in Note 21 to the financial statements on Progress on Follow Up of Prior Years' Auditor's Recommendations.

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3.3 Pending Legal Bills and Court Awards

Analysis of the pending bills as at 30 June, 2020 revealed that out of the total pending bills of Kshs.41,657,572,631, an amount of Kshs.40,715,355,848 or 98% of the total bills related to court awards and legal fees. Further, out of the total court awards and legal fees of Kshs.40,715,355,848, a balance of Kshs.33,089,728,834 or 81% of the total court awards and legal fees was in respect to claims by two (2) suppliers.

3.4 Awards Relating to Goods Supplied in 1996

On 31 July, 2000 a supplier sued the Ministry for failure to pay for goods supplied in 1996 and for loss of profit on cancellation of contract. The cancelled contract which the supplier used to sue for claim of loss of profit was however, not availed for audit verification.

Information availed indicated that the goods supplied amounted to Kshs.57,356,951 while the claim for loss amounted to Kshs.20,410,831 totalling to Kshs.77,766,832. On 9 October, 2015, the Court awarded the supplier Kshs.1,862,302,792 for pending amount, outstanding accounts and for lost profits. This comprised of the principal amount of Kshs.77,766,832, legal fees of Kshs.26,602,660 and compounded interest of 2% per month from 31 May, 2000 running to the date of judgement.

This amount had, however, accumulated to Kshs.3,139,492,149 by 2017. Subsequently, the Ministry entered into negotiations with the supplier and the amount was revised downwards to Kshs.1,751,416,684, but continued to attract compounded interest at the rate of 2% per month. On 30 June, 2020, the Ministry paid the supplier Kshs.751,416,684 through the Attorney General, leaving a balance of Kshs.1 billion which continued to attract compounded interest at 2% per month.

It is not clear why the Ministry did not appeal the ruling considering the effect the award was to have on the Ministry's budget and the precedent created which is likely to result in similar action by other suppliers. This view was also shared by the Solicitor General in his letter Ref:MOH/ADM/LEG/EQUIP/55/2017/35 dated 30 October, 2019 addressed to the Principal Secretary, in which he expressed reservations on why the Ministry did not appeal or have a stay order, negotiate ex parte and seek orders stopping the interest from accruing further.

3.5 Court Awards Relating to Supply of Insecticides and Other Hospital Supplies

The Ministry entered into a contract for supply of insecticides, malaria control equipment, drugs and protective clothing at a contract price of Kshs.1,157,846,150. The contract was to be implemented from 14 July, 1996 to 30 June, 1997. However, the Ministry failed to pay the supplier where upon the supplier sued for breach of contract. Available information indicates that the court awarded the supplier Kshs.1,862,302,792 plus compounded interest at 18 % per annum from 1 March, 1999 to 31 January, 2020 amounting to Kshs.80,522,564,880. However, upon negotiations out of court, the award was revised to Kshs.15,250,000,000 resulting to an escalation of Kshs.13,387,697,208 from the initial award of Kshs.1,862,302,792.

3.6 Accumulated Interest Due to Delayed Payments

The Ministry entered into various contracts with a supplier for supply of hemoglobin scale books and throat swabs, insulin, surgical dressing and sutures, darrow's solution and disposable needles at a cost of Euros,1,776,907.70 equivalent to Kshs.196,881,373 during the financial years 1992/1993. The agreement provided that payment was to be made strictly within 30 days from the date of the invoice or delivery of the goods and any delay in payment would attract interest at 1.5% or 2% per month on outstanding amount. As at 30 June, 2020, the claim by the supplier stood at Kshs.17,839,728,834 which translates to an increase of Kshs.17,642,847,461 from the initial amount of Kshs,196,881,373.

In the circumstances, the completeness, validity and value for money on the reported pending bills balance of Kshs.41,659,573,232 as at 30 June, 2020 could not be confirmed.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, because of the significance of the matters discussed in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, based on the audit procedures performed, I confirm that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1.0 Staff Payroll and Human Resource

A review of staff payrolls for the financial year 2019/2020 revealed that, identity card numbers of ten (10) employees and KRA tax PINs of seventeen (17) employees were omitted in the payrolls. Further, two (2) employees shared the same bank account number.

2.0 Employees in Service Beyond the Retirement Age

A review of the Human Resource records revealed that there were thirty (30) employees who had attained the mandatory retirement age of sixty (60) years but were still in the staff payroll. This is contrary to Section D.21 of the Public Service Commission - Human Resource Policies and Procedures Manual of May, 2016 on mandatory retirement at the age of 60 years.

Consequently, the Management was in breach of the law.

3.0 Non-Compliance with the One Third of Basic Salary Rule

Analysis of the staff payroll also revealed that forty-eight (48) employees were earning less than one third of their basic salaries. This is contrary to Section C.1 (3) of the Public Service Commission - HR Policies and Procedures Manual of May 2016. Consequently, the Management was in breach of the law.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the review so as to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, because of the significance of the matters discussed in the Basis for Adverse Opinion, Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources and Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections of my report, based on the audit procedures performed, I confirm that internal controls, risk management and governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standard requires that I plan and perform the audit to obtain assurance about whether

effective processes and systems of internal control, risk management and governance were operating effectively, in all material respects.

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

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Ministry's ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of intention to terminate the Ministry or to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the Ministry's financial reporting process, reviewing the effectiveness of how the Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually

or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them, and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

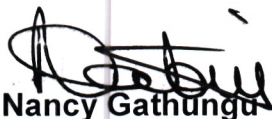
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Ministry's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the

related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Ministry to cease to continue to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Ministry to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



Nancy Gathungu
AUDITOR-GENERAL

Nairobi

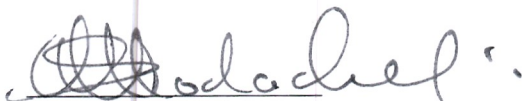
26 May, 2021

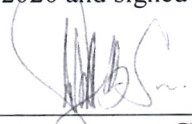
Ministry of Health
 Reports and Financial Statements
 For the year ended June 30, 2020

5. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30 JUNE 2020

	Note	2019/2020	2018/2019
		Kshs	Kshs
RECEIPTS			
Proceeds from Domestic and Foreign Grants	1	135,000,000	1,860,642,454
Transfers from National Treasury	2	92,556,737,593	61,397,284,750
Proceeds from Foreign Borrowings	3	996,396,873	1,025,440,405
Proceeds from Sale of Assets	4	8,252,948,617	7,244,191,683
Other Revenues	5	4,890,825,724	4,136,816,060
TOTAL RECEIPTS		106,831,908,807	75,664,375,352
PAYMENTS			
Compensation of Employees	6	8,149,395,770	7,137,164,779
Use of goods and services	7	8,597,415,768	13,662,176,448
Transfers to Other Government Units	8	85,544,463,723	53,389,723,735
Other grants and transfers	9	3,159,808,772	180,489,639
Social Security Benefits	10	100,000,000	100,000,000
Acquisition of Assets	11	1,265,744,065	1,204,509,178
TOTAL PAYMENTS		106,816,828,098	75,674,063,779
SURPLUS/DEFICIT		15,080,709	-9,688,427

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on _____ 2020 and signed by:


 Principal Secretary
 Susan Mochache, CBS

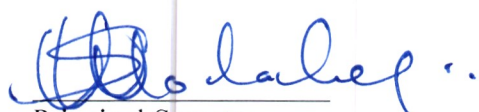

 Deputy Accountant General
 Samson M. Ongalo
 ICPAK Member Number: 3128

Ministry of Health
 Reports and Financial Statements
 For the year ended June 30, 2020

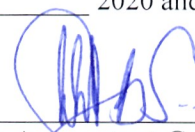
6. STATEMENT OF ASSETS AND LIABILITIES AS AT 30 JUNE 2020

	Note	2019/2020	2018/2019
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	12A	113,640,928	140,841,550
Cash Balances	12B	3,853,725	629,510
Total Cash And Cash Equivalents		117,494,653	141,471,060
Accounts Receivables - Outstanding Imprest and Clearance Accounts	13	18,446,372	19,890,516
TOTAL FINANCIAL ASSETS		135,941,025	161,361,576
LESS: FINANCIAL LIABILITIES			
Accounts Payables - Deposits	14	113,372,292	140,247,380
NET FINANCIAL ASSETS		22,568,733	21,114,196
REPRESENTED BY			
Fund balance b/fwd	15	21,114,196	31,562,535
Prior year adjustments	16	(13,626,172)	(759,912)
Surplus/Deficit for the year		15,080,709	(9,688,427)
NET FINANCIAL POSITION		22,568,733	21,114,196

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on _____ 2020 and signed by:



Principal Secretary
 Susan Mochache, CBS



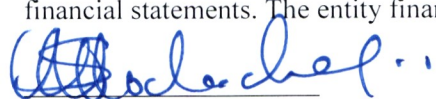
Deputy Accountant General
 Samson M. Ongalo
 ICPAK Member Number: 3128

Ministry of Health
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 For the year ended June 30, 2020

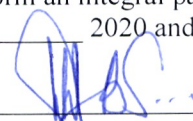
7. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

	Note	2019/2020	2018/2019
		Kshs	Kshs
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts for operating income			
Proceeds from Domestic and Foreign Grants	1	135,000,000	1,860,642,454
Transfers from National Treasury	2	92,556,737,593	61,397,284,750
Other Revenues	5	4,890,825,724	4,136,816,060
		97,582,563,317	67,394,743,264
Payments for operating expenses			
Compensation of Employees	6	8,149,395,770	7,137,164,779
Use of goods and services	7	8,597,415,768	13,662,176,448
Transfers to Other Government Units	8	85,544,463,723	53,389,723,735
Other grants and transfers	9	3,159,808,772	180,489,639
Social Security Benefits	10	100,000,000	100,000,000
		105,551,084,032	74,469,554,601
Adjusted for:			
Changes in receivables		1,444,144	8,803,478
Changes in payables		(26,875,089)	88,161,453
Adjustments during the year	16	(13,626,172)	(759,912)
Net cash flow from operating activities		(8,007,577,831)	(6,978,606,318)
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	4	8,252,948,617	7,244,191,683
Acquisition of Assets	11	(1,265,744,065)	(1,204,509,178)
Net cash flows from Investing Activities		6,987,204,552	6,039,682,505
CASHFLOW FROM BORROWING ACTIVITIES			
Proceeds from Foreign Borrowings	3	996,396,873	1,025,440,405
Net cash flow from financing activities		996,396,873	1,025,440,405
NET INCREASE IN CASH AND CASH EQUIVALENT		(23,976,407)	86,516,592
Cash and cash equivalent at BEGINNING of the year		141,471,060	54,954,468
Cash and cash equivalent at END of the year		117,494,653	141,471,060

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on _____ 2020 and signed by:



Principal Secretary
 Susan Mochache, CBS



Deputy Accountant General
 Samson M. Ongalo
 ICPAK Member Number: 3128

8. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED FOR THE YEAR
ENDED 30 JUNE 2020

Revenue/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation Difference to Final Budget
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Proceeds from Domestic and Foreign Grants	2,651,700,500	(2,447,700,500)	204,000,000	135,000,000	69,000,000	66%
Exchequer releases	72,344,750,535	33,483,000,444	105,827,750,979	92,556,737,593	13,271,013,387	87%
Proceeds from Foreign Borrowings	2,756,757,500	1,884,792,500	4,641,550,000	996,396,872	3,645,153,128	21%
Proceeds from Sale of Assets	4,145,503,315	4,145,503,315	8,291,006,630	8,252,948,616	38,058,014	100%
Other Receipts	3,340,210,828	3,340,210,828	6,680,421,655	4,890,825,723	1,789,595,932	73%
Total Receipts	85,238,922,678	40,405,806,587	125,644,729,264	106,831,908,804	18,812,820,461	85%
PAYMENTS						
Compensation of Employees	4,322,000,000	4,582,439,821	8,904,439,821	8,149,395,770	755,044,052	92%
Use of goods and services	11,395,090,889	(1,735,218,837)	9,659,872,052	8,597,415,768	1,062,456,284	89%
Transfers to Other Government Units	45,733,200,705	52,349,063,514	98,082,264,218	85,544,463,723	12,537,800,495	87%
Other grants and transfers	94,641,838	6,846,471,838	6,941,113,675	3,159,808,772	3,781,304,904	46%
Social Security Benefits	50,000,000	50,000,000	100,000,000	100,000,000	0	100%
Acquisition of Assets	2,087,725,000	(130,685,502)	1,957,039,498	1,265,744,064	691,295,434	65%
Grand Total	63,682,658,431	61,962,070,833	125,644,729,264	106,816,828,096	18,827,901,168	85%
Surplus/Deficit	21,556,264,247	(21,556,264,247)	0	15,080,708	(15,080,708)	

Notes:-

- i. Compensation of employees-Number of Interns undertraining was less than the approved establishment.
- ii. Transfer to Other government Units-the semi-Autonomous units retain their A-I-A collections in the Financial year, and disbursement to Sagas however, are net of A-I-A
- iii. Use of Goods and Services- the 11% under utilization is due to inadequate exchequer funding as at the close of the financial year
- iv. Other Grants and Transfers- the 54% is due to non-remittances of Invoices by International Organisations within the financial reporting year

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- v. *Use of goods and services, Transfer to other government units and acquisition of Assets- Non-receipt of returns by spending entities to facilitate capturing of A-I-A for donors*
- vi. *Proceeds from Foreign Borrowings –the 79% under realisation relates to non-remittances of support documents from the spending entities for capture in Ifmis within the financial year*

The entity financial statements were approved on _____ 2020 and signed by:



Principal Secretary
Susan Mochache, CBS



Deputy Accountant General
Samson M. Ongalo
ICPAK Member Number: 3128

9. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT FOR THE YEAR ENDED 30 JUNE 2020

Revenue/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilisation Difference e=d-c	% of Utilisation Difference to Final Budget f=d/c %
RECEIPTS						
Exchequer releases	43,112,528,493	24,362,738,725	67,475,267,218	58,184,160,911	9,291,106,307	86%
Proceeds from Sale of Assets	4,145,503,315	4,145,503,315	8,291,006,630	8,252,948,616	38,058,014	100%
Other Receipts	3,340,210,828	3,340,210,828	6,680,421,655	4,890,825,723	1,789,595,932	73%
Total Receipts	50,598,242,636	31,848,452,868	82,446,695,503	71,327,935,250	11,118,760,253	87%
PAYMENTS						
Compensation of Employees	4,322,000,000	4,582,439,821	8,904,439,821	8,149,395,770	755,044,052	92%
Use of goods and services	749,810,889	1,501,285,693	2,251,096,582	1,612,427,638	638,668,944	72%
Transfers to Other Government Units	23,793,358,163	46,868,858,163	70,662,216,325	60,929,388,389	9,732,827,936	86%
Other grants and transfers	94,641,838	394,641,838	489,283,675	456,270,652	33,013,024	93%
Social Security Benefits	50,000,000	50,000,000	100,000,000	100,000,000	-	100%
Acquisition of Assets	32,167,500	7,491,600	39,659,100	28,723,418	10,935,682	72%
Grand Total	29,041,978,389	53,404,717,114	82,446,695,503	71,276,205,866	11,170,489,637	86%
Surplus/Deficit	21,556,264,247	21,556,264,247	-	51,729,384	(51,729,384)	

Notes:-

- i. Use of goods and services, Transfer to other government units and acquisition of Assets—
The underutilization of 29%, 14% and 18% respectively relates to non-receipt of returns by spending entities to facilitate capturing of A-I-A for donors.

The entity financial statements were approved on _____ 2020 and signed by:



Principal Secretary
Susan Mochache, CBS



Deputy Accountant General
Samson M. Ongalo
ICPAK Member Number: 3128

Ministry of Health
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10. SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT FOR THE YEAR ENDED 30 JUNE 2020


Revenue/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilisation Difference e=c-d	% of Utilisation f=d/c %
RECEIPTS						
Proceeds from Domestic and Foreign Grants	2,651,700,500	(2,447,700,500)	204,000,000	135,000,000	69,000,000	66%
Exchequer releases	29,232,222,042	9,120,261,719	38,352,483,761	34,372,576,681	3,979,907,080	90%
Proceeds from Foreign Borrowings	2,756,757,500	1,884,792,500	4,641,550,000	996,396,872	3,645,153,128	21%
Total Receipts	34,640,680,042	8,557,353,719	43,198,033,761	35,503,973,553	7,694,060,208	82%
Payments						
Use of goods and services	10,645,280,000	(3,236,504,530)	7,408,775,470	6,984,988,130	423,787,341	94%
Transfers to Other Government Units	21,939,842,542	5,480,205,351	27,420,047,893	24,615,075,334	2,804,972,559	90%
Other grants and transfers	-	6,451,830,000	6,451,830,000	2,703,538,120	3,748,291,880	42%
Acquisition of Assets	2,055,557,500	(138,177,102)	1,917,380,398	1,237,020,646	680,359,752	65%
Grand Total	34,640,680,042	8,557,353,719	43,198,033,761	35,540,622,230	7,657,411,531	82%
Surplus/Deficit	-	-	-	(36,648,676)	36,648,676	

Notes:-

- i. *Proceeds from Foreign Borrowings – the 79% under realization is due to non-remittances of support documents from the spending entities.*

The entity financial statements were approved on _____ 2020 and signed by:


Principal Secretary
Susan Mochache, CBS


Deputy Accountant General
Samson M. Ongalo
ICPAK Member Number: 3128

Ministry of Health
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11. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub-programme	Original Budget		Adjustments		Final Budget		Actual on comparable basis		Budget utilization difference
	2019/2020	Kshs	Kshs	Kshs	2019/2020	Kshs	Date, 2019/2020	Kshs	
040100000 Preventive & Promotive Health Services	9,780,042,276	0	0	0	9,780,042,276	0	7,924,270,849	18,816,752,178	
0401010000 Communicable Disease Control							20,000	(20,000)	
0401020000 Health Promotion	422,611,721				422,611,721		401,187,352	21,424,368	
0401030000 Non-communicable Disease Prevention & Control	1,357,342,090				1,357,342,090		1,542,734,400	(185,392,310)	
0401040000 Government Chemist	142,353,588				142,353,588		82,670,397	59,683,191	
0401050000 Radiation Protection	4,365,133,094				4,365,133,094		3,223,386,982	1,141,746,112	
0401080000	3,432,000,000				3,432,000,000		2,640,090,000	791,910,000	
0401090000	60,601,783				60,601,783		34,181,718	26,420,065	
040200000 Curative Health Services	41,060,049,898	0	0	0	41,060,049,898	0	37,669,416,969	3,390,632,929	
0402010000 National Referral Services	29,325,722,376				29,325,722,376		28,577,803,255	747,919,121	
0402040000 Forensic and Diagnostics	658,059,054				658,059,054		197,276,340	460,782,714	
0402050000 Free Primary Healthcare	7,633,042				7,633,042		3,639,459	3,993,583	
0402060000	6,205,000,000				6,205,000,000		6,019,694,311	185,305,689	
0402090000	4,863,635,426				4,863,635,426		2,871,003,604	1,992,631,822	
040300000 Health Research and Development	10,569,929,333	0	0	0	10,569,929,333	0	8,830,475,467	1,739,453,866	
0403010000 Capacity Building & Training	7,954,705,062				7,954,705,062		6,304,180,836	1,650,524,226	
0403020000 Research & Innovations	2,615,224,271				2,615,224,271		2,526,294,631	88,929,640	
040400000 General Administration, Planning & Support Services	8,507,235,843	0	0	0	8,507,235,843	0	7,881,983,125	625,252,718	
0404010000 Health Policy, Planning & Financing	979,634,832				979,634,832		731,232,906	248,401,927	
0404020000 Health Standards, Quality Assurance & Standards	187,206,026				187,206,026		132,297,400	54,908,626	
0404030000 National Quality Control Laboratories	106,698,780				106,698,780		80,024,085	26,674,695	
0404040000 Human Resource Management	7,233,696,205				7,233,696,205		6,938,428,734	402,834,218	
040500000 Maternal and Child Health	55,727,471,914	0	0	0	55,727,471,914	0	44,601,238,628	11,126,233,286	
0405040000 Family planning services	43,705,758,717				43,705,758,717		33,048,209,299	10,657,468,418	
0405050000 Maternity	859,891,915				859,891,915		721,303,204	138,588,711	
0405070000 Immunization	11,161,821,282				11,161,821,282		10,831,645,124	330,176,157	
TOTAL	125,644,729,264	0	0	0	125,644,729,264	0	106,907,929,039	18,736,800,225	

12. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of Compliance and Basis of Preparation

The financial statements have been prepared in accordance with Cash-basis International Public Sector Accounting Standards (IPSAS) as prescribed by the Public Sector Accounting Standards Board (PSASB) and set out in the accounting policy note below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include deposits and retentions.

The financial statements comply with and conform to the form of presentation prescribed by the PSASB. The accounting policies adopted have been consistently applied to all the years presented.

2. Reporting Entity

The financial statements are for the Ministry of Health. The financial statements encompass the reporting entity as specified under section 81 of the PFM Act 2012 and also comprise of the following development projects implemented by the entity:

3. Reporting Currency

The financial statements are presented in Kenya Shillings (KShs), which is the functional and reporting currency of the Government and all values are rounded to the nearest Kenya Shilling.

4. Significant Accounting Policies

The accounting policies set out in this section have been consistently applied by the Entity for all the years presented.

5. a) Recognition of Receipts

The Entity recognises all receipts from the various sources when the event occurs and the related cash has actually been received by the Entity.

- **Tax Receipts**

Tax receipts are recognized in the books of accounts when cash is received. Cash is considered as received when notification of tax remittance is received. (Check if this policy is applicable to entity)

- **Transfers from the Exchequer**

Transfers from the exchequer are recognized in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the bank and notified to the receiving entity.

- **External Assistance**

External assistance is received through grants and loans from multilateral and bilateral development partners.

Ministry of Health
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For the year ended June 30, 2020

Grants and loans shall be recognized in the books of accounts when cash is received. Cash is considered as received when a payment advice is received by the recipient entity or by the beneficiary.

In case of grant/loan in kind, such grants are recorded upon receipt of the grant item and upon determination of the value. The date of the transaction is the value date indicated on the payment advice. A similar recognition criteria is applied for loans received in the form of a direct payment.

During the year ended 30 June 2019, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.

• **Other receipts**

These include Appropriation-in-Aid and relates to receipts such as proceeds from disposal of assets and sale of tender documents. These are recognized in the financial statements the time associated cash is received.

b) Recognition of payments

The Entity recognises all payments when the event occurs and the related cash has actually been paid out by the Entity.

• **Compensation of Employees**

Salaries and wages, allowances, statutory contribution for employees are recognized in the period when the compensation is paid.

• **Use of Goods and Services**

Goods and services are recognized as payments in the period when the goods/services are paid for. Such expenses, if not paid during the period where goods/services are consumed, shall be disclosed as pending bills.

• **Interest on Borrowing**

Borrowing costs that include interest are recognized as payment in the period in which they are paid for.

• **Repayment of Borrowing (Principal Amount)**

The repayment of principal amount of borrowing is recognized as payment in the period in which the repayment is made.

• **Acquisition of Fixed Assets**

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment.

A fixed asset register is maintained by each public entity and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the financial statements.

5. In-kind contributions

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

6. Third Party Payments

Included in the receipts and payments, are payments made on its behalf to third parties in form of loans and grants. These payments do not constitute cash receipts and payments and are disclosed in the payment to third parties in the statement of receipts and payments as proceeds from foreign borrowings.

7. Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year.

Restriction on Cash

Restricted cash represents amounts that are limited/ restricted from being used to settle a liability for at least twelve months after the reporting period. This cash is limited for direct use as required by stipulation.

Amounts maintained in deposit bank accounts are restricted for use in refunding third party deposits. As at 30 June 2020, this amounted to Kshs 109,563,791.50 compared to Kshs 140,247,380.00 in prior period as indicated on note 15.

There were no other restrictions on cash during the year.

8. Accounts Receivable

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year are treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as payments when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

9. Accounts Payable

For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognized on an accrual basis (as accounts payables). This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. This is an enhancement to the cash accounting policy adopted by National Government Ministries and Agencies. Other liabilities including pending bills are disclosed in the financial statements.

10. Pending Bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the Entity at the end of the year. When the pending bills are finally settled,

**Ministry of Health
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such payments are included in the Statement of Receipts and Payments in the year in which the payments are made.

11. Budget

The budget is developed on a comparable accounting basis (cash basis except for imprest and deposits, which are accounted for on an accrual basis), the same accounts classification basis, and for the same period as the financial statements. The original budget was approved by Parliament on June 2018 for the period 1st July 2018 to 30 JUNE 2019 as required by Law and there were two supplementary adjustments to the original budget during the year.

A comparison of the actual performance against the comparable budget for the financial year under review has been included in the financial statements.

Government Development Projects are budgeted for under the MDAs but receive budgeted funds as transfers and account for them separately. These transfers are recognised as inter-entity transfers.

12. Comparative Figures

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

13. Subsequent Events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30 June 2019.

14. Errors

Material prior period errors shall be corrected retrospectively in the first set of financial statements authorized for issue after their discovery by: i. restating the comparative amounts for prior period(s) presented in which the error occurred; or ii. If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

15. Related Party Transactions

Related party relationships are a normal feature of commerce. Specific information with regards to related party transactions is included in the disclosure notes.

Ministry of Health
 Reports and Financial Statements
 For the year ended June 30, 2020

13. NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2020

1. PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS

Name of Donor	2019-2020	2018-2019
	Kshs	Kshs
Grants Received from Multilateral Donors (International Organisations)		
UNICEF	135,000,000	1,860,642,454
TOTAL	135,000,000	1,860,642,454

(The 2019/2020 Multi-lateral Grants are direct payments made by UNICEF as Appropriations in Aid under donor funding)

2. EXCHEQUER RELEASES

Description	2019-2020	2018-2019
	Kshs	Kshs
Total Exchequer Releases for quarter 1	8,409,337,562	5,855,469,874
Total Exchequer Releases for quarter 2	15,314,207,074	13,710,876,188
Total Exchequer Releases for quarter 3	21,180,834,255	12,262,429,968
Total Exchequer Releases for quarter 4	38,498,266,614	21,371,561,135
Total Exchequer Issues-Level 5 Hospitals	4,326,000,000	4,326,000,000
Total Exchequer Issues-DANIDA	1,272,312,500	1,012,500,000
Total Exchequer Issues-World Bank-THUSCP	2,655,779,587	1,958,447,585
Total Exchequer Issues- User Fees Foregone	900,000,000	900,000,000
TOTAL	92,556,737,592	61,397,284,750

Other Exchequer issues refers to payments made by the National Treasury through the Exchequer account on behalf of MOH budgeted Expenditure. The Ministry received Exchequer issues of Ksh. 92,556,737,593 against the Net approved budget for Vote 1081 of Ksh 105,827,750,979

3. PROCEEDS FROM FOREIGN BORROWINGS

	2019-2020	2018-2019
	Kshs	Kshs
Foreign Borrowing - Direct Payments	996,396,872	1,025,440,405
TOTAL	996,396,872	1,025,440,405

These refers to expenditure of capital in nature received through donor appropriation in Aid

4. PROCEEDS FROM SALE OF ASSETS

	2019-2020	2018-2019
	Kshs	Kshs
Receipts from the Sale of Vehicles and Transport Equipment		
Receipts from the Sale of other Inventories, Stocks and Commodities	8,252,948,616	7,244,191,683
Receipts from the Sale of Inventories, Stocks and Commodities		
TOTAL	8,252,948,616	7,244,191,683

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 For the year ended June 30, 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. OTHER REVENUES

	2019-2020	2018-2019
	Kshs	Kshs
Receipts from Administrative Fees and Charges	4,889,943,352	14,223,368
Receipts from Administrative Fees and Charges - Collected as AIA	-	4,122,592,692
Other Receipts Not Classified Elsewhere	882,372	-
TOTAL	4,890,825,724	4,136,816,060

6. COMPENSATION OF EMPLOYEES

	2019-2020	2018-2019
	Kshs	Kshs
Basic salaries of permanent employees	1,058,840,293	1,421,767,771
Basic wages of temporary employees	4,599,179,629	3,216,364,705
Personal allowances paid as part of salary	2,491,375,847	2,499,032,303
TOTAL	8,149,395,769	7,137,164,779

7. USE OF GOODS AND SERVICES

	2019-2020	2018-2019
	Kshs	Kshs
Utilities, supplies and services	89,559,262	83,507,595
Communication, supplies and services	16,841,948	17,705,057
Domestic travel and subsistence	42,661,377	55,022,066
Foreign travel and subsistence	3,316,949	5,969,034
Printing, advertising and information supplies & services	7,601,187	4,574,545
Rentals of produced assets	6,021,637,158	8,798,375,893
Training expenses	571,344,476	586,524,773
Hospitality supplies and services	49,444,724	47,804,997
Insurance costs	3,600,000	17,004,043
Specialized materials and services	1,041,348,380	3,714,111,551
Office and general supplies and services	12,407,887	31,704,354
Other operating expenses	642,068,146	214,092,644
Routine maintenance – vehicles and other transport equipment	15,857,029	22,081,120
Routine maintenance – other assets	55,607,393	18,990,899
Fuel Oil and Lubricants	24,119,853	44,707,877
TOTAL	8,597,415,769	13,662,176,448

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. GRANTS AND TRANSFERS TO OTHER GOVERNMENT ENTITIES

Description	2019-2020	2018-2019
	Kshs	Kshs
Transfers to National Government entities		
Current Grants to Government Agencies and other Levels of Government- 2630100	60,908,048,385	41,347,573,782
Capital Grants to Government Agencies and other Levels of Government -2630200	14,033,842,543	11,601,052,625
Other Current Transfers, Grants and Subsidies -2640400	21,340,004	23,748,466
Other Capital Grants and Trans -2640500	10,581,232,791	417,348,862
TOTAL	85,544,463,723	53,389,723,735

The above transfers were made to the following self-reporting entities in the year:

Description	2019-2020	2019-2020	2019-2020	2019-2020	2018-2019
	Kshs	Kshs	Kshs	Kshs	Kshs
	AIA	Recurrent Disbursements	Development Disbursements	Totals	Totals
TRANSFERS TO SAGAS AND SCS					
KENYA MEDICAL TRAINING COLLEGE	2,623,327,145.00	3,566,559,152.00	541,000,000.00	6,730,886,297.00	5,453,366,608.00
KENYATTA NATIONAL HOSPITAL	5,382,000,000.00	11,152,260,051.15	561,783,175.00	17,096,043,226.15	12,029,988,171.00
KENYA MEDICAL RESEARCH INSTITUTE	48,006,416.00	2,255,133,215.00	60,000,000.00	2,363,139,631.00	2,430,385,079.00
KENYA MEDICAL SUPPLIES AUTHORITY	2,218,609,791.00	3,824,952,006.10	9,986,358,156.20	16,029,919,953.30	2,712,995,511.00
MOI TEACHING AND REFERRAL HOSPITAL	2,853,000,000.00	7,497,093,586.40	451,250,000.00	10,801,343,586.40	9,348,344,142.00
NATIONAL AIDS CONTROL COUNCIL	-	832,000,000.00	223,180,000.00	1,055,180,000.00	1,084,566,350.00
KENYATTA UNIVERSITY TEACHING AND REFERRAL HOSPITAL	-	1,257,466,150.00	526,500,000.00	1,783,966,150.00	655,000,000.00
NATIONAL HOSPITAL INSURANCE FUND	-	1,691,631,500.00	4,098,000,000.00	5,789,631,500.00	3,981,570,000.00
INTERNATIONAL HEALTH OFFICE GENEVA(IHO)	-	37,845,649.50	-	37,845,649.50	37,845,648.00
	13,124,943,352.00	32,114,941,310.15	16,448,071,331.20	61,687,955,993	37,734,061,509.00
TRANSFERS TO COUNTY GOVERNMENTS					
47 COUNTIES-USER FEES FOREGONE	-	900,000,000.00	-	900,000,000	900,000,000.00
COUNTIES CONDITIONAL GRANTS-DANIDA	-	-	1,272,312,500.00	1,272,312,500.00	-
COUNTIES CONDITIONAL GRANTS-THS-UC	-	-	2,655,779,587.55	2,655,779,587.55	-
COVIC-19 RESPONSE-COUNTY GOVERNMENTS	-	9,011,281,115.60	-	9,011,281,115.60	-
CONDITIONAL GRANTS-LEVEL FIVE HOSPITALS	-	4,326,000,000.00	-	4,326,000,000.00	4,326,000,000.00
	-	14,237,281,115.60	3,928,092,087.55	18,165,373,203.15	5,226,000,000.00

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

TRANSFERS TO PROJECTS- GOK COUNTERPART FUNDING					
EAST AFRICA PUBLIC LABORATORY NETWORKING PROJECT	-	-	435,786,616.65	435,786,616.65	203,030,478.00
GLOBAL FUND -MALARIA ROUND 10 - SPECIAL	-	-	378,985,677.00	378,985,677.00	579,135,685.00
GLOBAL FUND-HIV/AIDS- CURRENT	-	-	819,516,711.45	819,516,711.45	1,008,406,625.00
GLOBAL FUND- TUBERCULOSIS-NEW GRANT	-	-	417,710,008.80	417,710,008.80	810,755,537.00
Global Fund GRANT KEN-T- TNT (Exchange Rate Difference)	-	61,967,920.75	-	61,967,920.75	-
TRANSFORMATIVE HEALTH SYSTEMS-WORLD BANK	-	-	-	-	1,958,447,585.00
TRANSFORMATIVE HEALTH SYSTEMS-MEDICAL SUPPLIES	545,316,152.15		-	545,316,152.15	477,200,310.00
TRANSFORMATIVE HEALTH SYSTEMS-PROJECT	-	-	380,527,256.00	380,527,256.00	301,003,620.00
EAST AFRI. CENTRE OF EXCELLENCE-GOK	-	-	15,744,396.00	15,744,396.00	50,039,745.00
EAST AFRICAN CENTRE OF EXCELLENCE-A-I-A	283,485,317.00	-	-	283,485,317.00	93,042,052.00
KENYA HEALTH SECTOR SUPPORT	-	-	-	-	1,349,796.00
UNICEF-WASH	-	-	-	-	50,750,000.00
UNICEF-IMMUNIZATION VACCINES-GAVI	-	-	961,000,000.00	961,000,000.00	961,000,000.00
NATIONAL CANCER INSTITUTE	-	14,000,000.00	-	14,000,000.00	13,767,000.00
	828,801,469.15	75,967,920.75	3,409,270,665.90	4,314,040,055.80	6,507,928,433.00
OTHERS					
SOLICITOR GENERAL-STATE LAW OFFICE	-	-	751,461,683.90	751,461,683.90	
HEALTH FINANCE SECRETARIAT(EXPENSES- VARIOUS)	-	8,570,859.00	-	8,570,859.00	-
RADIATION PROTECTION BOARD(EXPENSES- VARIOUS)	-	12,769,145.00	-	12,769,145.00	-
KENYA RED CROSS	-	268,000,000.00	-	268,000,000.00	-
GOVERNMENT CLEARING AGENT	-	-	839,780.00	839,780.00	-
UHC PROGRAMME- NATIONAL	-	335,453,002.90	-	335,453,002.90	-
	-	624,793,006.90	752,301,463.90	1,377,094,470.80	-
TOTAL	13,953,744,821.15	47,052,983,353.40	24,537,735,548.55	85,544,463,722.75	49,467,989,942.00

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9. OTHER GRANTS AND TRANSFERS

	2019-2020	2018-2019
	Kshs	Kshs
Membership dues and subscriptions to international organizations	1,360,000	-
Scholarships and other educational benefits	4,152,572	4,152,572
Emergency relief and refugee assistance	3,154,296,199	176,337,067
TOTAL	3,159,808,771	180,489,639

The above transfers were made to the following entities in the year:

	2019-2020	2019-2020	2019-2020	2019-2020	2018-2019
	Ksh	Ksh	Ksh	Kshs	KSH
OTHER GRANTS AND TRANSFERS	AIA	Recurrent Disbursements	Development Disbursements	Totals	Totals
RADIATION PROTECTION	-	1,360,000.00	-	1,360,000.00	-
KENYATTA NATIONAL HOSPITAL	-	190,000,000.00	-	190,000,000.00	-
MOI TEACHING AND REFERAL HOSPITAL	-	30,000,000.00	-	30,000,000.00	-
		221,360,000.00		221,360,000.00	
TRANSFERS TO PROJECTS-GOK COUNTERPART FUNDING					-
TRANSFORMING HEALTHCARE SYSTEMS (THS)	-	-	976,415,500.00	976,415,500.00	-
INTERNATIONAL HEALTH OFFICE-GENEVA	-	4,152,572.50	-	4,152,572.50	4,152,572.50
	-	4,152,572.50	976,415,500.00	980,568,072.50	4,152,572.50
OTHERS					
KENYA COVID-19 EMERGENCY RESPONSE PROJECT	170,320,000.00	-	1,556,802,620.00	1,727,122,620.00	-
MINISTRY OF FOREIGN AFFAIRS	-	10,000,000.00	-	10,000,000.00	-
MINISTRY OF DEFENCE	-	75,000,000.00	-	75,000,000.00	-
DIRECTOR, NATIONAL YOUTH SERVICE	-	10,000,000.00	-	10,000,000.00	-
STATE DEPARTMENT OF BROADCASTING AND TELECOMMUNICATION	-	5,000,000.00	-	5,000,000.00	-
PS STATE DEPARTMENT OF PUBLIC WORKS	-	1,500,000.00	-	1,500,000.00	-
STAFF EMOLUMENTS-HQS		129,258,079.00		129,258,079.00	-
	170,320,000.00	230,758,079.00	1,556,802,620.00	1,957,880,699.00	176,337,067
TOTAL	170,320,000.00	456,270,651.50	2,533,218,120.00	3,159,808,771.50	180,489,639

10. SOCIAL SECURITY BENEFITS

	2019-2020	2018-2019
	Kshs	Kshs
Government pension and retirement benefits	100,000,000	100,000,000
TOTAL	100,000,000	100,000,000

This refers to disbursements made to Kenyatta National Hospital to cater for Early retirees

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. ACQUISITION OF ASSETS

	2019-2020	2018-2019
	Kshs	Kshs
Non-Financial Assets		
Construction of Buildings	151,588,886	461,740,690
Purchase of Vehicles and Other Transport Equipment	6,357,248	13,825,000
Purchase of Household Furniture and Institutional Equipment	-	87,413
Purchase of Office Furniture and General Equipment	-	1,079,044
Purchase of Specialized Plant, Equipment and Machinery	784,628,246	265,789,678
Research, Studies, Project Preparation, Design & Supervision	323,169,685	236,609,510
Purchase of Specialized Plant		225,377,843
Sub Total	1,265,744,065	1,204,509,178
Financial Assets	-	-
TOTAL	1,265,744,065	1,204,509,178

12A: BANK ACCOUNTS

Name of Bank, Account No. & currency	Amount in bank account currency	Indicate whether recurrent, Development, deposit e.t.c	Exc rate (if in foreign currency)	2019-2020	2018-2019
				Kshs	Kshs
CBK, 1000181688	Shs.	Development	-	201,808	2,987
CBK, 1000181478	Shs.	Recurrent	-	3,875,329	591,183
CBK 1000181168	Shs.	Deposit	-	109,563,791	140,247,380
Total				113,640,928	140,841,550

12B: CASH IN HAND

	2019-2020	2018-2019
	Kshs	Kshs
Cash in Hand – Held in domestic currency	3,853,725	629,510
Cash in Hand – Held in foreign currency		
Total	3,853,725	629,510

Cash in hand analysed as follows:

	2019-2020	2018-2019
	Kshs	Kshs
Location 1 (Ministry Headquarters-Cash Office)	3,853,725	629,510.00
Total	3,853,725	629,510

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

13: ACCOUNTS RECEIVABLE - OUTSTANDING IMPRESTS

Description	2019-2020	2018-2019
	Kshs	Kshs
Government Imprests (ANNEX I)	18,446,372	19,761,950
Salary advances	-	128,566
TOTAL	18,446,372	19,890,516

14. ACCOUNTS PAYABLE

Description	2019-2020	2018-2019
	Kshs	Kshs
Cash Deposits	-	-
Bank Deposits	113,372,292	140,247,380
Total	113,372,292	140,247,380

15. FUND BALANCE BROUGHT FORWARD

Description	2019-2020	2018-2019
	Kshs	Kshs
Bank accounts	140,841,550	52,707,139
Cash in hand	629,510	2,247,329
Accounts Receivables	19,890,516	28,693,994
Accounts Payables	(140,247,380)	(52,085,927)
Total	21,114,196	31,562,535

16. PRIOR YEAR ADJUSTMENTS

	Balance b/f FY 2018/2019 as per Financial statements	Adjustments	Adjusted Balance b/f FY 2018/2019
Description of the error	Kshs	Kshs	Kshs
Bank account Balances	52,707,139	(4,856,984)	47,850,155
Cash in hand	2,247,329	0	2,247,329
Accounts Payables	28,693,994	0	28,693,994
Receivables	(52,085,927)	(8,769,188)	(60,855,115)
	31,562,535	(13,626,172)	17,936,363

17. CHANGES IN RECEIVABLE

Description of the error	2019 - 2020	2018 - 2019
	KShs	KShs
Outstanding Imprest as at 1 st July 2019 (A)	19,890,516	-
Imprest issued during the year (B)	1,055,547,423	-
Imprest surrendered during the Year (C)	(1,056,991,567)	-
Net changes in account receivables D= A+B-C	18,446,372	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. CHANGES IN ACCOUNTS PAYABLE – DEPOSITS AND RETENTIONS

Description of the error	2019 - 2020	2018 - 2019
	KShs	KShs
Deposit and Retentions as at 1 st July 2019 (A)	140,247,380	4,434,472,786
Deposit and Retentions held during the year (B)	85,236,120	38,100,511,733
Deposit and Retentions paid during the Year (C)	(112,119,984)	(629,279,261)
Net changes in account receivables D= A+B-C	113,363,516	41,905,745,258

19. RELATED PARTY DISCLOSURES

Related party disclosure is encouraged under non-mandatory section of the Cash Basis IPSAS.

The following comprise of related parties to the Ministry of Health.

- Other Ministries Departments and Agencies and Development Projects;
- County Governments; and
- State Corporations and Semi-Autonomous Government Agencies.

Related party transactions:

	2019-2020	2018-2019
	Kshs	Kshs
<u>Transfers to related parties</u>		
Transfers to SCs and SAGAs	61,687,955,993	26,253,968,817
Transfers to Development Project	4,314,040,055	7,039,185,715
Transfers to County Governments	18,165,373,203	5,226,000,000
Other Transfers	1,377,094,470	
Total Transfers to related parties	85,544,463,722	38,519,154,532
<u>Transfers from related parties</u>		
Transfers from the Exchequer	92,556,737,593	61,397,284,750
Total Transfers from related parties	92,556,737,593	61,397,284,750

20. PENDING ACCOUNTS PAYABLE (See Annex II)

Description	Balance b/f FY 2018/2019 Kshs	Additions for the period Kshs	Paid during the year Kshs	Balance c/f FY 2019/2020 Kshs
Construction of buildings	99,689,101	-	(81,951,949)	17,737,152
Supply of goods	51,051,588	40,635,774	(48,479,156)	43,208,206
Supply of services	41,604,263,879	15,958,350	(23,594,956)	41,596,627,273
Total	41,755,004,568	56,594,124	(154,026,061)	41,657,572,631

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21. PROGRESS ON FOLLOW UP OF PRIOR YEARS AUDITOR'S RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor for Financial Statements of 2017/2018 financial year. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status: (Resolved / Not Resolved)	Timeframe
1	<p>Inaccuracies in the Financial Statements The Statement of cash flows and note 15B to the financial statements reflects adjustments during the year of Kshs. 77,047,705 and whose analysis was not availed for audit verification. In the circumstances, the accuracy of the financial statements for the year ended 30th June 2018 could not be confirmed.</p>	<p>It is true that the statement of assets and liabilities and the statement of cash flows reflects prior year adjustment of Kshs. 77,047, 705.</p> <p>The figure is comprised of adjustment of prior year imprests amounting to Kshs. 11,329,357 surrendered during the year under review but accounted for in the previous year's financial statements.</p> <p>The Ministry has addressed the issue of the prior year adjustment of Ksh. 77,047,705 in the statement of assets and liabilities and the statement of cash flows and reinstated the financial statements.</p>	Samson M. Ongalo	Resolved	-

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status: (Resolved / Not Resolved)	Timeframe
2	<p>Un-Surrendered Old Deposits Balances from former Ministries</p> <p>The Statement of Assets and Liabilities as at 30th June 2018 reflects cash and cash equivalent balance of ksh. 52,707,139; and Deposits totalling ksh. 10,956,114,687 were never transferred to the new Deposits Account of the Ministry of Health that was formed after the merger of Ministry of Public Health and Sanitation and Medical Services; thus the validity and accuracy of the deposits balance of ksh. 52,085.926 could not be ascertained.</p>	<p>The matter was discussed in the Public Accounts Committee appearance in March 2019 and the report adopted by Parliament on 5th December 2019 recommended in paragraph 210 that Accounting officer liaise with National Treasury on the best approach of dealing with the matter and report to the National within 3 months. The Ministry has written letters to the National Treasury to seek concurrence on clearance of the old deposit accounts based on proposed adjustments</p>	Samson M. Ongalo	Not Resolved	2020/2021
3.	<p>Cash and cash equivalent</p> <p>The Statement of assets and liabilities as at 30th June 2018 reflected a bank balance of ksh. 52,707,138. Development cashbook as at 30th June 2017 reflected a closing balance of ksh. 1,364,997, out of which only ksh. 75, 835.90 was recalled by the central bank, leaving a balance of Ksh. 1,289,161.35 un-accounted for</p>	<p>It is true that the statement of assets and liabilities as at 30 June 2018 reflected a bank balance of Ksh. 52,707,139.</p> <p>The Ministry has accounted for the balance of Ksh. 1,289,161.35 and credited the amount in the Ministry's cash book and availed the cash book extract to confirm the recording of</p>	Samson M. Ongalo	Resolved	-

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status: (Resolved/ Not Resolved)	Timeframe
	in the cash book. Further review of the recurrent account reconciliation statement reflects receipts in bank statement not in cash book of Ksh. 95,345 and receipts in cash book not in bank statement of Ksh. 6,066,022; and thus accuracy and validity of Kshs. 52,707,139 in the statement of financial assets and liabilities could not be confirmed as at 30 th June 2018.	KSH. 95,345. The reconciliation has been provided for review. Further, the outstanding items for receipts in cash book not in bank statement totalling Ksh 6,066,022 reflected in Bank reconciliation as at 30 th June, 2018 were cleared in July, 2018 and provided to external auditors for review as evidenced in Bank reconciliation statement extract for July, 2018			
4	Accounts Receivables- Outstanding Imprests and Advances The Statement of financial Assets and Liabilities as at 30 th June 2018 reflects outstanding imprests and advances of Ksh. 28,693,994; out of which an amount of ksh. 10,945,734 ought to have been surrendered on or before 30 th June 2018 was still outstanding as at 31 st January 2019, contrary to section 93(5) of the Public Finance Management Regulations 2015.	It is true that the statement of assets and liabilities reflects an Accounts Receivables- outstanding Imprests and Clearance accounts of Kshs. 28,693,994. It is further true that Included in the imprest balance is an amount of Kshs. 10,945,734 which ought to have been accounted for on or before 30 June 2018 but which was still outstanding as at January, 2019. The Ministry has since made efforts to recover Ksh. 5,805,630 to date in addition to the recovery instructions written to Human Resource to recover the outstanding balance of Ksh. 5,140,104.	Samson M. Ongato	Not Resolved	2020/2021

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status: (Resolved / Not Resolved)	Timeframe
5.	<p>Accounts Payables-Deposits</p> <p>Accounts payable balance of Ksh. 52,085,926 in the Statement of Receipts and payments includes an amount of Ksh. 3,141,159 for fines and charges, salary and imprest recoveries wrongly classified as payables and thus undermining the accuracy of Accounts payable balance.</p>	<p>It is true that the schedules provided in the financial statements reflected an amount of Kshs. 3,141,159.00 made up of fines and surcharges, salary recoveries and imprest recoveries from payroll. It is further true that the amount was wrongly classified as a payable. The Ministry however prepared a payment voucher for payment to the National Treasury and effected the payment on 21st February 2020, and adjusted the financial statements accordingly with concurrence of the office of the Auditor General.</p>	Samson M. Ongalo	Resolved	-

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status: (Resolved / Not Resolved)	Timeframe
6.	<p>Compensation of Employees</p> <p>An amount of Ksh. 6,793,884,157 relating to compensation of employees includes an expenditure amount of Ksh.4,246,449 whose payment vouchers and other related supporting documents were not available for audit review</p>	<p>It is true that the payment vouchers were not available for verification during the time of audit. The Documents have since been obtained and availed to external auditors for audit review</p>	Samson M. Ongalo	Resolved	-
7.	<p>Use of goods and services</p> <p>7.1 Specialized materials and services</p> <p>An expenditure of Ksh. 979,340,730 reported under note 7 in the statement of receipts and payments contains an amount of Ksh. 46,137,718 whose payment vouchers and other related supporting documents were not available for audit review.</p> <p>7.2 Rental of produced assets</p> <p>An expenditure of Ksh. 5,200,995,733 reported under note 7 in the statement of receipts and payments contains an amount of Ksh. 2,149,755 whose payment vouchers and other related supporting documents were not available for audit review.</p>	<p>It is true that the payment vouchers were not available for verification during the time of audit. Documents have since been obtained and the documents and availed to external auditors for audit review.</p> <p>It is true that the payment vouchers were not available for verification during the time of audit. We have however since obtained the documents and availed to external auditors for audit review.</p>	Samson M. Ongalo	Resolved	-

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status: (Resolved / Not Resolved)	Timeframe
8.	<p>Transfer to other Government Units</p> <p>Note 8 to the financial statements reflects an expenditure on transfers amounting to Ksh. 36,004,834,419 out of which payment vouchers and other related supporting documents amounting to Ksh. 9,994,101 were not availed for audit review. In addition, an amount of Ksh. 4,855,877 included in other grants and transfers figure of Ksh. 63,911,988 is for refund of ineligible expenditure to NTLD project as a result of imprest issued outside the project's work plan in 2007.</p>	<p>It is true that the financial statements reflect expenditure on transfer to other government units of Kshs. 36,004,834,419 out of which payment vouchers and other related supporting records amounting to Kshs. 9,994,101 were not availed for audit review. The vouchers and other supporting records amounting to Kshs. 9,994,101 have since been provided for audit verification.</p> <p>However, the Ministry has not recovered the Kshs. 4,855,887.10 for the NTLD project work plan</p>		Not Resolved	2020/2021

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status: (Resolved / Not Resolved)	Timeframe
9.	<p>Other Grants and Transfers</p> <p>9.1 Membership dues and subscriptions An amount of Ksh. 51,881,817 under note 9 are membership dues and subscriptions to international organizations whose payment vouchers and other relating supporting documents amounting to Ksh. 2,206,076 were not availed for audit review.</p> <p>9.2 Emergency Relief and Refugee assistance Note 9 to the financial statements includes expenditure on emergency relief and refugee assistance of Ksh. 364,502,952 out of which vouchers and other related supporting documents amounting to Ksh.46,067,114 were not availed for audit review. In addition, an expenditure totaling kshs. 14,021,158 Ought to have been classified under</p>	<p>It is true that the payment vouchers and other supporting records amounting to Ksh. 2,206,076 were not availed for verification during the time of audit. We have since obtained the documents and available for audit review</p> <p>It is true that payment vouchers amounting to ksh. 46,067,114 were not availed for verification during the time of audit. The documents have since been availed for review.</p> <p>The funding for the activities related to emergency and disaster management are provided under one item-2640201 - Emergency Relief and Refugee Assistance, therefore, Ksh.14, 021,158 relate to procurement for goods and services incurred in the course of undertaking activities under the sub programme and therefore not misclassified in anyway</p>	Samson M. Ongalo	Resolved	-

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status: (Resolved / Not Resolved)	Timeframe
10.	<p>Acquisition of assets</p> <p>Included in the receipts and payments statements is an amount of sh.82,592,762 out of which there is an expenditure of Ksh. 2,392,695,718 whose supporting documents were not availed for audit review. Again, an expenditure amounting to Ksh.5,703,714 made up of stationery items of printing and supply of promotional materials, household goods and surgical gloves, and other specialized materials were wrongly charged to acquisition of assets instead of use of goods and services</p>	<p>It is true that payment vouchers and other related supporting records amounting to Kshs. 82,592,762 were not availed for audit review. The payment vouchers have since been availed for audit review. The payments amounting to ksh. 5,703,724 have since been transferred to the correct chargeable items vide various journals.</p>	Samson M. Ongalo	Resolved	-
11.	<p>Pending Bills</p> <p>Pending bills totaling to ksh. 4,434,472,786 not settled in the year 2017/2018 were instead carried forward to 2018/2019; and had the bills been paid, the statement of receipts and payments would have reflected a deficit of ksh. 4,403,334,857 instead of a surplus of ksh. 31,137,929</p>	<p>It is true that the Ministry reported Pending bills amounting to Ksh. 4,434,472,786 and a surplus of Ksh. 31,137,929 in the financial statements for financial year 2017/18. The total budget for the Ministry in the financial year 2017/18 amounted to Ksh. 60,001,003,134 out which the Ministry incurred an expenditure of Ksh. 52,452,371,243 recording an under-expenditure of Ksh. 7,548,631,891. Therefore, had the</p>	Joseph Muruga	Not Resolved	2020/2021

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status: (Resolved / Not Resolved)	Timeframe
		Ministry received full exchequer requested, the Pending Bills would have been cleared without recording a deficit as alluded.			
12.	<p>Budgetary Performance</p> <p>Actual receipts amounting to ksh 52,483,141,437 against the budgeted receipts of ksh. 78,391,624,264 resulted to a shortfall of ksh.25, 908,482827 or 67% during the year under review. Again, actual expenditure of ksh.52,452,003,508 against budgeted expenditure of ksh.78,391,624,264 resulted to under absorption of Ksh.25,391,624,264 or 67%</p>	<p>The under expenditure and the under collection of Ksh. 25,939,620,757 and Ksh. 25,968,482,827 respectively was as a result of the exchequer under-funding of Ksh. 8,630,994,396 from National Treasury, and unrealized Appropriation in Aid of Ksh. 17,288,941,860. Further, Appropriations In Aid (support in kind) relating to donor funded projects was also not provided for capturing of expenditure in Ifmis. The expenditure has since been captured and the issue addressed.</p>	Joseph Muraga	Resolved	-
13	<p>Computed Tomography (CT) Scanners</p> <p>Included in the receipts and payments figure of ksh. 2,392,695,718 as at 30th June 2018 is an expenditure on acquisitions of specialized plant, equipment and machinery paid for CT Scanners,</p>	<p>It is true included in the receipts and payments figure of ksh. 2,392,695,718 as at 30th June 2018 is an expenditure on acquisitions of assets of ksh. 1,740,000.000 under specialized plant, equipment and machinery paid for CT Scanners,</p>	Dr.Laban Nthiga	Not Resolved	2020/2021

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status: (Resolved / Not Resolved)	Timeframe
	plant, equipment and machinery paid for CT Scanners, which was 20% of the contract value paid as a condition precedent for Kenyan government to obtain a loan; and no procurement documents provided at the time of conclusion of the audit review.	which was 20% of the contract value paid as a condition precedent for Kenyan government to obtain a loan; and no procurement documents provided at the time of conclusion of the audit review. The ministry however confirms that due diligence and fidelity to the public procurement and disposal act of 2015 was observed. Contract documents have also been presented for audit review.			
14	Proposed upgrading of Othaya District Hospital The Ministry awarded a contract for the upgrading of facilities at Othaya District Hospital at a price of ksh. 436,300,798.80 which was later revised to ksh. 501,745,918.50. As at 21 st February 2014, the cumulative payments were Ksh. 501,745,918.70 or 99.9% and 192 weeks had elapsed out of contract period of 123 weeks.	The matter was discussed in the Public Accounts Committee appearance in March 2019 and the report adopted by Parliament on 5th December 2019 recommended in paragraph 217 that within 3 months after adoption of the report, Auditor General to undertake a comprehensive performance audit to evaluate whether the citizens got value for money and submit a report to parliament for tabling and debate. The Accounting officer wrote a letter to the Auditor general highlighting the recommendations from parliament for their action.	Dr.Sirengo	Not resolved	2020/2021

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status: (Resolved/ Not Resolved)	Timeframe
15	<p>Long outstanding county debts The Ministry only managed to recover an amount of Ksh. 14,837,973,349 out of the 19,208,279,767 long outstanding County Debts paid as salaries on behalf of the county government; leaving a balance of Ksh. 4,370,306,417 which has remained outstanding to date.</p>	<p>The matter was discussed in the Public Accounts Committee appearance in March 2019 and the report adopted by Parliament on 5th December 2019 recommended in paragraph 218 that within 3 months after adoption of the report, the Accounting Officer should liaise with National Treasury with a view of recovering the Ksh.4, 370,306,416 outstanding. The report further</p>	Samson M.Ongalo	Resolved	-

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status: (Resolved / Not Resolved)	Timeframe
<p>16.</p> <p>Irregular payment on portable clinics</p> <p>The contract for supply of portable medical clinics elapsed in financial year 2015/2016 despite the fact that the contract has not been executed. The ministry also paid a sum of Ksh. 800,000,000 before installing, commissioning and handing over, therefore contravening the contractual agreement and thus, no possibility to determine whether the government obtained value for money for the expenditure.</p>	<p>The matter was discussed in The Public Accounts Committee appearance in March 2019 and the report adopted by Parliament on 5th December 2019 recommended in paragraph 219 that within 3 months after adoption of the report, Auditor General to undertake a comprehensive performance audit to evaluate whether the citizens got value for money and submit report to parliament for tabling and debate. The Accounting officer wrote a letter to the Auditor general highlighting the recommendations from parliament for their action.</p>	<p>Laban Nthiga</p>	<p>Not Resolved</p>	<p>2020/2021</p>	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status: (Resolved / Not Resolved)	Timeframe
17	<p>Lack of an Independent Audit Committee</p> <p>There was lack of an Independent Audit Committee in 2017/2018 Financial Year, as required by section 73(5) of the Public Finance Management Act 2012, which may have affected good corporate Governance in the Ministry.</p>	<p>The audit committee was approved in 2017/2018 but the National Treasury delayed to provide guidance and training to the members since most of them came from the private sector. The first induction course for the members was held at the Kenya School of Government in October, 2018. The Chairman of the audit committee later resigned on 14th January, 2019 and the letter received on 5th April, 2019. The Ministry is currently in the process of recruiting a new chairman of the committee to enable the committee commences work.</p>	Edward O. Were	Not Resolved	2020/2021
18	<p>Lack of well documented Enterprise Risk management process</p> <p>During the year under review, there was lack of well documented Enterprise Wide Risk Management</p>	<p>An IT Strategic Committee was constituted in 2019 to plan and put in place a Strategic Plan that supports business requirements and an IT Security Policy by April 2020. The issue has since been addressed.</p>	Jane Otoko	Resolved	-

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status: (Resolved / Not Resolved)	Timeframe
	Process and IT Strategic Committee to effectively guide the enterprise risk management process; contrary to Public Finance Management Regulations 2015.				



Principal Secretary
 Susan Mochache, CBS



Deputy Accountant General
 Samson M. Ongalo
 ICPAK Member Number: 3128

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ANNEX 1 – OUTSTANDING IMPRESTS

NO	NAME OF OFFICER	IMPREST WARRANT NO.	DATE ISSUED	DATE DUE	AMOUNT DUE
1	MARTIN MUNYAO MUTISO	W/NO 3176565	03/09/2018	31/9/2018	2,480.00
2	NANCY SALOME ATIENO	W/NO 3344413	27/11/2018	13/12/2018	35,200.00
3	RICHARD MWIHIA KIBOCHA	W/NO 3294573	30/01/2019	05/02/2019	16,000.00
4	JOHN OLUOCH NYAMUNI	W/NO 3696240	31/05/2019	10/06/2019	28,000.00
5	PAUL ABUTO NYAMWAYA ANYUMBA	W/NO 3696139	13/6/2019	30/6/2019	42,000.00
6	AGNES JAMES NGINA	W/NO 3176552	09/03/2018	31/9/2018	14,000.00
7	ANSELMINA CIRINDI MURIANKI	W/NO 3344005	04-Oct-18	15/10/2018	113,474.00
8	JOSEPH WAHOME GATIGI	W/NO 3103256	18-Dec-17	27-Dec-17	400.00
9	MAALIM ABDULLAHI IBRAHIM	W/NO 3672475	02/05/2019	10/05/2019	50,400.00
10	PAULINE KATHUGU NGARI	W/NO 3344061	08-Aug-18	31-Aug-18	28,000.00
11	SALESIOUS KIRUNJA IGNATIUS	W/NO 3632777	03-Apr-19	15/4/2019	52,500.00
12	PAUL ABUTO NYAMWAYA ANYUMBA	W/NO 3632314	18-Apr-19	20-Apr-19	42,000.00
13	TIMOTHY N. WAKIAGA	W/NO 3344436	22-Jan-19	15-Feb-19	100,800.00
14	RUTH ATIENO KOGA	W/NO 3696009	24-Jun-19	30-Jun-19	146,000.00
15	RUTH ATIENO KOGA	W/NO 3696095	24-Jun-19	30-Jun-19	240,582.00
16	BENSON MUGAMBI MIKE NAIRUTI	W/NO 3344062	07/08/2018	31/08/2018	17,000.00
17	BENSON MUGAMBI MIKE NAIRUTI	W/NO 3344474	21/01/2019	01/02/2019	84,300.00
18	BENSON MUGAMBI MIKE NAIRUTI	W/NO 3672514	06/05/2019	30/05/2019	16,800.00
19	BENSON MUGAMBI MIKE NAIRUTI	W/NO 3931920	28-Feb-20	10-Mar-20	9,800.00
20	JOSEPH LIBONDO MUHAMBI	W/NO 3696088	07/06/2019	30/06/2019	29,400.00
21	ANNE KAREGI KIBET	W/NO 3344449	21/01/2019	02/01/2019	98,000.00
22	JOHNSON MURIUKI WANJOHI	W/NO 3666424	28/05/2019	30/06/2019	29,400.00
23	EMILY WAIRIMU MAINA	W/NO 3671463	09/05/2019	30/05/2019	35,700.00
24	ALICE AKINYI OLANGO	W/NO 3439666	23-Oct-18	21-Dec-18	2,000.00
25	ALICE AKINYI OLANGO	W/NO 3176730	43,335.00	30-Jun-19	50,000.00
26	IBRAHIM WAKO BORU	W/NO 3344454	21/01/2019	01/02/2019	58,800.00
27	ELIJAH KIPRUGUT SONG'ONY	W/NO 3671454	08/05/2019	30/05/2019	10,500.00
28	DAVID NJUE KANJI	W/NO 3344438	22-Jan-19	15-Feb-19	151,200.00
29	DAVID NJUE KANJI	W/NO 3696008	13/06/2019	30/06/2019	146,000.00
30	DAVID NJUE KANJI	W/NO 3696094	10/06/2019	30/06/2019	240,582.00
31	EDWIN MBURU MUNIU	W/NO 3344475	21/01/2019	01/02/2019	104,300.00
32	MICHAEL MUSANGO MWANIA	W/NO 3294600	19/02/2019	28/02/2019	66,800.00
33	GRACE AMAI WASIKE	W/NO 3442088	29-Nov-18	28-Dec-18	179,200.00
34	CATHERINE NDUKU NDISO	W/NO 3442090	29-Nov-18	28-Dec-18	134,400.00
35	FREDRICK OMAH	W/NO 3344032	21/09/2018	05/09/2018	343,400.00
36	OSCAR OMARI WEKHOB	W/NO 3672481	29/05/2019	10/06/2019	19,600.00
37	MARTIN MIEWE OWINO	W/NO 3344240	14-Jan-19	17-Jan-19	8,400.00
38	JUDITH AWINJA ALUORA	W/NO 3696019	13/06/2019	30/06/2019	125,000.00
39	JULIUS OSANA THOMAS OGATO	W/NO 3344151	02/10/2018	10/10/2018	52,500.00

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40	JULIUS OSANA THOMAS OGATO	W/NO 3344142	08-Oct-18	15-Oct-18	78,000.00
41	GEORGE OTIENO AYIERA	W/NO 3344437	15/01/2019	15/02/2019	126,000.00
42	JAMES KIPKOECH LELEY	W/NO 3344437	15/01/2019	15/02/2019	126,000.00
43	JAMES KIPKOECH LELEY	W/NO 3696011	13/06/2019	30/06/2019	125,000.00
44	JAMES KIPKOECH LELEY	W/NO 3696072	10/06/2019	30/06/2019	198,768.00
45	NELSON MAINGI KARIUKI	W/NO 3672493	06/05/2019	30/05/2019	82,400.00
46	JULIUS KIAMA MUNYIRI	W/NO 3307918	04/02/2019	15/02/2019	21,000.00
47	ISABELLA WANJIKU MAINA	W/NO 3344457	21/01/2019	01/02/2019	88,200.00
48	DAVID GICHERU KARIUKI	W/NO 3344329	23/11/2019	19/12/2019	50,400.00
49	CATHERINE WEYANGA SILALI	W/NO 3307562	23/01/2019	24/11/2019	963,700.00
50	ROSE KEMUNTO MOKAYA	W/NO 3294562	04-Oct-18	15-Oct-18	279,300.00
51	RICHARD ANDITI AJWANG	W/NO 3632477	05-Apr-19	10-Apr-19	8,400.00
52	WILSON CHERUIYOT BOR	W/NO 3344395	02-Jan-19	08-Jan-19	16,800.00
53	TECLA JEPKEMBOI KOGO	W/NO 3307568	22-Jan-19	25-Feb-19	404,900.00
54	ABDINASSIR JELLE BAHIR	W/NO 3176590	10/09/2018	30/09/2018	439,000.00
55	RISPAH ITENYO LUMIDI	W/NO 3344070	16-Aug-18	03-Aug-18	33,600.00
56	RISPAH ITENYO LUMIDI	W/NO 3176584	12-Sep-18	30-Jun-19	20,000.00
57	DANIEL KIBET LANG'AT	W/NO 3696089	07/06/2018	30/06/2019	67,000.00
58	LABAN MACHIRA THIGA	W/NO 3344059	07/08/2018	31/08/2018	42,000.00
59	JOHANSEN ODUOR NYAYAL	W/NO 3074374	06/09/2019	30/09/2019	70,600.00
60	PATRICK MBURUGU MUTUA	W/NO 3666494	23/04/2019	15/05/2019	21,000.00
61	JACOB KIMURGOR BUSIENEI	W/NO 3344497	04/02/2019	15/02/2019	29,800.00
62	HELLEN WAMBUI KIARIE	W/NO 3344393	21/12/2018	27/12/2018	28,000.00
63	HERBERT M NYAKUNDI	W/NO 3632382	03-Apr-19	15-Apr-19	100.00
64	FRED ONGERA ONSONGO	W/NO 3294594	30/01/2019	08/02/2019	193,318.00
65	VIC COBURN KATHURIMA	W/NO 3344321	11-Jan-19	26-Jan-19	30,000.00
66	GIDEON KIPCHUMBA	W/NO 3344494	04-Feb-19	15-Feb-19	36,800.00
67	MARY MOGOTU MAGUBO	W/NO 3344170	15/10/2018	02/11/2018	281,500.00
68	JANEFFER MWILU SYONGOMBE	W/NO 3696154	07-Jun-19	20-Jun-19	600.00
69	ERIC MUTINDA NGOTHO	W/NO 3294952	26-Oct-18	30-Nov-18	100,000.00
70	LYNDAH AWUOR MAKAYOTO	W/NO 3307937	27/02/2019	15/03/2019	896,500.00
71	EVANS MBUGUA KAMAU	W/NO 3307920	04/02/2019	15/02/2019	16,800.00
72	REAGAN MUINDE KINIU	W/NO 3344362	07-Dec-18	15-Dec-18	32,600.00
73	REAGAN MUINDE KINIU	W/NO 3344217	25-Oct-18	15-Nov-18	148,200.00
74	ABDIKADIR SHEIKH MOHAMED	W/NO 3344140	05/10/2018	15/10/2018	67,500.00
75	ABDIKADIR SHEIKH MOHAMED	W/NO 3344132	03/10/2018	20/10/2018	215,594.40
76	PAULINE ATIENO DUYA	W/NO 3344200	19/10/2018	15/11/2018	196,000.00
77	FREDRICK JAMES GATETE THUO	W/NO 3746219	09-Sep-19	18-Jun-19	25,200.00
78	JOHN KAMAU MAINA	W/NO 334489	01/02/2019	15/02/2019	292,400.00
79	JOHN KAMAU MAINA	W/NO 3307880	02/12/2019	23/02/2019	31,500.00
80	ELIZABETH NAUKUSI WANGIA	P/V 000910	23-Apr-19	26-Jun-19	111,900.00
81	WESLEY OGHERRA OOGA	W/NO 3696158	25-Jun-19	30-Jun-19	200.00
82	DRUSILLA WAIRIMU RUHIU	W/NO 3439663	23-Oct-18	21-Dec-18	2,000.00

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83	CATHERINE NJERI NGUGI	W/NO 3344448	21/01/2019	01/02/2019	98,000.00
84	EDGAR LIVONDO KHABUCHI	W/NO 3294975	29-Jan-19	15-Feb-19	25,000.00
85	WYCLIFFE NYAKUNDI MORIASI	W/NO 3632463	01-Apr-19	02-Apr-19	27,600.00
86	JONAH ONENTIA MAGARE	W/NO 3878983	31-Dec-19	15-Jan-19	42,000.00
87	BENTER ACHIENG OGOLA	W/NO 3344438	15/01/2019	15/02/2019	100,800.00
88	BENTER ACHIENG OGOLA	W/NO 3696012	13/06/2019	30/06/2019	104,000.00
89	ROBERT SINNI MASIBO	W/NO 3344206	24-Oct-18	31-Oct-18	33,600.00
90	SAMWEL MUIRURI KARIUKI	W/NO 3294647	23/10/2018	16/11/2018	33,600.00
91	HILARY KIPRONO MURREY	W/NO 3307922	04/02/2019	16/02/2019	16,800.00
92	DAVID MUTHOMI GITUMA	W/NO 3307921	04/02/2019	15/02/2019	16,800.00
93	JOSEPHINE NYAMBURA GITHAIGA	W/NO 3666421	03-Jun-19	30-Jun-19	53,200.00
94	RHODA MUENI KIILU	W/NO 3498962	21-Jun-19	30-Jun-19	102,000.00
95	SUSAN WAMBUI MWANGI	W/NO 3307565	22-Jan-19	25-Feb-19	800,000.00
96	LENSON KARIUKI KINYUA	P/V 000334	18-Mar-19	28-Mar-19	22,000.00
97	MOLEEN CHEPTOO	W/NO 3696084	07/06/2019	30/06/2019	400.00
98	ALI MWAKOMBO CHITSOMA	W/NO 3307919	04/02/2019	15/02/2019	16,800.00
99	PAUL KIPKORIR MUTAI	W/NO 3671483	17-May-19	30-May-19	34,300.00
100	SUSAN KARIUKI NYAWIRA	W/NO 3439611	27-Jun-19	30-Jun-19	25,200.00
101	AGNES JAMES NGINA	W/NO 3746337	27/11/2019	11/05/2019	53,600.00
102	JOSEPH NJAU GATUNA	W/NO 3943168	18/06/2020	30/06/2020	198,000.00
103	GORETTI WAIRIMU GICHEHA	W/NO 3786220	24/09/2019	05/10/2019	84,000.00
104	ANNE WAMBUI MAINGI	W/NO 3746377	20-Dec-19	30-Jun-20	30,000.00
105	SAMUEL MARINDICH KIGEN	W/NO 3784850	15/11/2019	22/11/2019	100,800.00
106	BENSON MUGAMBI MIKE NAIRUTI	W/NO 3931920	28-Feb-20	10-Mar-20	9,800.00
107	DANIEL ODHIAMBO OGWAYO	W/NO 3931735	20/02/2020	05/03/2020	18,800.00
108	CHARLES MUTINDA NZIOKA	W/NO 3729185	14/08/2019	03/09/2019	123,624.00
109	CATHERINE WANGARI NGANGA	W/NO 3746339	27/11/2019	19/06/2020	809,818.00
110	BENSON NDIIRA MUGAMBI	W/NO 3746338	27/11/2019	22/05/2020	809,818.00
111	MICHAEL MUSANGO MWANIA	W/NO 3931703	13/02/2020	05/03/2020	7,300.00
112	GRACE AMAI WASIKE	W/NO 3746362	15/11/2019	22/11/2019	100,800.00
113	ALICE SHIHUNDU	W/NO 3943184	25-Jun-20	30-Jun-20	67,200.00
114	ESTHER NYAKIO KIRITU	W/NO 3931941	11-Mar-20	04-Apr-20	35,000.00
115	ROSE WANJIKU WAMBU	W/NO 3746356	15/11/2019	22/11/2019	100,800.00
116	ZEPHANIA IRURA	W/NO 3943116	21/05/2020	15/06/2020	84,000.00
117	CHRISTOPHER LEKAKENY TWALA	W/NO 376265	02/10/2019	15/10/2019	36,600.00
118	VERONICA WANJIRU KIROGO	W/NO 3956072	11-Mar-20	18-Mar-20	30,000.00
119	JAMES PROSO AKUDIAN	W/NO 3784834	13/11/2019	20/11/2019	285,000.00
120	JOHN MBUGUA KIHAMA	W/NO 3786223	24/09/2019	05/10/2019	105,000.00
121	STEPHEN KHAEMBA WAMBULWA	W/NO 3931733	20/02/2020	05/03/2020	24,400.00
122	DULACHA EJERSA WAQO	W/NO 3746080	17/09/2019	05/10/2019	439,958.00
123	GAMALIEL ODHIAMBO OMONDI	W/NO 3877280	26/02/2020	28/03/2020	479,100.00
124	GLADYS MOGOTU MUGAMBI	W/NO 3746089	20-Sep-19	30-Jun-20	10,000.00
125	FRANCIS OGOLA AYO	W/NO 3729201	19/08/2019	03/09/2019	21,000.00

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126	ROSE KEMUNTO MOKAYA	W/NO 3931702	18/02/2020	05/03/2020	425,800.00
127	BRADFORD WABWIRE SIKALI	W/NO 3729474	01/10/2019	30/10/2019	111,000.00
128	SIMON NJUGUNA KAHONGE	W/NO 3877348	14/01/2020	06/02/2020	12,600.00
129	STEPHEN KHABEKO MULESHE	W/NO 3943095	19/05/2019	01/12/2019	147,000.00
130	STEPHEN KHABEKO MULESHE	W/NO 3786191	13-Jan-20	06-Mar-20	3,000.00
131	LABAN MACHIRA THIGA	W/NO 3746217	28-Aug-19	15-Sep-19	31,500.00
132	JANEFFER MWILU SYONGOMBE	W/NO 3786170	03/12/2019	16/12/2019	25,200.00
133	JAQUELINE ESTHER ANYANGO RESSA	W/NO 3943181	19/05/2020	18/06/2020	33,600.00
134	MARY FLAVIAN NYANGASI	W/NO3878999B	06/01/2020	16/01/2020	31,500.00
135	MARY FLAVIAN NYANGASI	W/NO3931727	20/02/2020	05/03/2020	31,500.00
136	NEWTON ONDIAYO OMALE	W/NO 3877494	10/12/2019	16/12/2019	198,000.00
137	JARRED OKOYO NYAKIBA	W/NO 3786007	24/10/2019	01/12/2019	198,000.00
138	CHARLES ONDIBA NYANCHOGA	W/NO 3931948	04/03/2020	15/03/2020	8,400.00
139	MICHAEL SILA NGALAKA	W/NO 3931845	13/02/2020	05/03/2020	34,350.00
140	BOB NYARIBARI AGWATA	W/NO 3786009	31/10/2019	01/12/2019	198,000.00
141	MARY NJERI NGURIMU	W/NO 3746340	27/11/2019	19/06/2020	541,158.00
142	WESLEY OGHERRA OOGA	W/NO 3809484	16/10/2019	24/10/2019	52,500.00
143	WYCLIFFE NYAKUNDI MORIASI	W/NO 3729154	09/08/2019	15/08/2019	14,700.00
144	ANN P. MUTHONI GICHU	W/NO 3746360	04-Dec-19	15-Dec-19	100,800.00
145	ORUTWA CROBERS ONYANCHA	W/NO 3746283	08/10/2019	30/10/2019	24,500.00
146	STEPHEN OBURO OGECHI	W/NO 3943152	09/06/2020	30/06/2020	29,400.00
147	EVELYNN NJERI CHEGE	W/NO 3877463	04/12/2019	15/12/2019	33,600.00
148	JACOB KYALO KITAVI	W/NO 3729156	09/08/2019	15/08/2019	14,700.00
149	JOYCE LUTOMIA MUTETE	W/NO 3943187	25-Jun-20	30-Jun-20	37,800.00
150	ROBERT SINNI MASIBO	W/NO 3931734	20/02/2020	05/03/2020	24,400.00
151	SAMWEL MUIRURI KARIUKI	W/NO 3877479	06/12/2019	06/01/2020	161,600.00
152	SAMWEL MUIRURI KARIUKI	W/NO 3786022	17-Jan-20	15-Feb-20	84,000.00
153	SAMWEL MUIRURI KARIUKI	W/NO 3746104	28/08/2019	10/09/2019	43,600.00
154	JOSPHINE MWANGO MOGAKA	W/NO 3943076	28/04/2020	08/04/2020	96,399.55
155	ABDULLAHI HASSAN OSMAN	W/NO 3746283	08/10/2019	30/10/2019	378,000.00
156	ABDULLAHI HASSAN OSMAN	W/NO 3877372	17/01/2020	03/02/2020	80,000.00
157	SOLOMON MATIKO RIRO	W/NO 3746100	19/09/2019	30/09/2019	68,400.00
158	TERESIA GATHONI WATIRI	W/NO 3786289	31/10/2019	01/12/2019	184,000.00
159	TERESIA GATHONI WATIRI	W/NO 3746085	17/09/2019	25/09/2019	21,800.00
160	STEPHEN MBUGUA KABORO	W/NO 3786291	31/10/2019	01/12/2019	184,000.00
161	IRENE BONARERI MANYIBE	W/NO 3307642	26-Sep-19	06-Oct-19	26,048.00
162	KENEDY AYWA NDAYALA	W/NO 3809496	16/10/2019	24/10/2019	31,500.00
163	KINYUA KIRIMI	W/NO 3786031	01/11/2019	15/11/2019	84,000.00
164	EMMA WANJUGU NDIRANGU	W/NO 3729162	02-Sep-20	30-Jun-21	100,000.00
	GRAND TOTALS				18,446,371.95

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ANNEX II – ACCOUNTS PAYABLE- PENDING BILLS

DESCRIPTION	OUTSTANDING 2018/19	ADJUSTMENT 2019/20		OUTSTANDING 2019/20	REMARKS
	KSHS	KSHS	KSHS	KSHS	
CONSTRUCTION BUILDING	-			-	
SUB-TOTAL	-			-	
CONSTRUCTION OF CIVIL WORKS					
M/S HIGHVIEW CONTRACTORS LTD	10,770,260	(10,770,260)		-	
HIGHWAY CONTRACTORS LTD	10,447,152	-		10,447,152	
PONG AGENCIES LTD	12,080,179	(12,080,179)		-	
LUNAO ENTERPRISES	8,170,799	(8,170,799)		-	
DUNGA HILL CAMP LTD	7,290,000	-		7,290,000	
SANDHU BUILDERS & CONTRACTORS	19,329,419	(19,329,419)		-	
SIGNON GLOBAL LOGISTICS	28,635,670	(28,635,670)		-	
MECOY CONSULTANTS LTD	2,965,622	(2,965,622)		-	
SUB-TOTAL	99,689,101	(81,951,949)		17,737,152	
SUPPLY OF GOODS					
SUNNY CARAVAN SUPPLIERS	906,000	(859,138)		46,862	
GILLY FRANCO ENTERPRISES	500,000	(500,000)		-	
LORIINAH BUSINESS SYSTEMS	1,510,000	(1,431,896)		78,104	
SIRIRIA AGENCIES	904,500	(857,716)		46,785	
ONLINE VISIONERY SUPPLIES	1,629,225	(1,544,955)		84,270	
LORIINAH BUSINESS SYSTEMS	1,250,000	(1,185,344)		64,656	
TOPWISE GENERAL SUPPLIES	1,144,000	(1,144,000)		-	
BN CHEGE FLORIST	315,000	(315,000)		-	
AFROSAFE COMMUNITY	1,395,231	(1,395,231)		-	
PAIP CONSULTANCY SERVICES	796,694	-		796,694	

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SOLOH WORLD INTER-ENTERPRISE	1,500,000	(1,500,000)	-
ACK KAJADO TENEKO HOUSE	115,600	-	115,600
TOPSCORE ENTERPRISES	170,000	-	170,000
M/S KINGSWAY TYRES LTD	205,500	-	205,500
OMAERA PHAMACEUTICALS	341,576	(341,576)	-
WABSTECH ENTERPRISES	592,672	(625,000)	(32,328)
KINGSWAY TYRES LTD	140,000	-	140,000
EXXON TECHNOLOGIES	856,290	-	856,290
ALCON MED EQUIPMENT	1,466,500	(1,466,500)	-
LOWSON ENTERPRISES	1,465,000	(1,465,000)	-
MYLAN LABPHARM	1,928,300	(1,928,300)	-
MYLAN LABPHARM	1,898,000	(1,898,000)	-
LOWSON ENTERPRISES	911,200	(911,200)	-
AKIOM ENTERPRISES	3,527,400	(3,527,400)	-
LOWSON ENTERPRISES	970,000	(970,000)	-
ALCON MED EQUIPMENT	484,500	(484,500)	-
MYLAN LABPHARM	1,877,500	(1,877,500)	-
WELL SUPPLIERS	1,458,500	(1,458,500)	-
LOWSON ENTERPRISES	1,443,000	(1,443,000)	-
MYLAN LABPHARM	3,215,400	(3,215,400)	-
BECRIQUIP	970,800	(970,800)	-
ALCON MED EQUIPMENT	3,837,200	(3,837,200)	-
MYLAN LABPHARM	2,396,600	(2,396,600)	-
LOWSON ENTERPRISES	3,711,600	(3,711,600)	-
ALCON MED EQUIPMENT	1,917,800	(1,917,800)	-
TENBEAT GENERAL MERCHANT	3,300,000	(3,300,000)	-
TUSKYS SUPERMARKET	-	24,185	24,185
VAJAJA ENTERPRISE	-	1,732,500	1,732,500

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KENYA MEDICAL SUPPLIES AGENCY	-	2,599,500	2,599,500
LILWIK ENTERPRISES	-	2,883,750	2,883,750
HARTNELL AND HEINZ LIMITED	-	2,099,800	2,099,800
BETHUM GENERAL SUPPLIES	-	546,750	546,750
BAZIRE CONSTRUCTIONS LTD	-	3,453,500	3,453,500
HOOFMAN AGENCY LTD	-	33,600	33,600
ALLMED MEDICAL SUPPLIES LTD	-	2,894,180	2,894,180
SHANROK ENTERPRISES	-	162,800	162,800
JONDEWA ENTERPRISES	-	135,000	135,000
STEP AUTO TYRES AND ACCESSORIES	-	277,000	277,000
VENKAT MEDICAL SUPPLIES	-	1,302,520	1,302,520
NELKA REGIONAL VENTURES	-	2,030,000	2,030,000
NELKA REGIONAL VENTURES	-	2,520,000	2,520,000
NELKA REGIONAL VENTURES	-	1,950,000	1,950,000
DEUTERONOMY ENTERPRISE	-	497,000	497,000
KENYA MEDICAL SUPPLIES UTHORITY	-	462,364	462,364
KENYA MEDICAL SUPPLIES AUTHORITY	-	6,670,525	6,670,525
TOTAL KENYA LTD	-	700,000	700,000
WESTFIELD SUPPLIES	-	450,000	450,000
M/S KENYA ACCREDITATION SERVICES	-	513,300	513,300
UNIQUE TECHNICAL SERVICES LTD	-	4,560,000	4,560,000
UPSCALE SOLUTIONS LTD	-	1,937,500	1,937,500
TELKOM KENYA LTD	-	200,000	200,000
SUB-TOTAL	51,051,588	(7,842,781)	43,208,206
SUPPLY OF SERVICES			
TOYOTA KENYA LTD	350,512	(332,382)	18,130
WINDSOR GOLF HOTEL	2,418,300	(2,418,300)	-
ELITE TIMES VENTURES	22,800	(22,800)	-

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BRECON HUB	90,000	-	90,000
ESTEC LTD	103,298	-	103,298
AEGIS DEV. SOLUTION	3,442,188	-	3,442,188
SILKROAD AGENCIES	1,498,750	(592,500)	906,250
M/S BOMAS	165,000	(165,000)	-
AKARIM AGENCIES CO	268,605	(268,605)	-
SILVER AFRICA TOURS	59,850	(58,950)	900
MARA WAYS	35,500	-	35,500
UTALII HOTEL	553,300	(553,300)	-
ELECTRO WATTS LTD	135,720	(135,720)	-
ACCESS KENYA GROUP	468,000	-	468,000
LEGEND HOTELS LTD	1,594,000	-	1,594,000
APEX SECURITY SERVICES LTD	263,900	(263,900)	-
NAIROBI SERENA HOTEL	166,499	(166,499)	-
VIVIENNES SUPER FLORIST	574,500	(574,500)	-
AIMAT COMPANY LIMITED	331,500	(331,500)	-
LINA ENTERPRISES	55,000	(55,000)	-
RESOLUTION INSURANCE COMPANY LTD	1,563,384	-	1,563,384
SAFARICOM LIMITED	404,997	-	404,997
SAFARICOM LIMITED	119,997	-	119,997
GELIAN HOTEL, MACHAKOS	1,512,500	1,022,000	2,534,500
WINDSOR HOTEL LTD	945,000	-	945,000
PINE COURT HOTEL	769,000	-	769,000
TOYOTA KENYA LTD	152,496	-	152,496
TOYOTA KENYA LTD	15,082,000	-	15,082,000
THE KYAKA HOTEL LTD	181,085	-	181,085
PRIMATE TOURS LTD	282,445	-	282,445
PINE COURT HOTEL	122,500	-	122,500

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TOYOTA KENYA LTD	531,560	-	531,560	-	531,560
SOULCO KENYA LTD	618,015	(618,015)	-	-	-
SILVER SPRINGS HOTEL	143,600	-	143,600	-	143,600
THE LUKENYA GETAWAY	532,000	-	532,000	-	532,000
DAIRY TRAINING INSTITUTE	277,500	-	277,500	-	277,500
GELIAN HOTEL, MACHAKOS	168,000	-	168,000	-	168,000
SUN GLAM HOTEL	190,000	(200,000)	(10,000)	-	(10,000)
ST. JOHNS AMBULANCE	168,000	(168,000)	-	-	-
THE KYAKA HOTEL LTD	186,620	-	186,620	-	186,620
GLOBUS TOURS AND TRAVEL LTD	265,545	-	265,545	-	265,545
MEDIAMAX NETWORK LTD	3,294,400	(3,294,400)	-	-	-
MAVUNO (K) AUTOMASTERS LTD	498,800	-	498,800	-	498,800
SILVER AFRICA TOURS	136,280	-	136,280	-	136,280
SILVER AFRICA TOURS	146,340	(146,340)	-	-	-
SAI ROCK HOTEL	1,627,500	-	1,627,500	-	1,627,500
SAI ROCK HOTEL	5,208,000	-	5,208,000	-	5,208,000
AKARIM AGENCIES COMPANY	268,605	(268,605)	-	-	-
MBAITU 92.5 FM EASTERN BROADCASTING CORPORATION LTD	2,000,000	-	2,000,000	-	2,000,000
ROYAL MEDIA SERVICES LTD	13,982,640	(13,982,640)	-	-	-
COURT AWARD AND LEGAL FEES	40,715,355,848	-	40,715,355,848	-	40,715,355,848
PARTEC EAST AFRICA LTD	824,932,000	-	824,932,000	-	824,932,000
MADARA MOTORS	-	355,800	355,800	-	355,800
KASUKU CREATIONS & EVENTS MGT	-	10,000	10,000	-	10,000
MADARA MOTORS	-	259,840	259,840	-	259,840
NUCLEAR POWER AND ENERGY AGENCY	-	2,396,128	2,396,128	-	2,396,128
KENYA INSTRUMENTS	-	233,500	233,500	-	233,500
ATTORNEY GENERAL AND DEPT OF JUSTICE	-	1,286,390	1,286,390	-	1,286,390

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KENYA SCHOOL OF GOVT MOMBAA		904,800	904,800
FELAM GENERAL MERCHANTS		1,800,000	1,800,000
KINGS PREMIER LTD		9,207	9,207
AEGIS DEVELOPMENT SOLUTIONS LTD		152,685	152,685
UNIVERSITY OF NAIROBI ENTERPRISE AND SERVICES		8,550,000	8,550,000
THE TAKE OUT PLACE		149,640	149,640
M/S TOP CHOICE SURVAILLANCE		865,865	865,865
SUB-TOTAL	41,604,263,879	(6,789,101)	41,596,627,273
OTHER PENDING PAYABLES	-	-	-
SUB-TOTAL	-	-	-
TOTAL	41,755,004,568	(96,583,831)	41,657,572,631

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ANNEX III – SUMMARY OF FIXED ASSET REGISTER

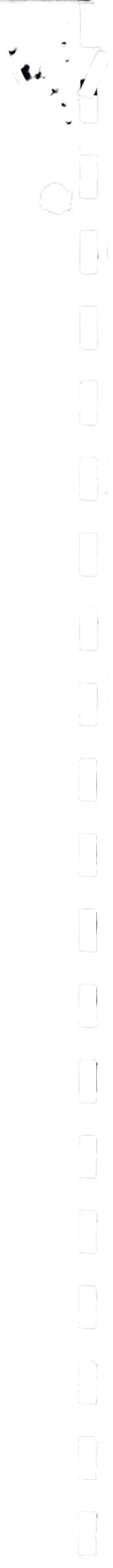
Asset class	Historical Cost b/f (Kshs) 2018/2019	Additions during the year (Kshs)	Disposals during the year (Kshs)	Transfers in/(out) during the year	Historical Cost c/f (Kshs) 2019/2020
Buildings and structures	-	151,588,885	-	-	151,588,885
Transport equipment	30,187,072	6,357,248	-	-	36,544,320
Office equipment, furniture and fittings	2,622,800	-	-	-	2,622,800
ICT Equipment	13,813,330	-	-	-	13,813,330
Machinery and Equipment	-	784,628,246	-	-	784,628,246
Intangible assets	-	-	-	-	323,169,684
Total	46,623,202	1,265,744,064	-	-	1,312,367,266

NB: The balance as at the end of the year is the cumulative cost of all assets bought and inherited by the Ministry, Department or Agency. Additions during the year should tie to note 18 on acquisition of assets during the year. Ensure this section is complete covering all the entities assets

ANNEX III- REPORTS GENERATED FROM IFMIS

The following financial Reports Generated from IFMIS should be generated and attached as appendices to these financial statements.

- i. GOK IFMIS Comparison Trial Balance
- ii. FO30 (Bank reconciliations) for all bank accounts
- iii. GOK IFMIS Receipts and Payments Statement
- iv. GOK IFMIS Statement of Financial Position
- v. GOK IFMIS Statement of Cash Flows
- vi. GOK IFMIS Notes to the Financial Statements
- vii. GOK IFMIS Statement of Budget Execution
- viii. GOK IFMIS Statement of Deposits
- ix. GOK IFMIS Budget Execution by Programme and Economic Classification
- x. GOK IFMIS Budget Execution by Heads and Programmes
- xi. GOK IFMIS Budget Execution by Programmes and Sub-programmes



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