

REPUBLIC OF KENYA



Enhancing Accountability

THE NATIONAL ASSEMBLY PAPERS LAID	
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REPORT

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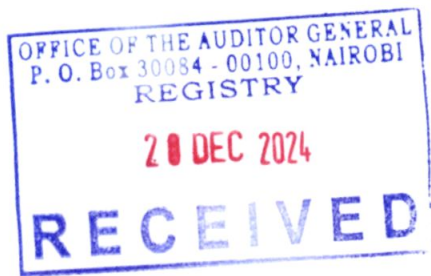
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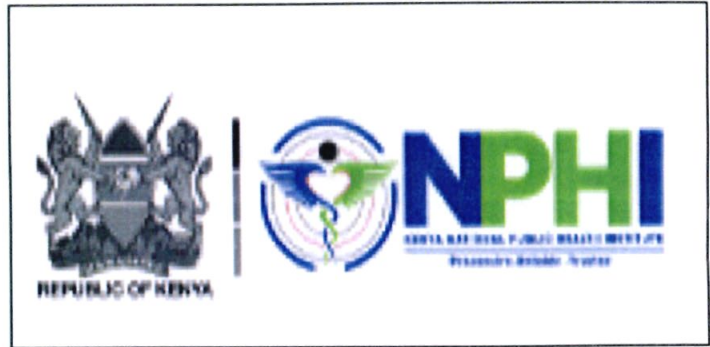
ON

KENYA NATIONAL PUBLIC HEALTH INSTITUTE

**FOR THE YEAR ENDED
30 JUNE, 2024**



Revised 30th June 2024



KENYA NATIONAL PUBLIC HEALTH INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2024

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

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Kenya National Public Health Institute
Annual Report and Financial Statements
for the year ended June 30, 2024.

Table of Contents.....	Page
1. Acronyms and Definition of Key Terms.....	iii
2. Key KNPHI Information and Management.....	v
3. The Board of Directors/Council	xi
4. Key Management Team	xv
5. Chairman's Statement	xx
6. Report of the Chief Executive Officer	xxii
7. Statement of Performance against Predetermined Objectives for FY 2023/2024.....	xxvi
9. Management Discussion and Analysis.....	xxxiv
10. Environmental and Sustainability Reporting.....	xxxv
11. Report of the Directors.....	xxxvi
13. Report of the Independent Auditor for the Financial Statements of KNPHI	xxxix
14. Statement of Financial Performance for the year ended 30 June 2024.....	1
15. Statement of Financial Position as at 30 June 2024	2
16. Statement of Changes in Net Assets for the year ended 30 June 2024	3
17. Statement of Cash Flows for the year ended 30 June 2024	4
18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2024.....	5
19. Notes to the Financial Statements	6
20. Appendices	30

1. Acronyms and Definition of Key Terms

A: Acronyms

CEO	Chief Executive Officer
DG	Director General
CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
KNPHI	Kenya National Public Health Institute
MD	Managing Director
NT	National Treasury
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
WB	World Bank
VC	Vice Chancellor

B: Definition of Key Terms

Fiduciary Management- Members of Management directly entrusted with the responsibility of financial resources of the organization.

Comparative Year- Means the prior period.

2. Key KNPHI Information and Management

(a) Background information

The Kenya National Public Health Institute (KNPHI) was established through a presidential executive order published as legal notice No. 14 in the Kenya Gazette 21 January 2022. The institute strengthens and promotes public health issues by consolidating the management and coordination of key activities in prevention, and early detection of public health emergencies and events of concern.

The institute was established because fragmented public health functions, dispersed across various sectors beyond the human health domain, result in duplication, resource wastage, and uncoordinated leadership with insufficient accountability. This fragmentation not only leads to slow response times during public health emergencies but also diminishes the effectiveness of existing public health programs.

Emerging in alignment with the contemporary global trend of consolidating response strategies to public health challenges, the KNPHI stands as a pivotal cornerstone. It assumes the crucial role of serving as the National Focal Point for the International Health Regulations (2005), thereby facilitating seamless coordination and communication on public health matters. As the primary national conduit to the World Health Organization (WHO) and various regional and international health entities, the KNPHI acts as a vital nexus, ensuring swift and effective collaboration on a global scale.

(b) Principal Activities

- i) To strengthen and promote public health issues by consolidating the management and coordination of key activities in prevention, and early detection of public health emergencies and events of concern.
- ii) To enhance and safeguard lives by defending against existing and emerging public health threats, through vigilant surveillance, evidence-based scientific innovations, and nurturing proficient, adaptable public health systems. These are elaborated in the Legal notice 00 section 5 as:

- iii) establish mechanisms to facilitate quick detection of outbreaks and emergencies ;
- iv) build appropriate response capacity to outbreaks and emergencies at the national, county, sub-county and community levels;
- v) facilitate appropriate laboratory capacity to detect and confirm conditions of concern for each level of the public health system;
- vi) establish Emergency Operation Centres to coordinate information and resources for emergency response
- vii) manage critical public health functions during non- emergency times;
- viii) conduct surveillance for priority conditions through data collection, analyses, interpretation and monitoring the implementation of public health policies and recommendations;
- ix) develop and disseminate key messages to the public in response to public health events;
 - (h) conduct vulnerability and risk assessment, and mitigate various health-threatening issues in collaboration with non- health entities including Ministries responsible for matters relating to environmental health, animal health, and trade; academic institutions and non-governmental organizations;
- x) facilitate capacity building for the public health professionals through the identification of capacity gaps and the development of relevant training programs, in collaboration with universities and other training institutions;
- xi) conduct monitoring and evaluation projects and research to identify ways to improve the public health system, including emergency response and surveillance, and to prevent public health problems from occurring including by conducting research as part of an outbreak investigation;
- xii) identify the highest priority public health research questions and ensure these are addressed in collaboration with the Ministry of Health and internal and external partners

- xiii) ensure research results are used to inform policy development, program decisions, resource prioritization and service delivery;
- xiv) support operational research on new research methodology and use of innovative technologies for improving public health; and
- xv) such other functions as the Board, with the approval of the Cabinet Secretary, may determine.

Mission

To enhance and safeguard lives by defending against existing and emerging public health threats, through vigilant surveillance, evidence-based scientific innovations, and nurturing proficient, adaptable public health systems.

Vision

“Alert today, alive tomorrow”

Core Values

- Excellence
- Resilience
- Reliability
- Trust
- Integrity
- Innovation
- Equity

a) Key Management

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

No.	Designation	Name
1.	Board of Directors/ Council/ Management etc;	
2.	Accounting officer, the Ag. Director General	Dr Kamene Kimenye
3.	Manager 1	Dr Kanana Kimonye
4.	Manager 2	Dr Isabella Ayagah

b) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2024 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	DG	Dr Kamene Kimenye
2.	Head of Corporate Services	Edith Torome
3.	Head of Finance	Hellen Ngaruiya
4.	Head of Procurement	Jane Chesang

Key KNPHI Information and Management (continued)

c) Fiduciary Oversight Arrangements

The primary organ responsible for fiduciary oversight arrangements is the Council Members. Other Government bodies and agencies also provide oversight. The Council exercised this oversight through its Committees. These were Policy, Strategy and Planning Committee, Finance, Human, Resource and Administration Committee and Audit, Risk & Compliance Committee, The key function of the Council is to guide and control the performance and management of the affairs of the Council.

Finance, Human, Resource and Administration Committee

The primary responsibility of the Finance, human resource and Administration Committee is to oversee the financial, human resource, legal and information, communication and technology advancement of the Board. The Committee reviews quarterly financial, human resource, supply chain, and information, communication and technology reports, and makes recommendations to the

Council on ways of raising and utilizing funds and establishment of systems and procedures for efficient financial management. It further advises the Council on Human Resource, ICT, Legal, Communication and Supply Chain policies and guidelines.

Policy, Strategy and Planning Committee

Risk & Compliance Committee

The Risk and Audit Committee's scope includes risk management, as well as compliance with the regulatory requirements. It broadly oversees the Institute's standards of integrity and behaviour, reporting of financial information and internal control systems.

The parent Ministry, MOH continued to play a fiduciary oversight role through approval of financial plans and budgets funded by both Donor and the exchequer.

d) KNPHI Headquarters

National Public Health Institute
Afya House Annex, KNH Grounds, Hospital Road
P.O Box 31-00202
Nairobi, Kenya

e) KNPHI Contacts

Telephone: 020-000-0000; +254718777000
E-mail: dg@nphi.go.ke
Website: www.nphi.go.ke

f) KNPHI Bankers

1. Kenya Commercial Bank
Prestige Plaza, Ngong Road
P.O. Box 41294 - 00100
NAIROBI, KENYA

Key KNPHI Information and Management (continued)

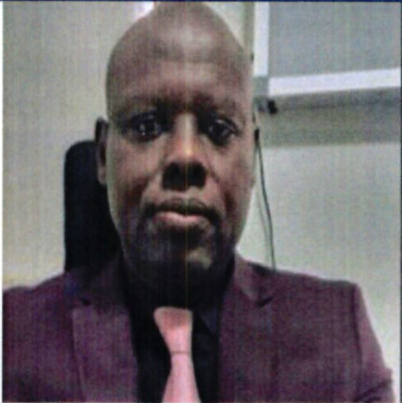
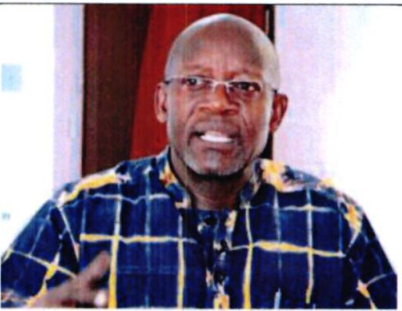

g) Independent Auditor

Auditor-General
Office of the Auditor General
Anniversary Towers, University Way
P.O.Box 30084
GPO 00100
Nairobi, Kenya


h) Principal Legal Adviser




The Attorney General
State Law Office and Department of Justice
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya



3. The Board of Directors/Council

Ref	Directors	Details
1.	 <p>Dr David Nyokabi</p>	<p>Board Chairman</p> <p>Date of Birth: 12 April 1970</p> <p>With 26+ years as a seasoned Medical Leader, Dr. David Nyokabi, has a distinguished career in Hospital Management and COVID-19 response. As the Assistant Program Director at COSECSA and a dedicated member of the Surgical Society of Kenya, his wealth of expertise aligns seamlessly with the National Public Health Institute's commitment to healthcare excellence and crisis preparedness.</p>
2.	 <p>Prof. Omu Anzala</p>	<p>Independent Member</p> <p>Date of Birth: 9 September 1959</p> <p>A distinguished professor in Medical Microbiology and Immunology, Dr Omu Anzala, contributes to advancements in infectious disease research and immunisation strategies. His commitment to public health aligns his expertise with the National Public Health Institute's mission, aiming to foster innovative solutions and education to enhance community well-being and resilience against infectious threats. He chairs the Policy, Strategy and Planning committee.</p>
3.	 <p>Dr Kunal Gohil</p>	<p>Independent Member</p> <p>Date of Birth: 14th May 1986</p> <p>A seasoned pharmacist with a profound commitment to public health. With extensive experience in pharmaceutical care, medication management, and community health initiatives, Dr Kunal Gohil, aspires to contribute his expertise to the National Public Health Institute, ensuring the optimal integration of pharmaceutical practices for the enhancement of public health outcomes and well-being. He chairs the Finance, Human Resource and Administrative committee.</p>

Kenya National Public Health Institute
Annual Report and Financial Statements
for the year ended June 30, 2024.

4.	 <p>Dr Kiguta Ng'ang'a</p>	<p>PS Ministry of Defence Representative</p> <p>Date of Birth: 1st June 1965</p> <p>A seasoned Medical Specialist proficient in Healthcare Information Technology, Clinical Research, and Laparoscopic Surgery. With a background in Medical Education and a degree from the Graduate Institute of International and Development Studies, Dr Kiguta Ng'ang'a, brings a diverse skill set that aligns with the National Public Health Institute's goals, enhancing healthcare practices and research initiatives.</p>
5.	 <p>Mr Simon Kiiriba</p>	<p>PS The National Treasury and Economic Planning Representative</p> <p>Date of Birth: 6th April 1984</p> <p>A finance expert with an MBA from Kenya Methodist University and extensive experience in public finance. Mr Simon Kiiriba has led financial operations in Meru Central District, Embu County, Muranga County and Nairobi County, overseeing key projects and decentralizing NG-CDF funds. He currently heads the Parliamentary Liaison Office at the National Treasury & Economic Planning, contributing valuable financial acumen to parliamentary audit committees. His diverse educational and professional background positions him well to contribute effectively to the initiatives of the National Public Health Institute, ensuring sound financial management for public health programs.</p>


<p>6.</p>	 <p>Counsel Elizabeth Mutsoli</p>	<p>Attorney General Representative</p> <p>Date of Birth: 9th April 1972</p> <p>As an Advocate of the High Court of Kenya with a background in law from the University of Wolverhampton and criminal justice from Texas Woman's University, Counsel Elizabeth Mutsoli, brings a diverse skill set to support the National Public Health Institute, complemented by accreditation as a mediator, fostering effective resolution strategies.</p>
<p>7.</p>	 <p>Dr Peter Mbatha</p>	<p>PS State Department of Livestock Representative</p> <p>Date of Birth: 9th May 1964</p> <p>A Veterinary professional dedicated to safeguarding public health through animal health. With expertise in disease control, zoonotic surveillance, biosafety, biosecurity and food safety. Dr Peter Mbatha, leverages his skills for the National Public Health Institute, ensuring a holistic approach to health security by addressing the critical intersection of animal and human health.</p>
<p>8.</p>	 <p>Dr Bashir Issac</p>	<p>PS State Department of Public Health and Professional Standards representative</p> <p>Date of Birth: 10th April 1970</p> <p>Is a specialised medical doctor working in the ministry of Health as the Head of Department of Family Health four Divisions. Is an Obstetrics/Gynaecology doctor, Public Health and development Practitioner. He has been trained at Kenya School of Government for Strategic Leadership Development Program (SLDP No 48) and obtained a fellowship in leadership in Maternal and RH from Tulane University School of public health and tropical Medicine Louisiana, USA. He acquired training in public health in complex emergencies from Columbia University. He chairs the Risk, Audit and Compliance committee.</p>

<p>1.</p>	 <p>Ag. DG- Dr Kamene Kimenye</p>	<p>The Director General, NPHI</p> <p>Dr. Kamene Kimenye, neck (K) is a medical doctor, public health consultant, and strategic leader currently, serving as the Director general NHPI. She holds an MPH, MBA, and MA (International Studies), Project Management, Epidemiology and Operations Research. She previously served as the Ag Head Directorate of Public Health, Head of the legislation division, and Head of the National Tuberculosis Leprosy and Lung Disease Program in the Ministry. She has managed diplomatic relations as part of the Kenyan government’s COVID-19 travel relations, negotiated various grants for Kenya and served in humanitarian health services with UNHCR and IOM amongst other accomplishments.</p>
<p>2.</p>	 <p>Edith Torome</p>	<p>The Corporation Secretary</p> <p>Edith Torome is a distinguished senior counsel and a certified public secretary in good standing. As the Chief State Counsel at the Ministry of Health, she leads a team of Attorneys, oversees legal strategy and ensures compliance with the law by the Ministry and State Agencies. Her leadership has been instrumental in implementing reforms that enhance transparency and accountability within the government. With unwavering dedication to public service, Edith has played a crucial role in shaping state legal policies and legislations. She has been the lead in the legal reforms within the health sector and in particular the Universal Health Coverage (UHC) legal reforms. She has served in several ministries as a Counsel representing the Office of the Attorney General.</p>



4. Key Management Team


	Management	Details
1.	 <p>Dr Kamene Kimenye, “ndc” (K) The Director General, KNPFI and Head of Technical team. MPH, MBA, MA, MBChB</p>	<p>Dr.Kamene Kimenye is a medical doctor, public health consultant, and strategic leader currently, serving as the Director general NHPI. She holds an MPH, MBA, and MA (International Studies), Project Management, Epidemiology and Operations Research. She previously served as the Ag Head Directorate of Public Health, Head of the legislation division, and Head of the National Tuberculosis Leprosy and Lung Disease Program in the Ministry. She has managed diplomatic relations as part of the Kenyan government’s COVID-19 travel relations, negotiated various grants for Kenya and served in humanitarian health services with UNHCR and IOM amongst other accomplishments.</p>
2.	 <p>Dr Kadondi Kasera ag. Director Public Health Intelligence and Population Health. responsible for Public health Security Intelligence, Zoonotic , NTD and Emergency Health Events, Boarder and Migration Health, Food safety and Food safety and</p>	<p>Dr.Kadondi Kasera is a seasoned public health professional with over 15 years of experience, currently serving as the Team Lead for Surveillance & Public Health Risks and Threats at the Kenya National Public Health Institute. He designs and implements a One Health surveillance system that monitors and detects diseases, showcasing his expertise in proactive risk management and response strategies. Previously, he led the Division of Communicable Diseases at the Ministry of Health, overseeing key programs like malaria and tuberculosis control, while establishing effective partnerships and monitoring systems. His experience also</p>

Kenya National Public Health Institute
Annual Report and Financial Statements
for the year ended June 30, 2024.

	<p>Antimicrobial Resistance and Infection Prevention and Control.</p>	<p>includes managing the Public Health Emergency Operations Centre during the COVID-19 pandemic, where he coordinated the national response. Dr.Kasera has contributed to global public health through consultancies, demonstrating his dedication to strategic planning, policy development, and impactful public health outcomes.</p>
<p>3.</p>	 <p>Dr Victoria Kanana Kimonye: ag. Director Public Health Emergency Preparedness and Response. Responsible for Public Health Preparedness and response, Emergency Response, Disaster&Risk management, and the National Strategic Stockpiles and product safety</p>	<p>Dr. Victoria Kanana is a Public Health Specialist (MPH- Royal Tropical Institute of Netherlands KIT) and a Medical Doctor (MBChB- University of Nairobi). Over 12 years work experience at both County (terminating as Chief officer for Health) and National level, currently at the National Public Health Institute, heading Public Health Emergency Response and Global Health Security. Health Cluster Coordinator trainer, through the W.H.O AvoHC Surge network of public health professionals, supporting the training of AvoHC Surge personnel in the African region. International Health Regulations (IHR) expert.</p>
<p>4.</p>	 <p>Dr Leonard King'wara ag. Director Biomedical Testing and Analytical Services. Responsible for Vector Borne, Parasite and Viral Infectious Diseases, Microbial and Toxic substances, Oncology, Emerging and</p>	<p>Leonard holds a BSc, Biochemistry, MPH (Epidemiology and Population Health) and PhD in Medical Microbiology. I am a member of the technical working group for the WHO's HIV drug resistance laboratory network and serve as the technical lead for the project stellar, which is funded by the Global Fund with the main objective to enhance access to diagnostic services, promote lab-based surveillance, and facilitate data management. He also has extensive experience in medical research (KEMRI and</p>

Kenya National Public Health Institute
Annual Report and Financial Statements
for the year ended June 30, 2024.

	<p>Herritable diseases and Genomics, genetics and Bioinformatics</p>	<p>NASCOP. He is the principal investigator for a grant that funds antimicrobial resistance (AMR) whole genome sequencing for SeqAfrica.</p>
<p>5.</p>	 <p>Dr Fredrick Ouma: Ag. Director Public Health Research and Informatics. Responsible for Public Health Research, Knowledge management and capitalization, Public Health data management and informatics</p>	<p>Dr Fredrick Ouma is Kenya's first pharmacist to graduate from the Field Epidemiology and Laboratory Training Program (FELTP). The widely published PhD candidate is also an investigator in several studies. Previously, he was the pioneer lead for the NPHI's National Strategic Stockpiles and Product Safety and a technical advisor to the Director of Public Health and Sanitation. He has additional certifications in Global Health Research, Leadership and Management in Global Health, and Emergency Preparedness and Response, among others.</p>
<p>6.</p>	 <p>Dr Isabella Ayagah: Ag Director Biosafety, Biosecurity and Sample Repository</p>	<p>Dr. Isabella Ayagah has 18 years working experience with Global Health Affairs, Diplomacy and Health Security. She is a trained Dental Surgeon with an MSc in International Cooperation and Humanitarian Aid. She helped establish the Global Health Security Office in the Ministry of Health as well as Africa CDC Eastern African Regional Collaborating Centre (RCC). She has also coordinated multiple bilateral and multilateral collaborations in the health sector. She is currently leading Biosafety Biosecurity and Sample Repository in the KNPPI.</p>

<p>7.</p>	 <p>George Giathi Kamau Ag. Director Strategy, Planning, Partnership, and Grants Management. Responsible for developing and executing strategic plans, cultivating partnerships, managing grants, and leading teams to achieve organisational goals, while ensuring financial sustainability and assessing impact.</p>	<p>George G Kamau holds a Bsc in Medical Laboratory sciences from Mount Kenya University and Msc in Field Epidemiology and Laboratory Training Program (FELTP, Moi University). He has over 16 years experience as a Laboratory Specialist and worked in National TB reference Laboratory for 5 years as molecular scientist and is now an Epidemiologist with extensive experience in the Ministry of Health's Rapid Response Teams for all disease outbreaks and response. He actively participated in the Covid 19 response. He has also participated in various researchers</p>
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8.	 <p>Edith Torome, SC Corporation Secretary</p>	<p>Edith Torome is a distinguished senior counsel and a certified public secretary in good standing. As the Chief State Counsel at the Ministry of Health, she leads a team of Attorneys, oversees legal strategy and ensures compliance with the law by the Ministry and State Agencies. Her leadership has been instrumental in implementing reforms that enhance transparency and accountability within the government. With unwavering dedication to public service, Edith has played a crucial role in shaping state legal policies and legislations. She has been the lead in the legal reforms within the health sector and in particular the Universal Health Coverage (UHC) legal reforms. She has served in several ministries as a Counsel representing the Office of the Attorney General.</p>
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5. Chairman's Statement

In the year 2023-2024, the Kenya NPHI has witnessed rapid acceleration towards establishment of the institute as a standalone NPHI as well as discharging her core mandate through the concerted effort of the Board with support of the management and our parent Ministry of Health. The Board embarked establishment and operationalization of the Institute through extensive consultation with relevant government agencies and development of key policy and strategic instruments and including finalisation of the Human resource instruments, development of the KNPPI strategic plan, completion of the KNPPI concept note, completion of the KNPPI brand Strategy as well as the competing the development of the KNPPI web-site. All these are geared towards setting the institute on a solid strategic path, delineating its strategic reach towards achieving our strategic goal of health security for the country.

Towards our operationalization, we continued to engage with the State department for Public Health and Professional Standards that deployed to the institute additional 20 critical staff to support the basic Institute functions. We successfully engaged in resource mobilisation to ensure the institute remains viable including the World Bank CHERP project with increased utilisation of the same.

Over the same period, we equally engaged in discharging our mandate including leading the Ministry of health's response to the effects of extended march-April-May rainfall, Assessment of the storage capacity for emergency supplies in select counties, assessment of the Point of entry's (POE) readiness to mention but a few.

As an emerging organisation, we equally faced challenges associated with delineating mandates from already existing and established frameworks and structures requiring continuous engagement and consultations. The Institute still lacks official offices and continues to operate in a temporary location without offices for key staff, posing performance challenges and the inherent risks.

It is our strong belief as a Board that we shall overcome these teething challenges once our HR instruments and organisational structure are approved and we have complete transition of the core functions of the Institute ensuring surveillance and response functions including the reference laboratory functions are transferred. We equally forward to forge stronger partnerships locally,

Kenya National Public Health Institute
Annual Report and Financial Statements
for the year ended June 30, 2024.

regionally and globally for resource mobilisation and technical cooperation towards our national and global health security.



Dr David Nyokabi

Board Chairman, KNPHI

6. Report of the Chief Executive Officer

The Kenya National Public Health Institute (NPHI) was established under the state corporation Act CAP 466 through Legal Notice No. 14, on 21st January 2022, following the COVID-19 pandemic. The NPHI was established to consolidate and coordinate key activities in public health, including prevention and early detection of public health emergencies and events of concern.

The institute is mandated to strengthen and promote public health issues by providing a centralized platform for managing and responding to outbreaks and emergencies at various levels, from national to community. NPHI will also focus on laboratory capacity, strengthen the Emergency Operation Centres, and manage critical public health functions. The creation of the NPHI provides a platform to better coordinate profiling of health issues in Kenya that allows the country to mobilize and manage resources for Public Health needs, strengthen the diagnostic capacity for laboratory detection of infectious agents, and coordinate the development of appropriate human resource capacities meant to build a critical mass of experts in the field of Public Health.

The National Public Health Institute has made significant strides towards full operationalization following the appointment of the Board, staff posting, and appointment of the Ag. Director General. During the fiscal year 2023-2024, much effort was put towards the operationalization of the NPHI with great support from the Board and the Ministry of Health.

The following are the achievements since January 2024 when staff were posted to the NPHI:

1. **Organizational Structure:** Through a consultative process, we finalized the human resource instruments for the Institute, including the organizational structure, functions, staff establishment, and career progression guidelines. The final structure and human resource instruments were shared with the Board and approved with minimal changes.
2. **Strategic Plan:** The NPHI held its first meeting on the strategic plan in which the vision and the mission were agreed on. The roadmap to guide the development has been done. A strategic plan secretariat was appointed and meets weekly. The technical support needs have been identified and terms of reference of the consultants developed. The NPHI has shared the TORs with the World Bank for funding.

3. Stakeholder mapping and engagement: Stakeholder mapping to support the development of the strategic plan has been done. Engagement of partners in disaster and disease outbreak has been going on. Meetings with different stakeholders for buy-in are ongoing.
4. Legal Framework: The NPHI has drafted a concept note for the development of the NPHI bill. Costing for the development has been done. The NPHI has secured some funding from WB and hopes to secure more through other partnerships and the Government.
5. Administration and Human Resources: The NPHI has 21 officers. The HR, accountants and legal team is mainly the state department officers. The NPHI has concluded that the HR requirements are supported by the Public Service and SCAC. Meanwhile, functions will be supported using existing staff in the divisions that will be transitioned from the Ministry per the legal notice Article 25.
6. Infrastructure- The NPHI currently has two rooms in the Afya Annex, which is inadequate for the officers. The NPHI hopes to construct the NPHI complex and is seeking land for this. Most importantly, we do NOT have a space for the Public Health Emergency Operations Centre (PHEOC), which is the driver of emergency response. The legal notice article 4 envisions that the headquarters for NPHI should be in Nairobi. The board proposed that land at the Annex with temporary installations could be allocated to the NPHI to construct the administrative headquarters while extra land is identified for the NPHI complex.
7. Funding: The National Assembly committed to provide fund to the NPHI through the supplementary budget to start off the development of the strategic plan. These funds were however not received. The NPHI is engaging other partners to get funds but the processes involving Cabinet, Attorney General and Treasury are too slow hence the NPHI risks losing funds or scaring partners who wish to collaborate with us.
8. Financial management: The NPHI received KES 34m from the ex-chequer for FY 23/24. The institute also received Kes 100m to respond to the flood situation and awaits funds from the supplementary budget. The NPHI made a request through the state department for funds worth USD 4.19M to support the NPHI preparedness efforts towards disasters and outbreaks (awaiting feedback from the Treasury). The institute has received USD 34m from the WB and applied to the Pandemic Fund (USD 24.5m) for Emergency preparedness and response.
9. Developments in health security: We are in the process of developing the National Action Plan for Health Security (NAPHS). Assessments that have so far been done include the

SPAR and the Joint External Evaluation to assess our capacity for epidemic preparedness. The NPHI concept note has been finalized. Branding instruments have also been sought.

10. Emergency response and preparedness: The institute established the Incident Command System and led the emergency response to the effects of floods and cholera. This was a crucial step as it tested the NPHI's capacity to respond. The team is now working on the post-recovery plan. Assessments of damages to the health systems in collaboration with the state department for public works are complete.
11. Experiential visits and follow-up activities: The officers, accompanied by the board, MOH officers, county, and members of the health Committee, visited the US CDC, Liberia CDC, and Ethiopia CDC. The lessons learned have been used to develop the NPHI concept note.
12. Board meetings and approvals: The board is fully constituted and has held meetings regularly. The NPHI has found the board very supportive and timely in critiquing and approving the necessary requests shared with them.

Partnerships and collaboration are key to the attainment of our mandate. Various partnerships are in place. Firstly, the Prime Cabinet Secretary signed a collaboration agreement between the US CDC and the Kenya NPHI to support its operationalization. Secondly, we have drafted an MOU with Makerere University through funds from Bill and Melinda Gates to support Public Health Workforce Development. Third, the Kenya NPHI and the Netherlands counterpart have a capacity-building statement in Biosecurity. In addition, The Kenya NPHI is working with the United Kingdom Health Security Agency (UKHSA) on a capacity-building collaboration on operational research, especially during emergency response, modelling, and data analysis using machine Learning. Other proposed areas of collaboration include Resolve to Save Lives on Epidemic preparedness, ASLMon genomics, and the University of Pittsburgh on laboratory research, a technical working group with various partners to support its operationalization and mandate implementation, and collaboration on security and health with the Kenya Defence Forces.

To fully operationalize the NPHI and discharge its mandate, we are working toward several milestones. Firstly, the staff need office space allocation. Secondly, we await the approval of the organizational structure and operational instruments (PSC). Thirdly, we are working toward the development and approval of NPHI Strategic Plan. Another critical and urgent step is the transition of functions from MOH to NPHI. To anchor the NPHI properly in law, it is essential to develop the

Kenya National Public Health Institute
Annual Report and Financial Statements
for the year ended June 30, 2024.

NPHI Bill and Policy. Furthermore, after the completion of the Joint External Evaluation (JEE), we are working on the development of the National Action Plan for Health Security (NAPHS), the establishment of a national Strategic Stockpile system and the establishment of an e-surveillance system. Finally, we hope to identify a suitable parcel of land (approximately 50 acres) for the construction and equipping of the NPHI complex.



Dr Kamene Kimenye, “ndc” (K)
Ag. Director General

7. Statement of Performance against Predetermined Objectives for FY 2023/2024-1
(Two-to-three pages)

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the national government KNPHI's performance against predetermined objectives.

The National Public Health Institute has five (5) strategic pillars/ themes/issues and objectives as defined through the legal notice. These strategic pillars/ themes/ issues are as follows:

Pillar /theme/issue 1: Public Health Intelligence and Population Health

Pillar/theme/issue 2: Public Health Emergency Preparedness and Response

Pillar/theme/issue 3: Biosafety, Biosecurity and sample Repository

Pillar/theme/issue 4: Public Health Research and Informatics

Pillar/theme/issue 5: Public Health Workforce development

These pillars are supported through Strengthened Strategy, Planning, Partnership, and Grants Management for health security.

The NPHI develops its annual work plans based on the above five pillars/Themes/Issues. It is imperative to note that 2034/24 was focused largely on the establishment and operationalization of the institute and its instruments. However, Assessment of the **institute's performance** against its annual work plan is done on a quarterly basis. The NPHI achieved its performance targets set for the FY 2023/2024 period for its three strategic pillars, as indicated in the table below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements	
Pillar /theme/issue 1: Public Health Intelligence and Population Health	To collaboratively develop a joint work plan for the NPHI and the Directorate of Public Health and Sanitation that	Joint work plan (5 th – 8 th Feb 2024)	Joint work plan (5 th – 8 th Feb 2024)	Joint work plan agreed upon and signed by key stakeholders for the NPHI.	

Kenya National Public Health Institute
Annual Report and Financial Statements
for the year ended June 30, 2024.

	optimizes resource utilization, effectiveness, and accountability for impactful public health interventions.				
	Information sharing and public engagement: Develop and maintain a user-friendly, accessible, secure website for disseminating accurate public health information.	Functional website	Website Development (12 th - 23 rd Feb 2024)	The website was successfully developed and is fully operational. It serves as an information-sharing platform for the National Public Health Institute.	
	State Party Self-assessment: Conduct a self-assessment to evaluate the capacity of the State Party to prevent, detect, and respond to health emergencies.	Completed self-assessment report	Self-assessment sessions conducted (19 th – 21 st February 2024)	A comprehensive report was submitted, and areas of improvement were identified for action.	
	POE Assessment (Points of Entry)	Completed POE	Conduct POE	POE assessment is still in progress	

Kenya National Public Health Institute
Annual Report and Financial Statements
for the year ended June 30, 2024.

	Assessment): Evaluate health measures at entry points to ensure the capacity to prevent cross-border disease transmission.	assessment	assessment (dates TBD)		
	NAPHS Development (National Action Plan for Health Security) Develop a national action plan to enhance health security capacities.	Completed NAPHS document	Draft and finalise the NAPHS document	NAPHS is in progress	
Pillar/the me/issue 2: Public Health Emergency Prepared ness and Response	Develop a response plan for the anticipated MAM heavy rains and associated health risks.	Completed response plan	Draft and implement response plan for heavy rains	Response plan developed, and readiness measures initiated to address potential health impacts.	
	Pandemic Fund Application: Secure funding to	Submission and approval of the	Develop and submit Pandemic Fund	The pandemic fund was successfully applied for, and we	

Kenya National Public Health Institute
Annual Report and Financial Statements
for the year ended June 30, 2024.

	enhance the preparedness and response capacity for future pandemics.	funding application	Application (25th-29th March; 2nd-5th April; 15th-19th April)	are awaiting feedback from the funders.	
	2nd Phase Experiential Visits Continue experiential visits to build NPHI capacity further.	Number of experiential visits conducted	2nd Phase Experiential Visits (dates TBD)	2nd round of experiential visits is still in progress	
	Joint External Evaluation: Evaluate national health security capacities using international guidelines.	Completed evaluation and report	Coordinate and conduct the Joint External Evaluation	A Joint External Evaluation is in progress	
Pillar/theme/issue 3: Strategy, Planning, Partnership, and Grants Management.	HR Instruments Development	Develop human resource instruments to support organisational management and growth.	Developed and implemented HR instruments	HR Instruments Development (26th Feb - 2nd Mar 2024; 4th - 8th Mar 2024)	New HR instruments were successfully rolled out to support NPHI operations, which is being reviewed by Public Service Commission
	NPHI Strategic	Completion	Strategic	Phase 1 of the NPHI	

Kenya National Public Health Institute
Annual Report and Financial Statements
for the year ended June 30, 2024.

	Plan (Phase 1): Develop a strategic plan to guide the NPHI's activities for the coming years.	of Phase 1 of the strategic plan	Planning Meetings	Strategic Plan was drafted and awaits stakeholder validation.	
	Board And Staff Induction: Orient new board members and staff on their roles and responsibilities.	Number of induction sessions completed	Conduct board and staff induction (dates TBD)	The board and staff are fully inducted and ready to undertake their roles.	
	Parliamentary Advocacy: Engage parliamentarians to raise awareness and secure support for public health initiatives.	Number of advocacy meetings and support gained	Advocacy sessions with parliament (dates TBD)	Parliamentary support secured for public health programs.	
	NPHI Concept Note Development Develop a concept note to outline project goals, objectives, and key activities.	Completed concept note	Write and finalise Concept Note	The concept note has been developed and is ready for submission to stakeholders.	

8. Corporate Governance Statement

The NPHI adheres to Mwongozo, the Code of Governance for State Corporations, ensuring good governance practices. The Board of Directors has been appointed in line with the provisions of the State Corporations Act and the Legal Notice establishing the Institute. The Chairperson and other Board members were appointed by the President and the Cabinet Secretary for Health, respectively, and by notice in the Kenya Gazette as required by law, ensuring all appointees meet the eligibility criteria outlined in the Legal Notice as follows:

- i. Is citizen of Kenya;
- ii. Holds a degree in a relevant field from a university recognized in Kenya;
- iii. Has proven professional knowledge and experience of not less than seven years in matters relating to public health, research, finance, wildlife management, business management, economics, or law or any other relevant field;
- iv. Has not served in the same KNPFI as an employee in the preceding five years;
- v. Does not hold a public office; and
- vi. Meets the requirements of Chapter Six of the Constitution.

Any Board member may be removed through formal revocation by the appointing authority on one or more of the following grounds:

- i. Resigns from office, by a notice, in writing, addressed to the appointing authority;
- ii. Is incapacitated by prolonged physical or mental illness or is otherwise unable to discharge the functions of a member of the Board;
- iii. Is absent from three consecutive meetings of the Board without good cause and prior apology;
- iv. Is adjudged bankrupt or enters into a composition scheme or arrangement with his creditors; or
- v. Is sentenced by a court to imprisonment for a term of six months or more.

The tenures of board members are staggered to ensure smooth transitions. A formal succession plan for both the Board and management is under development, with guidance from the State Corporations Advisory Committee (SCAC).

During the financial year, the Board held two full meetings and a special board meeting. All the meetings were quorate with five of the seven members in attendance: Dr. David Nyokabi, Prof. Omu Anzala, and Dr. Kiguta Ng'ang'a, Simon Kiriiba, Elizabeth Mutsoli, Dr. Kunal Gohil and Dr. Peter Mbatha.

The functions of the Board of Directors are to:-

- i. Manage, supervise and administer the assets of the Institute in such a manner as best promotes the purpose for which the Institute is established;

- ii. Recruit the Director-General of the Institute and other staff on such terms and conditions as may be approved by the relevant government organs;
- iii. Establish operational and administrative units for the effective functioning of the Institute;
- iv. Determine the provisions to be made for capital, and recurrent expenditure and for reserves of the Institute;
- v. Receive any grants, gifts, donations or endowments on behalf of the Institute and make legitimate disbursements therefrom;
- vi. Enter into association with such other bodies or organisations locally and internationally as the Board may consider desirable or appropriate and in furtherance of the purpose for which the Institute is established;
- vii. Open a banking account or bank accounts for the funds of the Institute; and
- viii. Perform any other function that enhances or adds value to the proper performance of the functions of the Institute.

The Board is further responsible for: -

- i. Determining the Institute's mission, vision, purpose and core values;
- ii. Reviewing, evaluating and approving the Institute's: strategic plans, work plans, budget, resource allocations, and the overall organisational structure;
- iii. Ensuring the procurement process is efficient and cost effective;
- iv. Reviewing and approving the operational and financial performance of the Institute;
- v. Ensuring effective, accurate, timely and transparent disclosure of pertinent information on the Institute's operations and performance;
- vi. Ensuring that effective processes and systems of risk management and internal controls are in place;
- vii. Periodically reviewing the Institute's strategic objectives and policies;
- viii. Adopting, implementing and monitoring compliance with the Code of Conduct and Ethics;
- ix. Enhancing the Institute's image and ensuring engagement with stakeholders through effective communication;
- x. Monitoring compliance with applicable laws, regulations and standards;
- xi. Continuously reviewing and ensuring the Institute effectively and consistently delivers on its mandate.

Four directors have completed their induction. The rest of the Board members have each been familiarized with their responsibilities as directors, board practices and principles of corporate governance. A formal induction program for the new Board members is being developed.

The Directors have undergone several capacity-building trainings, focusing on best practices, corporate governance, and public sector board operations. An annual development program is being established to address competence gaps. All the Board members are current with their continuous professional development requirements for their respective professional bodies.

Kenya National Public Health Institute
Annual Report and Financial Statements
for the year ended June 30, 2024.

An annual evaluation of the Board and its members was conducted by SCAC on 9th August, 2024. The Institute is awaiting the evaluation report from the oversight body.

The Institute is finalizing its formal Board Charter, which will be adopted upon completion, to further strengthen its governance structures. In the interim, the Board follows the sample charter provided in Mwongozo. The Board will be conducting annual governance audits to ensure compliance with the highest standards of governance.

No actual, perceived, or potential conflicts of interest have been declared by any Board member since their appointment. The Institute maintains a conflict-of-interest register, and a policy on managing conflicts of interest is currently being developed.

The Board members are remunerated according to government guidelines, including sitting allowances, daily sustenance allowances for out-of-town meetings, and any other approved allowances within the government framework.

No incidents of unethical behaviour or whistle-blowing have been reported. The Institute is in the process of updating its website to include a code of ethics, a whistle-blowing policy, and a communication policy. These measures shall aim to strengthen the Institute's ability to address unethical behaviour.

9. Management Discussion and Analysis

Compliance with Statutory requirements

NPHI has made significant strides in complying with its legal obligations. It operates under the State Corporations Act, which governs its establishment, operations, and governance, as well as other regulations/guidelines applicable to state corporations and semi-autonomous government agencies. The Institute is working to meet the requirements for periodic reporting to oversight bodies, including the submission of annual financial reports to the Office of the Auditor General and the National Treasury, as required by the Public Finance Management (PFM) Act.

The Institute adheres to Mwongozo, to maintain high standards of governance. The Board of Directors has been appointed in line with the provisions of the State Corporations Act and the Legal Notice, through the Kenya Gazette as required by law, ensuring all appointees meet the eligibility criteria. Board meetings are held regularly in compliance with statutory requirements, and decisions relating to strategic plans, budgets, and key operations are made in these meetings.

In line with the PFM Act and the Public Procurement and Asset Disposal Act, the NPHI has instituted financial and procurement systems to ensure transparency and accountability. The internal audit is intended to operate effectively, providing regular reviews of financial performance and procurement processes to ensure adherence to statutory guidelines. The financial report has been submitted for auditing, and procurement processes are aligned with the principles of cost-effectiveness and transparency.

Taking into consideration its recent inception and ongoing operationalization, the NPHI has made substantial progress in complying with statutory requirements across governance, financial management, procurement and even risk management. Continued adherence to these obligations will reinforce the Institute's accountability, transparency, and operational effectiveness. Regular internal and external audits, alongside the finalization and implementation of new policies, will further strengthen its compliance framework.

10. Environmental and Sustainability Reporting

NPHI is committed to environmental stewardship and sustainability, integrating green practices into all aspects of our operations. A key focus of our efforts in the FY 2023/2024 was flood mitigation and response. We actively engaged in designing and implementing measures that reduce flood risk in vulnerable communities and promoting the construction of flood-resistant infrastructure. Additionally, our disaster response teams are trained to provide swift assistance during extreme weather events, ensuring that affected areas receive the necessary support for recovery.

In addition to flood mitigation, we are dedicated to enhancing biodiversity and combating climate change through tree planting initiatives. Our staff participates in monthly tree planting activities in West Pokot county, focusing on reforesting areas affected by deforestation. These efforts help to restore critical ecosystems and contribute to the global fight against climate change. Through these and other sustainability efforts, NPHI strives to create lasting, positive impacts on the environment, ensuring a healthier planet for future generations.

i) Employee welfare

NPHI is guided by the Constitution of Kenya 2010, Public Service Commission of Kenya and MOH HR Policies and Procedures manuals.

ii) Market place practices-

The NPHI did not have direct engagements in the market.

Corporate Social Responsibility / Community Engagements

The Institute plays an important role in the public health intelligence and security, public health emergency preparedness and response and provision of public health training to ensure Community safety for economic development. Corporate Social Responsibility (CSR) is increasingly becoming an integral part of business today as it influences the long-term success of any organisation. In the process of carrying out our activities as an institute, we are keen to work closely with communities and other stakeholders around us, to empower, create value and better their lives.

NPHI recognizes its obligations to act responsibly, ethically and with integrity in its dealings with staff, customers, stakeholders and the environment.

11. Report of the Directors

The Directors submit their report together with the audited financial statements for the year ended June 30, 2024, which show the state of the NPHI affairs.

i) Results

The results of the KNPHI for the year ended June 30, 2024, are set out on page 25 of this document.

ii) Directors

The members of the Board of Directors who served during the year are shown on page 11. During the year 2023/24 The former Chairman of the Board, Dr Gerald Macharia was replaced by Dr David Nyokabi Ndegwa. In addition, Director Mr Joseph Muraga, PS Ministry of Health Representative was replaced by Dr Isack Bashir, and the pioneer DG Dr Francis Kuria was replaced by Dr Kamene Kimenye, as he has since moved out of MOH.

iii) Surplus remission

In accordance with Regulation 219 (2) of the Public Financial Management (National Government) Regulations, regulatory entities shall remit into the Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year.

The NPHI is not a regulator and hence no remittance to the Consolidated Fund.

iv) Auditors

The Auditor-General is responsible for the statutory audit of the KNPHI in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board

Edwin Toome
.....

Name

Corporation Secretary/Secretary to the Board

12. Statement of Directors Responsibilities

Section 81 of the Public Finance Management Act, 2012, Section 14 of the State Corporation Act and Section 19 of the Kenya National Public Health Institute Order, 2022 require the Directors to prepare financial statements in respect of that KNPHI, which give a true and fair view of the state of affairs of the KNPHI at the end of the financial year/period and the operating results of the KNPHI for that year/period. The Directors are also required to ensure that the KNPHI keeps proper accounting records which disclose with reasonable accuracy the financial position of the KNPHI. The Directors are also responsible for safeguarding the assets of the KNPHI.

The Directors are responsible for the preparation and presentation of the KNPHI's financial statements, which give a true and fair view of the state of affairs of the KNPHI for and as at the end of the financial year (period) ended on June 30, 2024. 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 KNPHI; (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 KNPHI; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the NPHI financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (the State Corporations Act) –the No14 (the Kenya National Public Health Institute Order of 2022). The Directors are of the opinion that the KNPHI's financial statements give a true and fair view of the state of NPHI transactions during the financial year ended June 30, 2024, and of the NPHI's financial position as at that date. The Directors further confirms the completeness of the accounting records maintained for the NPHI, which have been relied upon in the preparation of the KNPHI's financial statements as well as the adequacy of the systems of internal financial control.

Kenya National Public Health Institute
Annual Report and Financial Statements
for the year ended June 30, 2024.

In preparing the financial statements, the Directors have assessed the KNPHI's ability to continue as a going concern

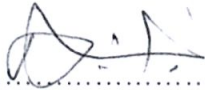
Nothing has come to the attention of the Directors to indicate that the KNPHI will not remain a going concern for at least the next twelve months from the date of this statement.

In preparing the financial statements, the Directors have assessed the KNPHI's ability to continue as a going concern (disclose, as applicable, matters relating to the use of going concern basis of preparation of the financial statements)

Nothing has come to the attention of the Directors to indicate that the KNPHI will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The NPHI financial statements were approved by the Board on 25/11/2024 2024 and signed on its behalf by:



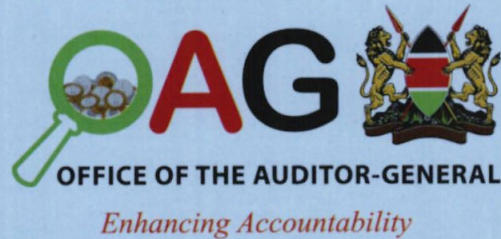
.....
Dr. David Nyokabi
Chairperson of the Board



.....
Dr. Kamene Kimenye
Accounting Officer

REPUBLIC OF KENYA

Téléphone: +254-(20) 3214000
Email: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KENYA NATIONAL PUBLIC HEALTH INSTITUTE FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;
- B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An Unmodified Opinion is issued when the Auditor-General concludes that the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management, and Governance.

The three parts of the report aim to address the Auditor-General's statutory roles and responsibilities as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kenya National Public Health Institute set out on pages 1 to 28, which comprise the statement of financial position as

at 30 June, 2024 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts 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, the financial statements present fairly, in all material respects, the financial position of Kenya National Public Health Institute as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Legal Notice No 14 of 21 January, 2022 and the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Kenya National Public Health Institute Management in accordance with ISSAI 130 on the 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 opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final budget amount of Kshs.134,000,000 while the statement of financial performance reflects actual expenditure of Kshs.97,366,611 resulting to underutilization of Kshs.36,633,389 or 27%.

The under expenditure implies that some of the planned activities and objectives of Kenya National Public Health Institute were not achieved and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Other Information

Conclusion

The Management is responsible for the other information set out on page v to xli, which comprise of Key Entity Information and Management, The Board of Directors, Key

Management Team, Chairman's Statement, Report of the Chief Executive Officer, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors and Statement of Directors Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

Basis for Conclusion

In connection with my audit on the Institute's financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply 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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015 and based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on the Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Failure to Establish Key Departments and Policies/ Manuals

During the year under review, it was noted that key departments including human resource, internal audit, procurement and legal department had not been established. In addition, the Human Resource Policy and Procedures Manual, Finance and Accounting Manual, Assets Management Policy, Transport Management Policy, Information Technology Policy and Disaster Recovery Plan had not been established.

In the circumstances, the effectiveness of internal controls, risk management and overall governance could not be confirmed.

2. Lack of Strategic Plan

During the year under year under review, the Institute did not have an approved strategic plan. This was contrary to Section 68(2) (g) of Public Finance Management Act, 2012 which states that an accounting officer shall prepare a strategic plan for the entity in conformity with the medium-term fiscal framework and fiscal policy objectives of the national government.

In the circumstances, the Institute operations may not be aligned with medium-term fiscal framework and fiscal policy objectives of the national government.

3. Lack of Proper Facilities to Perform the Institute's Mandate

The Kenya National Public Health Institute is mandated to facilitate appropriate laboratory capacity to detect and confirm conditions of concern for each level of the public health system and establish Emergency Operation Centers to coordinate information and resources for emergency response. However, during the year under review, the Institute did not have a fully equipped laboratory and had not established emergency operation centers.

In the circumstances, the effectiveness of how the Institute accomplishes its mandate could not be confirmed.

4. Lack of Risk Management Policy

During the year under review, the Institute did not have a Risk Management Policy. This is contrary to Regulation 165 of Public Financial Management (National Government) Regulations, 2015 which states that the Accounting Officer shall ensure that the National Government entity develops risk management strategies, which include fraud prevention mechanism and a system of risk management and internal control that builds robust business operations.

In the circumstances, the effectiveness of risk management could not be confirmed.

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

processes and systems of internal controls, risk management and overall 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 the Management and Board of Directors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls 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 controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Institute's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention 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 comply with the authorities which govern them and that public resources are applied in an effective way.

The Board of Directors is responsible for overseeing the Institute's financial reporting process, reviewing the effectiveness of how 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

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. 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 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 conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I consider the entity's control environment 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.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi


20 December 2024

Kenya National Public Health Institute
Annual Report and Financial Statements
for the year ended June 30, 2024.


14. Statement of Financial Performance for the year ended 30 June 2024

	Notes	2023/2024	Insert Comparative FY
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from other governments entities	6	134,000,000	-
Total revenue		134,000,000	-
Expenses			-
Use of goods and services	7	95,966,611	-
Board Expenses	8	1,400,000	-
Totalexpenditures		97,366,611	-
Surplus/(deficit)fortheperiod/year		36,633,389	-

The notes set out on pages 6 to 28 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by:


.....

Name: Dr. Kamene Kimenye
Accounting Officer

Date 19/12/2024

.....

Name: Hellen Ngaruiya
Head of Finance

ICPAK M/No:7090

Date 19/12/24

.....

Name: Dr. David Nyokabi
Chairman of the Board


Date 19/12/2024


Kenya National Public Health Institute
Annual Report and Financial Statements
for the year ended June 30, 2024.

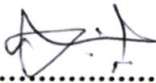
15. Statement of Financial Position as at 30 June 2024

	Notes	2023/2024	Insert Comparative FY
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash equivalents	9	42,504,114	
Total Current Assets		42,504,114	
Total Assets (A)		42,504,114	
Liabilities			
Current Liabilities			
Trade and Other Payables	10	5,870,725	
Total Current Liabilities		5,870,725	
Total Liabilities (B)		5,870,725	
Net Assets (A-B)		36,633,389	
Represented by:			
Reserves			
Accumulated Surplus		36,633,389	
Net Assets		36,633,389	

The financial statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by:


.....
Name: Dr. Kamene Kimenye
Accounting Officer


.....
Name: Hellen Ngaruiya
Head of Finance


.....
Name: Dr. David Nyokabi
Chairman of the Board

Date 19/12/2024

ICPAK M/No:7090
Date 19/12/2024

Date 19/12/2024

Kenya National Public Health Institute
Annual Report and Financial Statements
for the year ended June 30, 2024.

16. Statement of Changes in Net Assets for the year ended 30 June 2024

Description	Retained earnings	Total
	Kshs	Kshs
As at July 1, 2023	-	0
Surplus/ (deficit) for the year	36,633,389	36,633,389
As at June 30, 2023	36,633,389	36,633,389

Kenya National Public Health Institute
Annual Report and Financial Statements
for the year ended June 30, 2024.

17. Statement of Cash Flows for the year ended 30 June 2024

	Notes	Insert Current FY	Insert Comparative FY
		Kshs	Kshs
Cashflows from operating activities			
Receipts			
Transfers from other governments entities	6	134,000,000	
Total receipts		134,000,000	
Payments			
Use of goods and services	7	90,095,886	
Board Expenses	8	1,400,000	
Total payments		91,495,886	
Net cash flows from/(used in) operating activities		42,504,114	
Net increase/(decrease) in cash & Cash equivalents		42,504,114	
Cash and cash equivalents at 1 July		-	
Cash and cash equivalents at 30 June	9	42,504,114	

Kenya National Public Health Institute
Annual Report and Financial Statements
for the year ended June 30, 2024.

18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2024

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
Revenue						
Transfers from Other Governments entities	34,000,000	100,000,000	134,000,000	134,000,000	0	100%
Total Income	34,000,000	100,000,000	134,000,000	134,000,000	0	100%
Expenses						
Use of Goods and Services	32,000,000	100,000,000	132,000,000	95,966,611	36,033,389	27%
Remuneration of Directors	2,000,000	-	2,000,000	1,400,000	600,000	30%
Total Expenditure	34,000,000	100,000,000	134,000,000	97,366,611	36,633,389	73%
Surplus for the period				36,633,389	36,633,389	73%

Budget Notes

The original budget of the financial year 2023-2024 of 34 million was exhausted in full by the Kenya National Public Health Institute. The additional amount of 100 Million that was approved for disaster response following the March April May long rains was underutilised as at 30th June 2024 as the amount was transferred to the Kenya National Public Health Institute KCB Bank account number 1323795707 on 18th June 2024 from the State Department for Public Health and Professional Standards.

19. Notes to the Financial Statements

1. General Information

Kenya National Public Health Institute is established by and derives its authority and accountability from Legal Notice 14 of 2022. The KNPHI is wholly owned by the Government of Kenya and is domiciled in Kenya. The KNPHI's principal activity is to establish mechanisms to facilitate quick detection of outbreaks and emergencies; build appropriate response capacity to outbreaks and emergencies at the national, county, sub-county and community levels;

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Kenya National Public Health Institute accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Kenya National Public Health Institute. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2024.

There were no new and amended standards issued in the financial year.

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024

Standard	Effective date and impact:
IPSAS 43	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an KNPHI.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p>Applicable 1st January 2025</p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
IPSAS 45- Property Plant	<p>Applicable 1st January 2025</p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment.</p>

Kenya National Public Health Institute
Annual Report and Financial Statements
for the year ended June 30, 2024.

Standard	Effective date and impact:
and Equipment	<p>IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
IPSAS 46 Measurement	<p>Applicable 1st January 2025</p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47- Revenue	<p>Applicable 1st January 2026</p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an KNPHI shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
IPSAS 48-	<p>Applicable 1st January 2026</p>

Kenya National Public Health Institute
Annual Report and Financial Statements
for the year ended June 30, 2024.

Standard	Effective date and impact:
Transfer Expenses	The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS 49- Retirement Benefit Plans	Applicable 1st January 2026 The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.

iii. Early adoption of standards

The KNPHI did not early – adopt any new or amended standards in the financial year 2023-2024.

Notes to the financial statements (continued)

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Kenya National Public Health Institute and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

ii) Revenue from exchange transactions

Rendering of services

The Kenya National Public Health Institute recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies(Continued)

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to the KNPHI.

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life **of the financial asset to that asset's** net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the KNPHI's right to receive payments is established.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

b) Budget information

The original budget for the Current FY was approved by the National Assembly. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the KNPHI upon receiving the respective approvals in order to conclude the final budget.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Budget information (continued)

The KNPHI budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 0 of these financial statements.

c) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the KNPHI operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

d) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the KNPHI recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

e) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the KNPHI. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The KNPHI also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the KNPHI will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the KNPHI. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

f) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

g) Research and development costs

The KNPHI expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the KNPHI can demonstrate:

- i) The technical feasibility of completing the asset so that the asset will be available for use or sale.
- ii) Its intention to complete and its ability to use or sell the asset.
- iii) How the asset will generate future economic benefits or service potential
- iv) The availability of resources to complete the asset.
- v) The ability to measure reliably the expenditure during development.

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

h) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The KNPHI does not have any hedge relationships and therefore **the new hedge accounting rules have no impact on the Company's financial statements.** A financial instrument is any contract that gives rise to a financial asset of one KNPHI and a financial liability or equity instrument of another KNPHI. At initial recognition, the KNPHI measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

a) Financial assets

Classification of financial assets

The KNPHI classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the KNPHI's **management model for financial assets and the contractual** cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an KNPHI has made irrevocable election at initial recognition for particular investments in equity instruments.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Subsequent measurement

Based on the business model and the cash flow characteristics, the KNPHI classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the KNPHI manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Impairment

The KNPHI assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The KNPHI recognizes a loss allowance for such losses at each reporting date

b) Financial liabilities

Classification

The KNPHI classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

i) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- i) Raw materials: purchase cost using the weighted average cost method.
- ii) Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of

operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the KNPHI.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

j) Provisions

Provisions are recognized when the KNPHI has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the KNPHI expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

k) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The KNPHI recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the KNPHI will incur in fulfilling the present obligations represented by the liability.

l) Contingent liabilities

The KNPHI does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

m) Contingent assets

The KNPHI does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the KNPHI in the notes to the financial

Kenya National Public Health Institute
**Annual Report and Financial Statements
for the year ended June 30, 2024.**

statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that **an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably**, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)

n) Changes in accounting policies and estimates

The KNPHI recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

o) Employee benefits

Retirement benefit plans

The KNPHI provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an KNPHI pays fixed contributions into a separate KNPHI (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

p) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting

Kenya National Public Health Institute
Annual Report and Financial Statements
for the year ended June 30, 2024.

of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

Kenya National Public Health Institute
**Annual Report and Financial Statements
for the year ended June 30, 2024.**

Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)

q) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

r) Related parties

KNPHI operates as a Semi -Autonomous Government Agency under the State Department for Public Health and Professional Standards.

s) Service concession arrangements

The KNPHI analyses all aspects of service concession arrangements that it enters in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the KNPHI recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the KNPHI also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

t) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash impress and advances to authorise public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

u) Comparative figures

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

v) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2024.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the KNPHI's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. State all judgements, estimates and assumptions made:

Estimates and assumptions.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The KNPHI based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the KNPHI. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual value

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- a) The condition of the asset based on the assessment of experts employed by the KNPHI.
- b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- c) The nature of the processes in which the asset is deployed.
- d) Availability of funding to replace the asset.
- e) Changes in the market in relation to the asset

Kenya National Public Health Institute
Annual Report and Financial Statements
for the year ended June 30, 2024.

Notes to the Financial Statements (Continued)

6. Transfers from Other Government entities

Description	2023-2024	Insert Comparative FY
	KShs	KShs
Unconditional Grants		
Operational Grant	34,000,000	
Other Grants	100,000,000	
Total Unconditional Grants	134,000,000	
Total Government Grants And Subsidies	134,000,000	

The operational grant of 34 million was the amount budgeted for Kenya National Public Health Institute under vote 1083- State Department for Public Health and Professional Standards.

An additional amount of 100 million was issued to Kenya National Public Health Institute for emergency response during the March-April-May long rains. The amount was recognized on 17th June 2024

a) Transfers from Ministries, Departments and Agencies (MDAs)

Name of The Entity Sending The Grant	Amount recognized to Statement of Financial performance. *	Amount deferred under deferred income.	Amount recognised in capital fund.	Total transfers 2023-2024	Insert Comparative FY
	KShs	KShs	KShs	KShs	KShs
State Department for Public Health and Professional Standards	134,000,000	-	-	134,000,000	-
Total	134,000,000	-	-	134,000,000	-

Kenya National Public Health Institute
Annual Report and Financial Statements
for the year ended June 30, 2024.

Notes to the Financial Statements (Continued)

7. Use of Goods and Services

Description	2023/2024	Insert Comparative FY
	Kshs	Kshs
Hospitality	2,405,000	0
Travel, Subsistence & Other Allowances*	33,788,258	0
Bank charges	64,642	0
Other General Expenses	59,708,712	0
Total use of goods and services	95,966,611	

Use of goods is comprised of hospitality, travel and subsistence, bank charges and general suppliers paid in the FY2023/2024.

7 b) Use of Goods and Services

Description	2023-2024	Insert Comparative FY
	Kshs	Kshs
Total use of Goods and services	96,019,102	0
Less accrued payables	(5,870,725)	0
Total use of goods and services	90,095,886	0

8. Board Expenses

Description	2023-2024	Insert Comparative FY
	Kshs	Kshs
Chairman Honoraria	1,176,000	-
Sitting Allowances	224,000	-
Total	1,400,000	-

Board expenses comprises of Chairman Honoraria and sitting allowances.

Kenya National Public Health Institute
Annual Report and Financial Statements
for the year ended June 30, 2024.

Notes to the Financial Statements (Continued)

9. Cash and Cash Equivalents

Description	2023-2024	Insert Comparative FY
	Kshs	Kshs
Current Account	42,504,114	-
Total Cash And Cash Equivalents	42,504,114	-

Cash and cash equivalents represents the bank balance as at 30th June 2024.

Detailed Analysis of the Cash and Cash Equivalents

Financial Institution	Account number	2023-2024	Insert Comparative FY
		Kshs	Kshs
a) Current Account			
Kenya Commercial Bank	1323795707	42,504,114	0
Grand Total		42,504,114	0

Notes to the Financial Statements

10. Trade and Other Payables

Description	2023-2024		Insert Comparative FY	
	Kshs		Kshs	
Trade payables	5,870,725		0	
Total trade and other payables	5,870,725		0	
Ageing analysis: (Trade and other payables)	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	5,870,725	100%	0	%
Total (tie to above total)	5,870,725		0	

11. Cash Generated from Operations

Description	2023-2024	Insert Comparative FY
	Kshs	Kshs
Surplus for the year before tax	36,633,389	0
Adjusted for:		
Depreciation	0	0
Non-cash grants received	(0)	(0)
Contributed assets	(0)	(0)
Impairment	0	0
Gains and losses on disposal of assets	(0)	(0)
Contribution to provisions	0	0
Contribution to impairment allowance	0	0
Working capital adjustments		
Increase in inventory	(0)	(0)
Increase in receivables	(0)	(0)
Increase in deferred income	0	0
Increase in payables	5,870,725	0
Increase in payments received in advance	0	0
Net cash flow from operating activities	42,504,114	0

12. Financial Risk Management

The KNPHI's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The KNPHI's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The KNPHI does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history. The KNPHI's financial risk management objectives and policies are detailed below:

i) Credit risk

The KNPHI has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its

Kenya National Public Health Institute
Annual Report and Financial Statements
for the year ended June 30, 2024.

financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the KNPHI's **management based on prior experience and their assessment of the current economic environment.**

Financial Risk Management

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the KNPHI has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The KNPHI has significant concentration of credit risk on amounts due from 0. The board of directors sets the KNPHI's **credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.**

ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the KNPHI's **directors, who** have built an appropriate liquidity risk management framework for the management of the KNPHI's **short, medium and long-term** funding and liquidity management requirements. The KNPHI manages liquidity risk through continuous monitoring of forecasts and actual cash flows. The table below represents cash flows payable by the KNPHI under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
As at 30th June (Current FY)				
Trade payables	5,870,725	0	0	0
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred income	0	0	0	0
Employee benefit obligation	0	0	0	0

Kenya National Public Health Institute
Annual Report and Financial Statements
for the year ended June 30, 2024.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
Total	5,870,725	0	0	0
As at 30th June(Previous FY)				
Trade payables	0	0	0	0
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred income	0	0	0	0
Employee benefit obligation	0	0	0	0
Total	5,870,725	0	0	0

Kenya National Public Health Institute
Annual Report and Financial Statements
for the year ended June 30, 2024.

20. Appendices

Appendix1: Implementation Status of Auditor-General’s Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

No previous year audit report

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Director General

Date:

Kenya National Public Health Institute
Annual Report and Financial Statements
for the year ended June 30, 2024.

Appendix IV: Transfers from Other Government Entities

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
					Capital Fund	Deferred Income	Receivables	Others - must be specific	
State Department for Public Health and Professional Standards	15/02/2024	Recurrent	8,500,000	8,500,000	0	0	0	0	8,500,000
	14/03/2024	Recurrent	8,500,000	8,500,000					8,500,000
	15/04/2024	Recurrent	8,500,000	8,500,000					8,500,000
	03/05/2024	Recurrent	8,500,000	8,500,000					8,500,000
	18/06/2024	Recurrent	100,000,000	100,000,000					100,000,000
									134,000,000

Kenya National Public Health Institute
Annual Report and Financial Statements
for the year ended June 30, 2024.

Appendix VII: Reporting on Disaster Management Expenditure

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments
		Floods	Disaster Response and recovery	0-1083-0020-01-2210303-0406039999	6,040,300	Daily subsistence allowance
		Floods	Disaster Response and recovery	0-1083-0020-01-2210301-0406039999	5,456,000	Travel Costs
		Floods	Disaster Response and recovery	0-1083-0020-01-2210302-0406039999	2,984,996	Accommodation Domestic travel
		Floods	Disaster Response and recovery	0-1083-0020-01-2640201-0406039999	17,424,209.85	Food ration, Medicine
		Floods	Disaster response and mitigation	0-1083-0020-01-2211002-0406039999	20,445,500	Dressing and non-pharmaceutical medical items
		Floods	Disaster response and mitigation	0-1083-0020-01-2211008-0406039999	8,000,290	Laboratory Materials, Supplies and Small Equipment

Kenya National Public Health Institute
Annual Report and Financial Statements
for the year ended June 30, 2024.

		Floods	Disaster response and mitigation	0-1083-0020-01-2211399-0406039999	3,055,000	Other operating expenses
		Floods	Disaster response and mitigation	0-1083-0020-01-2211201-0406039999	5,899,788	Fuel
					69,306,084.50	

