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**REPORT**  
**OF**  
**THE AUDITOR-GENERAL**  
**ON**  
**PUBLIC OFFICERS MEDICAL**  
**SCHEME FUND**  
**FOR THE YEAR ENDED**

<b>30 JUNE, 2025</b>	
THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 26 FEB 2026	DAY. THUR
TABLED BY:	DEPUTY MAJORITY WHIP
CLERK-AT THE-TABLE:	V. WAMBOL



OFFICE OF THE AUDITOR GENERAL  
P.O. Box 30084 - 00100, NAIROBI  
RECORDS OFFICE

17 DEC 2025

**SHA**

Social Health  
Authority

*Bima Bora, Afya Nyumbani*

RECEIVED

# PUBLIC OFFICERS MEDICAL SCHEME FUND

## ANNUAL REPORT & FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2025

PREPARED IN ACCORDANCE WITH THE ACCRUAL BASIS OF ACCOUNTING METHOD  
UNDER THE INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

**PUBLIC OFFICERS MEDICAL SCHEME FUND**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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<b>TABLE OF CONTENTS</b>	<b>PAGE</b>
1. ACRONYMS AND DEFINITION OF KEY TERMS .....	ii
2. KEY INFORMATION .....	iv
3. THE BOARD OF DIRECTORS .....	x
4. KEY MANAGEMENT TEAM.....	xvii
5. FIDUCIARY MANAGEMENT .....	xxi
6. FIDUCIARY OVERSIGHT ARRANGEMENTS.....	xxi
7. CHAIRMAN'S STATEMENT.....	xxiii
8. REPORT OF THE CHIEF EXECUTIVE OFFICER .....	xxv
9. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2024/25 .....	xxvii
10. CORPORATE GOVERNANCE STATEMENT .....	xxx
11. MANAGEMENT DISCUSSION AND ANALYSIS .....	xxxvii
12. ENVIRONMENTAL AND SUSTAINABILITY REPORTING.....	xl
13. REPORT OF THE BOARD OF DIRECTORS .....	xliv
14. STATEMENT OF DIRECTORS' RESPONSIBILITIES .....	xlvi
15. REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF PUBLIC OFFICERS MEDICAL SCHEME FUND FOR THE YEAR ENDED 30TH JUNE 2025 .....	xlviii
16. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30TH JUNE 2025 .....	1
17. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2025.....	2
18. STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2025 .....	3
19. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2025.....	4
20. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30 JUNE 2025	5
21. NOTES TO THE FINANCIAL STATEMENTS.....	7
22. APPENDICES.....	22

# **PUBLIC OFFICERS MEDICAL SCHEME FUND**

## **Annual Report and Financial Statements for the year ended June 30, 2025**

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### **1. ACRONYMS AND DEFINITION OF KEY TERMS**

#### **A. Acronyms**

The following list of acronyms shall be used in the annual report and financial statements of the Public Officers Medical Scheme Fund. They comprise as follows: -

<b>SHA</b>	<b>Social Health Authority.</b>
<b>AUTHORITY</b>	<b>Refers to the Social Health Authority.</b>
<b>POMSF</b>	<b>Refers to the Public Officers Medical Scheme Fund.</b>
<b>FUND</b>	<b>Refers to the Public Officers Medical Scheme Fund.</b>
<b>GOK</b>	<b>Government of Kenya.</b>
<b>MOH</b>	<b>Ministry of Health.</b>
<b>COG</b>	<b>Council of Governors.</b>
<b>OCOB</b>	<b>Office of the controller of Budget.</b>
<b>OAG</b>	<b>Office of the Auditor General.</b>
<b>DCI</b>	<b>Directorate of Criminal Investigation.</b>
<b>CS</b>	<b>Cabinet Secretary.</b>
<b>PS</b>	<b>Principal Secretary.</b>
<b>CEO</b>	<b>Chief Executive Officer</b>
<b>DF&amp;FM</b>	<b>Director, Finance &amp; Funds Management</b>
<b>HOD</b>	<b>Head of Department.</b>
<b>IFRS</b>	<b>International Financial Reporting Standards.</b>
<b>IPSAS</b>	<b>International Public Sector Accounting Standards.</b>
<b>IAS</b>	<b>International Accounting Standards.</b>
<b>IBNR</b>	<b>Incurred But Not Reported.</b>
<b>OCR</b>	<b>Outstanding claims reserves.</b>
<b>PFM</b>	<b>Public Finance Management.</b>
<b>PPADA</b>	<b>Public Procurement and Asset Disposal Act.</b>
<b>OCR</b>	<b>Outstanding Claims Reserves.</b>
<b>COTU</b>	<b>Central Organization of Trade Union.</b>
<b>FKE</b>	<b>Federation of Kenya Employers.</b>
<b>CPAK / CPA.</b>	<b>Certified Public Accountant of Kenya / Certified Public Accountant.</b>
<b>CPS / CS.</b>	<b>Certified Public Secretary / Certified Secretary.</b>
<b>KISM</b>	<b>Kenya Institute of Supplies Management.</b>
<b>NHS</b>	<b>National Health Scheme.</b>
<b>UHC</b>	<b>Universal Health Coverage.</b>
<b>HCP</b>	<b>Health Care Provider.</b>
<b>CHPs</b>	<b>Community Health Promoters.</b>
<b>CHVs</b>	<b>Community Health Volunteers.</b>
<b>CHWs</b>	<b>Community Health Workers.</b>
<b>MOU</b>	<b>Memorandum of Association.</b>
<b>OHS</b>	<b>Occupational Health &amp; Safety.</b>
<b>SBP</b>	<b>Special benefit packages.</b>
<b>FY</b>	<b>Financial Year.</b>
<b>KES</b>	<b>Kenyan Shilling.</b>
<b>ERP</b>	<b>Enterprise Resource Planning System.</b>
<b>QVTERM</b>	<b>NHIF ERP.</b>
<b>REP.</b>	<b>Representative.</b>
<b>AG.</b>	<b>Acting.</b>
<b>NG-CDF</b>	<b>National Government Constituencies Development Fund.</b>
<b>KRA</b>	<b>Kenya Revenue Authority.</b>
<b>USAID</b>	<b>United States Agency for International Development</b>

# ***PUBLIC OFFICERS MEDICAL SCHEME FUND***

***Annual Report and Financial Statements for the year ended June 30, 2025***

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## **B. Definition of Terms**

The following list of definitions of terms shall be used in the annual report and financial statements of the Social Health Authority, Public Officers Medical Scheme Fund. They comprise as follows: -

**Fiduciary Management** Members of Management directly entrusted with the entity's financial resources.

**Comparative Year** Means the prior period.

**Funds** Means either amounts/ figures or balances being discussed.



# **PUBLIC OFFICERS MEDICAL SCHEME FUND**

## **Annual Report and Financial Statements for the year ended June 30, 2025**

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### **2. KEY INFORMATION**

#### **a) Background information**

The Social Health Authority (SHA), established through the enactment of the Social Health Insurance Act, No. 16 of 2023, represents a critical shift in Kenya's healthcare financing framework. It replaces the National Health Insurance Fund (NHIF) and aims to provide equitable, comprehensive, and sustainable healthcare financing aligned with the constitutional right under Article 43(1)(a), the right to the highest attainable standard of health.

The SHA is designed to advance Universal Health Coverage (UHC) by eliminating financial barriers to healthcare, addressing systemic inefficiencies, and ensuring that all Kenyans can access quality health services without suffering catastrophic out-of-pocket expenditure.

The Social Health Insurance Act, 2023, mandates the establishment of the Social Health Authority as a statutory body to oversee and administer a unified health financing mechanism.

This framework is in line with the Government of Kenya's health sector reforms, and it is built on three dedicated health funds:

- I. Primary Healthcare Fund (PHCF)
- II. Social Health Insurance Fund (SHIF)
- III. Emergency, Chronic, and Critical Illness Fund (ECCIF)

Collectively, these three funding streams embody the SHA's strategic priorities: financial protection from excessive out-of-pocket expenditure, equity in access through standardized tariffs across all sectors public, private, and faith-based, and a comprehensive continuum of care that spans preventive, promotive, curative, rehabilitative, and palliative services. The adoption of fixed tariffs and annual service caps further reinforces sustainability, safeguarding the long-term viability of the scheme.

#### **I. Public Officers Medical Scheme Fund**

The Public Officers Medical Scheme Fund (POMSF) was established under the Public Finance Management (PFM) Act, 2012 as a fund to cater for the medical needs of Public Officers in Kenya. The Fund replaces the phased-out Comprehensive Medical Insurance Scheme for Civil Servants and is intended to provide sustainable, equitable, and quality healthcare coverage for all Government employees.

## ***PUBLIC OFFICERS MEDICAL SCHEME FUND***

### ***Annual Report and Financial Statements for the year ended June 30, 2025***

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SHA, is mandated with managing health insurance funds, and has the institutional mandate to oversee the design, administration, and monitoring of POMSF. The fund targets national and county government employees, constitutional office holders, and other eligible public officers, in line with national UHC priorities.

#### **b) Principal Activities**

##### **Vision**

Affordable and accessible quality healthcare for all Kenyans.

##### **Mission**

To ensure every Kenyan has access to quality and affordable healthcare by managing transparent, equitable, and sustainable health financing systems.

##### **Customer Service Charter**

Following the transition from the National Health Insurance Fund (NHIF) to the Social Health Authority (SHA) in October 2024, the implementation of the Citizens' Service Delivery Charter (CSC) under the FY 2024/25 Performance Contract experienced delays. Between July and October 2024, NHIF displayed the CSC at all access points and on the Huduma portal and initiated quarterly reporting on service standards. However, with the operational shift to SHA, key structures, systems, and service delivery processes were redefined to align with the new mandate under the Social Health Insurance Act, 2023.

As a result of this transition, SHA was unable to complete all the deliverables outlined in the Performance Contract during the financial year, particularly the full development and rollout of the Citizens' Service Delivery Charter. The team worked on mapping and restructuring processes to ensure the Charter aligned with SHA's new roles and service standards. SHA is committed to finishing this work in the next period to maintain service quality and transparency.

# **PUBLIC OFFICERS MEDICAL SCHEME FUND**

## **Annual Report and Financial Statements for the year ended June 30, 2025**

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### **Core Values**

The following are our values and are essential and must be upheld as they are key to corporate culture and identity:



**Integrity:** Upholding honesty, ethical conduct, and strong moral principles in all operations.



**Customer-Centric:** Putting members' and stakeholders' needs at the centre of service delivery.



**Accountability:** Taking full responsibility for resources, actions, and outcomes with transparency.



**Responsiveness:** Acting swiftly and effectively to stakeholder needs, concerns, and feedback.



**Excellence:** Consistently striving for high standards, continuous improvement, and embracing technology-driven solutions.

**SHA** | Social Health Authority  
*Bima Bora, Afya Nyumbani*

**TO REGISTER**

DIAL \*147#  
[www.SHA.go.ke](http://www.SHA.go.ke)

SCAN HERE

## **PUBLIC OFFICERS MEDICAL SCHEME FUND**

### **Annual Report and Financial Statements for the year ended June 30, 2025**

#### **c) Board of Directors**

The Board of Directors are representatives of all key stakeholders and are charged with the running of the organization through policy formulation and decision making on all policy matters. Following the enactment of the Social Health Insurance Act, No. 16 of 2023, on 19th October 2023 and coming into force on 22nd November 2023, the representation of the Board in the Financial Year 2024/2025 comprised as follows.

	<b>NAME</b>	<b>TITLE/ REPRESENTING</b>	<b>DATE OF APPOINTMENT</b>
1.	Dr. Mohamed Abdi Mohamed	Chairperson	17 <sup>th</sup> September 2024
2.	Dr. Ouma Oluga	PS, Medical Services, Ministry of Health	17 <sup>th</sup> April 2025
3.	Dr. Andrew Mulwa	Alternate - PS Medical Services	18 <sup>th</sup> March 2025
4.	Mr. Samuel Kiptorus	Alternate - PS National Treasury	22 <sup>nd</sup> November 2023
5.	Dr. Patrick Amoth	Director General for Health, Ministry of Health	22 <sup>nd</sup> November 2023
6.	Dr. Francis Atwoli	Central Organization of Trade Unions	22 <sup>nd</sup> November 2023
7.	Ms. Jacinta Kathamu Mutegi	Consortium of Healthcare Providers	22 <sup>nd</sup> November 2023
8.	Mr. Gerald Macharia	Council of Governors	29 <sup>th</sup> August 2024
9.	Dr. Ibrahim Matende	CS, Ministry of Health Appointee	3 <sup>rd</sup> October 2024
10.	Dr. Angela Ndunge	CS, Ministry of Health Appointee	22 <sup>nd</sup> November 2024
11.	Ms. Roselyn Mungai	Rep. CEC Health Caucus	28 <sup>th</sup> March 2025
12.	Dr. Mercy Mwangangi	Chief Executive Officer/ Ex-Officio Member	11 <sup>th</sup> April 2025
13.	CS. Terry Rotich	Ag. Corporation Secretary/ Secretary	22 <sup>nd</sup> November 2023

The following members of the Board also served during the year under review.

	<b>NAME</b>	<b>TITLE/ REPRESENTING</b>	<b>DATE OF EXIT</b>
1.	Dr. Timothy Olweny	Chairman	17 <sup>th</sup> September 2024
2.	Mr. Harry Kachuwai Kimtai	PS, Medical Services, Ministry of Health	17 <sup>th</sup> April 2025
3.	Dr. Zeinab Gura	Rep. PS Medical Services, MOH	17 <sup>th</sup> March 2025
4.	Dr. Abdi Mohamed	CS Appointee	17 <sup>th</sup> September 2024
5.	Ms. Linda Gebson	Rep. Council of Governors	29 <sup>th</sup> August 2024
6.	Dr. Zakayo Kariuki Gichuki	Rep CEC Health Caucus	12 <sup>th</sup> November 2024
7.	Mr. Elijah Wachira	Chief Executive Officer/ Ex-Officio Member	30 <sup>th</sup> April 2025
8.	CPA. Robert Ingasira	Ag. Chief Executive Officer/Ex-Officio member	30 <sup>th</sup> May 2025

**PUBLIC OFFICERS MEDICAL SCHEME FUND**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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**d) Other Key Information of the Fund**

**Social Health Authority**

**Chief Executive Officer**

Dr. Mercy Mwangangi  
P.O. Box 30443, 00100  
Nairobi.

**Ag. Corporation Secretary**

CS. Terry Rotich  
P.O. Box 30443-00100  
Nairobi.

**Registered Offices**

SHA Building  
Ragati Road, Upper Hill  
Nairobi, Kenya.

**Fund Contacts**

Telephone: 0202793003 / 0800720601  
E-mail address: info@sha.go.ke  
Website: www.sha.go.ke

**Corporate Bankers**

**National Bank of Kenya**

Hill Branch  
P.O. Box 45219-00100  
Nairobi, Kenya.

**Co-operative Bank of Kenya**

Parliament Road Branch  
P.O. Box 5772-00200  
Nairobi, Kenya.

**Kenya Commercial Bank**

Moi Avenue Branch  
P.O. BOX 30081-00100  
Nairobi, Kenya.

**Equity Bank Limited**

Community Branch  
P.O. Box 8181-00100  
Nairobi, Kenya.

**NCBA Bank Kenya Plc**

Mara Rd, Upper hill  
P.O. Box 44599-00100  
Nairobi, Kenya.

**Sidian Bank**

Wood avenue, Kilimani  
P.O. Box 25363-00603  
Nairobi, Kenya.

**ABSA Bank Kenya Plc**

ABSA Towers, Westlands  
P.O. Box 30120-00100  
Nairobi, Kenya.

**Diamond Trust Bank**

Capital Centre, Mombasa Road  
P.O. Box 61711 -00200  
Nairobi, Kenya.

**Independent Auditors**

**Auditor General**

Anniversary Towers,  
University Way  
P.O. Box 30084, GPO 00100  
Nairobi, Kenya.

## **PUBLIC OFFICERS MEDICAL SCHEME FUND**

**Annual Report and Financial Statements for the year ended June 30, 2025**

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### **Principal Legal Advisers**

#### **The Attorney General**

State Law Office  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya

#### **Robson Harris Advocates LLP**

P.O. Box 67845-00200, Nairobi  
Tel: 0722218900

#### **Moronge & Company Advocates**

P. O. Box 44289-00200, Nairobi  
Tel: 0740270440

#### **Rachier & Amollo advocates**

P.O. Box 55645-00200 Nairobi  
Tel: 254722204778

#### **Masire & Mogusu Advocates**

P.O. Box 18267-00100 Nairobi  
Tel: 0202210040

#### **Ogejo, Omboto & Kijala Company Advocates**

P.O. Box 45442-00100, Nairobi  
Tel: 0735230723

#### **Kipkenda & Company Advocates**

P.O. Box 56832-00200 Nairobi  
Tel: 254 022210647

#### **Eno Omoti & Company Advocates**

P.O. Box 11118-00200 Nairobi  
Tel: 254202241048

#### **Murugu, Rigoro & Co Advocates**

P.O. Box 13715-00100 Nairobi  
Tel: 0722587795

#### **G & A Advocates**

P.O. Box 22966-00100 Nairobi  
Tel: 0719851555

#### **Amel Inyangu & Partners**

P.O. Box 11203-00100 Nairobi  
Tel: 0703551374

#### **McKay & Company Advocates**

P.O. Box 29884-00100 Nairobi  
Tel: 0774363622

#### **Mwaura & Wachira Advocates**

P.O. Box 51667-00200 Nairobi  
Tel: 0202725607

#### **Rachier & Amollo advocates**

P.O. Box 55645-00200 Nairobi  
Tel: 254722204778

#### **Masire & Mogusu Advocates**

P.O. Box 18267-00100 Nairobi  
Tel: 0202210040

# **PUBLIC OFFICERS MEDICAL SCHEME FUND**

## **Annual Report and Financial Statements for the year ended June 30, 2025**

### **3. THE BOARD OF DIRECTORS**

#### **Dr. Mohamed Abdi Mohamed** **Chairman SHA**

Dr. Mohamed Abdi Mohamed is the Chairman of the Social Health Authority, leading its historic transition from the defunct National Health Insurance Fund (NHIF) into a revitalized institution central to Kenya's Universal Health Coverage agenda.

A healthcare executive and entrepreneur with over 12 years of experience in both public and private sectors, he brings a proven track record of strategic growth and innovation.

As Co-founder and CEO of Ladnan Hospital, he transformed it from a small facility into a state-of-the-art tertiary care center within four years, introducing critical services such as dialysis and ICU care. His leadership is marked by a strong commitment to community health and a vision for equitable, accessible healthcare for all Kenyans.

He holds a Bachelor of Medicine and Bachelor of Surgery from the University of Nairobi.



#### **Dr. Mercy Mwangangi** **Chief Executive Officer SHA**

Dr. Mercy Mwangangi is the Co-Chair of the Future of Global Health Initiatives, and now the Chief Executive Officer of the Social Health Authority (SHA). Dr Mwangangi is a Health Economist and Policy Analyst with a background in medicine.

She possesses knowledge and experience in conducting high-quality Strategic Health Program Planning, Monitoring, and Evaluation activities, with a focus on Universal Health Coverage and Primary Health Care.

She has considerable experience in conducting in-depth Health Situation Analyses and producing actionable recommendations and guidelines on future program directions, incorporating international policies and standards tailored to local needs.

## **PUBLIC OFFICERS MEDICAL SCHEME FUND**

*Annual Report and Financial Statements for the year ended June 30, 2025*

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**Dr. Fredrick Ouma Oluga**  
PS Ministry of Health



Dr. Fredrick Ouma Oluga is the Principal Secretary in the State Department of Medical Services, Ministry of Health. A medical doctor and public health leader, he has been a strong advocate for the welfare of healthcare workers and the advancement of medical services in Kenya.

He holds a Bachelor of Medicine and Bachelor of Surgery from Moi University, a Master's in Internal Medicine from the University of Nairobi, and a Postgraduate Diploma in Infectious Diseases from Makerere University.

His leadership came to national prominence in 2015 as Secretary-General of the Kenya Medical Practitioners, Pharmacists and Dentists Union (KMPDU), where he championed improved working conditions, fair remuneration, and better resourcing of Kenya's health facilities.

Known for his strategic thinking and collaborative leadership style, Dr. Oluga continues to blend clinical expertise with a passion for systemic health reform, driving policies that strengthen Kenya's healthcare delivery and Universal Health Coverage agenda.

**Dr. Patrick Amoth**  
DG for Health, Ministry of Health



Dr. Patrick Amoth is the Director General for Health in the Ministry of Health and the immediate past Chair of the World Health Organization's Executive Board.

As a consultant obstetrician and gynaecologist, he has contributed in advancing Kenya's Universal Health Coverage agenda and strengthening the country's health systems. Dr. Amoth has had a long career in Kenya's civil service, progressing from medical officer intern to medical superintendent and later serving as the Director of Public Health.

In this role, he developed strategies for delivering effective services in 47 counties. He was also instrumental in managing the COVID-19 pandemic and currently chairs Kenya's National Taskforce on the Ebola Virus Disease.

He holds a Bachelor of Medicine and Bachelor of Surgery degree, as well as a Master of Science degree in Obstetrics and Gynaecology from the University of Nairobi. Additionally, he has a Diploma in Health Systems Management from Galilee College in Israel.



**Mr. Samuel Kiptorus**  
**Alternate - PS National Treasury**

Mr. Samuel Kiptorus is a highly accomplished professional with extensive experience in economics with specialization on Public Finance. As a Director at the National Treasury and Economic Planning, he has demonstrated exceptional leadership and strategic vision in driving the country's economic policies and planning.

With a distinguished educational background, including a master's degree in economics from the University of Dar es Salaam and a Bachelor of Arts in Economics from the University of Nairobi. Additional expertise on strategic leadership, strategic planning, budgeting, monitoring and evaluation. He brings a deep understanding of economic principles and their practical applications. His previous role as Chief Economist at the Ministries of Devolution, Planning, Fisheries and Information Communication and Technology further underscores his expertise in shaping and implementing economic strategies at a national level. In addition, the director has served in various boards namely: ICT Authority, Mineral Right Board, Maseno University Council, Lake Victoria North Water Services and Nairobi International Financial Center Authority.

**Dr. Andrew Mulwa**  
**Alternate - PS National Treasury**

Dr. Andrew Mulwa is the Director of Medical Services for Preventive and Promotive Health at the Ministry of Health, Kenya. A public health specialist with a strong record in healthcare leadership and crisis management, he previously served as Acting CEO of the Kenya Medical Supplies Authority (KEMSA), steering the agency through a period of reform.

His expertise also includes a notable role in advancing the Makueni County Universal Health Care initiative.

Dr. Mulwa holds a Bachelor of Medicine and Bachelor of Surgery from the University of Nairobi, an MSc in Strategic Management from Jomo Kenyatta University of Agriculture and Technology and has completed advanced programs in Health Systems from Harvard University and the University of Edinburgh.



## **PUBLIC OFFICERS MEDICAL SCHEME FUND**

**Annual Report and Financial Statements for the year ended June 30, 2025**



### **Dr. Francis Atwoli, NOM(DZA), CBS, EBS Central Organization of Trade Unions**

Dr. Francis Atwoli is the long-serving Secretary-General of the Central Organisation of Trade Unions (Kenya) and a leading voice for workers' rights in Africa and globally.

With over five decades in labour leadership, he has served on the Governing Body of the International Labour Organisation, as President of the Organisation of African Trade Union Unity, and as Vice President of the International Trade Union Confederation.

He sits on several boards, including the Social Health Authority, and has been honoured with national and international awards for his advocacy of social justice and decent work. Dr. Atwoli holds advanced diplomas in labour and industrial relations, as well as a Doctor of Humane Letters (Honoris Causa) in Labour Relations.

### **Ms. Jacinta Kathamu Mutegi Consortium of Healthcare Providers**

Jacinta Kathamu Mutegi is the National Executive Secretary of the Catholic Health Commission of Kenya at Kenya Conference of Catholic Bishops (KCCB). She manages a network of 497 health facilities, 22 medical training colleges, and over 50 community health programs. With 21 years of experience in health systems leadership, she specialises in governance, health financing, supply chain management, resource mobilisation, and forming strategic partnerships.

Jacinta holds a Master of Arts in Project Planning and Management from the University of Nairobi, a Bachelor of Environmental Studies from Kenyatta University, and an Executive Master's in Organisational Development from USIU-Africa. She has undertaken short courses on leadership, governance, grant management, Good Clinical Practices, Project Management for Clinical Research and Monitoring and Evaluation for population and health programmes.



She is a member of the Caritas Internationalis Task Force on the Global Fund, a member of the Country Coordinating Mechanism for The Global Fund - Kenya focusing on health advocacy and service delivery coordination. She has served in board roles for National Syndemic Diseases Control Council, National Council for Population and Development and Mission for Essential Drugs and Supplies and Novonordisk's iCARE Advisory Board. Ms. Mutegi is the current Chair of the Kenya Faith Based Health Services Consortium.

## **PUBLIC OFFICERS MEDICAL SCHEME FUND**

*Annual Report and Financial Statements for the year ended June 30, 2025*

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### **Mr. Gerald Macharia Council of Governors**



Gerald Macharia serves as the Vice President for East & Southern Africa for the Clinton Health Access Initiative (CHAI). He

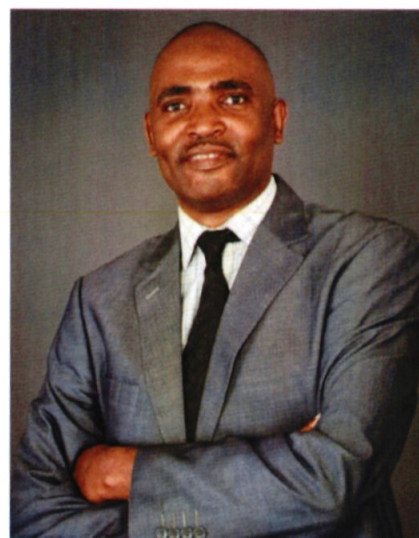
joined CHAI in 2005 as the pioneer Country Director for Kenya, after a 5-year stint as CEO of Kenya based Faulu Microfinance Bank.

In this role, he works closely with the various Governments' Ministries of Health across these countries to design, fund and execute public health programs cutting across various intervention areas geared towards delivering effective solutions that drive impactful results.

As a member of CHAI's global leadership team, he brings to these countries CHAI's well known track record in creating change, making global health solutions that have saved millions of lives over the years.

He earned his undergraduate degree from Kenyatta University and holds a post-graduate Diploma in Marketing from the Chartered Institute of Marketing of the UK, an MBA from the Edinburgh Business School and an MBA from Kenya's Moi University Business School. He is also a Commonwealth Scholar in Corporate Planning & Strategy and an alumnus of Stanford University's Graduate School of Business program on Strategy and Organization.

### **Dr. Ibrahim Ondeko Ndale Matende Kenya Medical Association**



Dr. Matende is a prominent ophthalmologist and healthcare leader in Kenya, specializing in Paediatric Ophthalmology and Strabismus. He holds a Bachelor of Medicine and Surgery, Master of Medicine in Ophthalmology, and Postgraduate Diploma in STI/HIV from the University of Nairobi.

His current leadership positions include Vice President of the Kenya Medical Association, President of the Ophthalmological Society of Kenya, Council Member of COECSA, and Secretary General of the Africa Ophthalmology Council. He previously served as founding President of COECSA and Medical Director of the Lighthouse for Christ Eye Centre.

Dr. Matende has significantly contributed to public health initiatives, playing a key role in Mombasa County's COVID-19 response and leading pioneering anti-trachoma programs, including Kenya's first mass antibiotic treatment initiative. He served on The Queen Elizabeth Diamond Jubilee Trust's Commonwealth Eye Health Consortium steering committee. Passionate about healthcare advocacy, governance, and leadership, Dr. Matende views human resource development as essential for accessible, quality healthcare.

## **PUBLIC OFFICERS MEDICAL SCHEME FUND**

**Annual Report and Financial Statements for the year ended June 30, 2025**

### **Dr. Angela Ndunge** **CS Health Appointee**

Dr. Angela Ndunge is a Chartered Psychologist and a Senior Lecturer in Organisational Behaviour at Strathmore University Business School (SBS). She holds a PhD in Applied Psychology and an MSc in Work and Organisational Psychology from the University of Nottingham UK. She is an expert in leadership development, workplace well-being, and strategic human resource management, with a proven record of translating academic research into transformative executive training.



She currently directs a portfolio of major initiatives as the Principal Investigator on two significant grants: a \$3.2 million project from the Conrad N. Hilton Foundation to support catholic sisters to transform their social ministries into sustainable social enterprises across five African countries (Kenya, Uganda, Tanzania, Zambia and Malawi), and a grant from the Gates Foundation to advance women's leadership in the Kenyan health sector. As the former Deputy Executive Dean of Strathmore University Business School (SBS), Dr. Ndunge was instrumental in driving the school's executive education strategy and expansion across East and Southern Africa.

Beyond her academic and professional endeavors, Dr. Ndunge contributes to the broader community by serving on the board of the Association of African Business Schools (AABS) and chairing the board of St. Patrick's Schools in Mbiuni, Machakos County.



### **Ms. Roselyne Mungai** **CEC Health Caucus**

Roselyne Wanjiru Mungai is the County Executive Committee Member for Health in Nakuru County. A seasoned development and governance professional, she brings nearly three decades of experience in program management across legislative development, devolution, peacebuilding, and institutional strengthening. Previously,

she served as CEO of the County Assemblies Forum and has led programs with USAID, AHADI, PACT, Oxfam GB, and other prominent development organisations.

Since assuming the CECM Health role, she has taken a hands-on approach to service delivery, conducting facility visits such as to Olenguruone Sub-County Hospital and Menengai Crater Dispensary where she assessed workflow, ensured immunisation campaigns like the "Big Catch Up" are in place, and championed infrastructure improvements.

## **PUBLIC OFFICERS MEDICAL SCHEME FUND**

### **Annual Report and Financial Statements for the year ended June 30, 2025**

**Cs. Terry Rotich**  
**Ag. Corporation Secretary SHA**

Terry is a senior legal professional with over 13 years of experience in public and private sectors, specializing in rights-based program development and management. She currently serves as Ag. Corporation Secretary for the Social Health Authority (SHA).

At SHA, Terry supports Board governance by preparing papers and minutes, maintaining the conflicts register, and serving as custodian of the organizational seal. She provides legal advice, oversees court representation, drafts contracts and MOUs, and implements Mwongozo, the Authority's Code of Conduct.

Previously, she served as Principal State Counsel at the Ministry of Health, managing legal matters and advising on negotiations and contracts. She also worked as Senior State Counsel at the Attorney General's Office, advising ministries on contracts and international agreements, and as Senior Associate at Kairu & McCourt Advocates. Terry holds an LLB from Moi University, a Postgraduate Diploma in Law from Kenya School of Law and is pursuing an LLM in Corporate Governance. She is a member of LSK, FIDA-K, and ICS.



**CS Hon. Aden Duale meets with the SHA Board on June 30, 2025, in the boardroom at SHA Building.**

# **PUBLIC OFFICERS MEDICAL SCHEME FUND**

**Annual Report and Financial Statements for the year ended June 30, 2025**

## **4. KEY MANAGEMENT TEAM**

The Key Management team is comprised of the Chief Executive Officer and Directors of departments who are dedicated professionals working with staff and clients to provide strategic planning for the Authority's future goals. The following are the key management of SHA.



***Dr. Mercy Mwangangi***  
**Chief Executive Officer**

Dr. Mercy Mwangangi is the Co-Chair of the Future of Global Health Initiatives, and now the Chief Executive Officer of the Social Health Authority (SHA). Dr Mwangangi is a Health Economist and Policy Analyst with a background in medicine.

She possesses knowledge and experience in conducting high-quality Strategic Health Program Planning, Monitoring, and Evaluation activities, with a focus on Universal Health Coverage and Primary Health Care.

She has considerable experience in conducting in-depth Health Situation Analyses and producing actionable recommendations and guidelines on future program directions, incorporating international policies and standards tailored to local needs.

***CPA. Robert Mbarani Ingasira***  
**Director, Funds & Finance Management**

CPA Mbarani is a highly accomplished financial professional with a wealth of experience and a proven track record of success in various leadership roles. With a Master of Business Administration (Executive), Bachelor of Arts, Higher Diploma in Human Resource Management, and completion of the Strategic Leadership Development Programme (SLDP), Robert possesses a strong educational background that complements his extensive practical experience.

During his tenure as the General Manager at Kenya Deposit Insurance Corporation, Robert demonstrated exceptional leadership and strategic thinking, contributing to the organization's success over six years. His role as the Chief Manager Finance and Administration at the Privatization Commission of Kenya further showcased his ability to excel in dynamic and challenging environments.

With a solid background in financial management, hands-on experience and a distinguished member of professional organizations, including the Institute of Certified Public Accountants of Kenya (ICPAK) and others, CPA Robert stands out as a competent, dedicated, and accomplished financial leader, capable of driving success and growth in any organization.



**PUBLIC OFFICERS MEDICAL SCHEME FUND**  
**Annual Report and Financial Statements for the year ended June 30, 2025**



**CPA. Pariken Ole Sankei**  
**Director, Internal Audit**

CPA Sankei is an accomplished professional with a proven track record in internal audit and financial management. He holds a Master of Business Administration (Executive) and a Bachelor of Science in Internal Business Administration with a focus on Accounting & Finance. Certified as a Public Accountant in Kenya, he has also completed the Strategic Leadership Development Programme (SLDP), further enhancing his strategic acumen.

In his role as Director of Internal Audit, Sankei draws from his rich experience, having served on the ICPAK Audit, Risk, and Compliance Committee, as well as the Office of the Registrar of Political Parties Audit Committee. His previous position as Chief Internal Auditor at the Public Service Commission honed his skills in risk management and compliance.

With such extensive qualifications and diverse experience, CPA Sankei is a valuable asset, providing strategic leadership and expertise in internal audit and financial management.

**Ms. Hazel Jemutai Koitaba**  
**Director, Provider & Beneficiary Management**

Ms. Hazel is a visionary leader with an extensive educational background and a proven track record in management. Her qualifications include a Master of Politics & Policy, a Bachelor of Business majoring in Marketing, and a Post Graduate Diploma in Business (Marketing).

In addition, she has successfully completed a Strategic Leadership Development Programme (SLDP) and is a distinguished member of the Marketing Society of Kenya (MSK).

Ms. Koitaba's exceptional academic achievements, combined with her practical expertise, position her as a dynamic force within the organization. Her strategic acumen, leadership prowess, and marketing proficiency uniquely qualify her to steer impactful change and drive outstanding performance in her capacity as Director of Beneficiary & Provider Management.



## **PUBLIC OFFICERS MEDICAL SCHEME FUND**

*Annual Report and Financial Statements for the year ended June 30, 2025*

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**Cs. Terry Rotich**

**Ag. Corporation Secretary**



Terry is a senior legal professional with over 13 years of experience in public and private sectors, specializing in rights-based program development and management. She currently serves as Ag. Corporation Secretary for the Social Health Authority (SHA).

At SHA, Terry supports Board governance by preparing papers and minutes, maintaining the conflicts register, and serving as custodian of the organizational seal. She provides legal advice, oversees court representation, drafts contracts and MOUs, and implements Mwongozo, the Authority's Code of Conduct.

Previously, she served as Principal State Counsel at the Ministry of Health, managing legal matters and advising on negotiations and contracts. She also worked as Senior State Counsel at the Attorney General's Office, advising ministries on contracts and international agreements, and as Senior Associate at Kairu & McCourt Advocates. Terry holds an LLB from Moi University, a Postgraduate Diploma in Law from Kenya School of Law and is pursuing an LLM in Corporate Governance. She is a member of LSK, FIDA-K, and ICS.



**PUBLIC OFFICERS MEDICAL SCHEME FUND**  
*Annual Report and Financial Statements for the year ended June 30, 2025*

**Dr. Tracy John**  
**Ag. Director, Benefits & Claims Management**



Dr. Tracey John is an expert in healthcare management with 20 years of experience in health service delivery, health systems management at all facility levels and the Ministry of Health. She is the current

Benefits and Claims Management Director at the Social Health Authority (SHA).

Dr. John specializes in public health policy, healthcare institution management, health systems strengthening and health financing.

Her educational background includes a Bachelors and Masters Degrees in Medicine and Surgery, Masters Degree in Business Administration and International Healthcare Management. She is also trained in healthcare Financing on mechanisms to enhance revenue generation, resource pooling, and effective utilization for sustainable health outcomes.

Further, Dr. Tracey is trained in health system management and Leadership. Dr. John is also trained in climate change and sustainability, promoting resilient health systems through comprehensive societal and governmental approaches. Her diverse expertise equips her to manage the healthcare sector holistically.

**Mr. Ibrahim Mohamed Alio**  
**Director, Corporate Services**



Mr. Alio is a seasoned professional with a broad spectrum of expertise encompassing the public and private sectors, particularly in energy, logistics, procurement, human capital management, finance, sales, and marketing.

Prior to his current role, Mr. Alio served as the Managing Director of Trojan International Limited, where he oversaw operations across the East Africa region, including countries such as Rwanda, Burundi, DR Congo, and South Sudan. Additionally, he has held notable positions with Isiolo County, Save the Children UK, and Care International Kenya, along with various other public and private sector organizations.

Mr. Alio holds an impressive array of qualifications, including a Master of Science in Supply Logistics and Procurement Management, a Bachelor of Agribusiness Management, a Diploma in Logistics and Supply Management, and a Certificate in Security Management. Moreover, his membership with the Kenya Institute of Supplies Management (KISM) and completion of the Strategic Leadership Development Programme (SLDP) underscore his commitment to continuous professional development.

His rich background and experience make him a versatile and an all-rounded leader.

## **PUBLIC OFFICERS MEDICAL SCHEME FUND**

### **Annual Report and Financial Statements for the year ended June 30, 2025**

#### **5. FIDUCIARY MANAGEMENT**

The key management personnel who held office during the financial year ended 30th June 2025 and who had direct fiduciary responsibility were:

<b>No.</b>	<b>Designation</b>	<b>Name</b>
1.	Chief Executive Officer	Dr. Mercy Mwangangi
2.	Director Audit	CPA. Pariken Ole Sankei
3.	Director Provider & Beneficiary Management	Ms. Hazel Jemutai Koitaba
4.	Director Corporate Services	Mr. Ibrahim Mohamed Alio
5.	Director Funds & Finance Management	CPA. Robert Mbarani Ingasira
6.	Ag. Director Benefits & Claims Management	Dr. Tracey John
7.	Ag. Corporation Secretary	CS. Terry Rotich

#### **6. FIDUCIARY OVERSIGHT ARRANGEMENTS**

The Finance Committee and Audit and Risk Committee roles in a corporate governance structure are in line with fiduciary oversight to ensure careful financial management, risk reduction, and compliance with laws and regulations.

##### **Finance Committee**

The primary fiduciary responsibilities of the Social Health Authority Finance Committee include:

1. Budget and Financial Planning: Overseeing the corporation's budget preparation and implementation to ensure it aligns with strategic goals and long-term financial sustainability.
2. Financial Reporting: Reviewing financial statements, reports, and forecasts to monitor the organization's financial health for accuracy and compliance with accounting standards and legal requirements.
3. Capital Management: Overseeing and recommending policies related to capital allocation and utilization to ensure optimal use of financial resources and effective capital investments.
4. Expenditure Oversight: Monitoring the organization's expenditure for efficiency, cost-effectiveness, and compliance with approved budgets.
5. Funding and Investment Decisions: Recommending funding strategies for the organization's operations and projects and reviewing and approving major financial transactions and investments.

**PUBLIC OFFICERS MEDICAL SCHEME FUND**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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6. Ensuring Internal Financial Controls: Implementing internal financial controls to prevent fraud, financial mismanagement, and waste.

**Audit and Risk Committee**

The key fiduciary oversight duties of the Social Health Authority Audit and Risk Committee include:

1. Risk Management: Identifying, assessing, and monitoring key financial, operational, and strategic risks facing the corporation and recommending risk mitigation strategies while ensuring effective implementation of risk management policies.
2. Internal Audit Oversight: Overseeing the internal audit functions, including reviewing audit plans, reports, and findings to ensure independent operation in line with best practices.
3. Compliance with Statutory and Regulatory Requirements: Ensuring compliance with all statutory and regulatory requirements, including tax obligations and reporting standards.
4. External Audit Oversight: Reviewing and recommending the selection of external auditors and ensuring timely and transparent external audits. Additionally, reviewing audit reports to address any weaknesses in financial or risk management practices.
5. Financial Integrity: Monitoring and assessing the organization's financial integrity while ensuring that financial policies, procedures, and systems safeguard the corporation's assets.
6. Fraud Prevention and Detection: Establishing mechanisms to detect and prevent fraud, corruption, and unethical conduct, while overseeing investigations into any allegations of fraud or misconduct.
7. Reporting to the Board: Reporting significant risk, control issues, and compliance matters to the Full Board for decision-making and action.

# ***PUBLIC OFFICERS MEDICAL SCHEME FUND***

***Annual Report and Financial Statements for the year ended June 30, 2025***

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## **7. CHAIRMAN'S STATEMENT**

The inaugural Annual Report of the Public Officers Medical Scheme Fund (POMSF) is a record of financial performance and a landmark in protecting the health and dignity of Kenya's public servants. For the first time, a dedicated pre-funded draw-down mechanism has been created to ensure uninterrupted access to healthcare for those who serve our nation. Few responsibilities carry greater meaning than protecting the well-being of those who safeguard Kenya's progress, and this Fund reflects our collective commitment to that purpose.

The journey here has been deliberate and progressive. In 2012, the Government of Kenya introduced the Comprehensive Medical Insurance Scheme for Civil Servants and the Disciplined Services, which significantly expanded health coverage for public officers. However, the scheme faced sustainability challenges owing to the nature it operated. Services were utilised even before the resources were available, putting a strain to the system. This development underscored the urgent need for a sustainable and structured mechanism that would guarantee continuity of care.

The creation of the POMSF under the Public Finance Management Act (Cap 412A) answered that call. Our greatest achievement in the year under review was the seamless transition from the civil servants' scheme managed under the defunct National Health Insurance Fund to the POMSF framework.

By design, civil servants first utilize the benefits of the Social Health Insurance Fund (SHIF), after which they access supplementary coverage through the POMSF, tailored specifically for their needs. This model optimizes resources, avoids duplication, and delivers maximum value to members. Importantly, the Fund operates on a pre-funded basis, resources must be available before services



**PUBLIC OFFICERS MEDICAL SCHEME FUND**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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are accessed. This ensures reliability, protects members from disruptions, and secures the Fund's long-term sustainability.

The Board has since concentrated on building strong governance structures, ensuring prudent financial management, and embedding effective risk controls. The enclosed financial statements report an income of **KES 6.5 billion**, reflecting both a solid start and a firm foundation for growth.

Guided by the ethos of innovating for impact and doing the right thing with integrity, we are determined to ensure that the POMSF meets today's healthcare needs and remains resilient and adaptive to future challenges. The Board will continue providing strategic oversight to the SHA management team to guarantee that our mission expanding access to quality healthcare while reducing out-of-pocket spending is achieved and sustained.

On behalf of the Social Health Authority Board, I extend sincere gratitude to the State Department for Public Service for their collaboration and commitment to this seamless transition. My appreciation also goes to my fellow Board members for their wisdom and stewardship during this formative year. I commend the outstanding leadership of our CEO, Dr. Mercy Mwangangi, and the SHA team for their diligence in operationalizing this scheme. Most importantly, I thank our public officers for their service to the nation and for entrusting us with the stewardship of their health security.



**DR. MOHAMED ABDI MOHAMED**  
**CHAIRPERSON – BOARD OF DIRECTORS SHA**

# **PUBLIC OFFICERS MEDICAL SCHEME FUND**

*Annual Report and Financial Statements for the year ended June 30, 2025*

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## **8. REPORT OF THE CHIEF EXECUTIVE OFFICER**



The financial year 2024–2025 will be remembered as a turning point in the provision of healthcare benefits for Kenya’s public officers. As Administrator of the newly established Public Officers Medical Scheme Fund (POMSF), the Social Health Authority (SHA) is honored to have

overseen the successful operationalization of this transformative initiative.

The Fund was established to guarantee that civil servants continue to access quality healthcare benefits as part of their remuneration. Under this model, members first utilize the full spectrum of services provided by the Social Health Insurance Fund (SHIF) before drawing on supplemental coverage under the POMSF, which is designed exclusively to meet the unique needs of public officers. This integrated approach optimizes resources, reduces duplication, and maximizes value for members.

Importantly, the scheme is inclusive extending beyond civil servants to other categories of public officers. Contributions are channeled through payroll deductions and strategically redirected to sustain the Fund, reinforcing a shared commitment to health security and financial protection.

In partnership with the State Department for Public Service, we introduced the inaugural Fund on January 1, 2025, benefiting **123,728** principal members. This Fund guarantees a comprehensive benefits package tailored to the diverse needs of officers across all job grades.

Key highlights of the scheme include:

- ✓ Specialized Programs that include Chronic Disease Management Program (CDMP), supporting members with diabetes, hypertension, and cancer through regular medication refills, improving treatment adherence and quality of life.

## **PUBLIC OFFICERS MEDICAL SCHEME FUND**

### **Annual Report and Financial Statements for the year ended June 30, 2025**

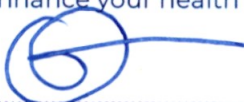
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- ✓ Overseas treatment, local emergency road and air rescue, and annual medical check-ups for principal members and spouses, reinforcing our focus on preventive care.
- ✓ Provision for dependents of deceased members to continue receiving benefits until cover expiry, as well as clear pathways for retirees and officers exiting service to retain coverage under specified terms.
- ✓ Protection against catastrophic costs through an Excess of Loss provision of KES 300 million and a Stop-Loss clause triggered at 97% utilization, ensuring both member protection and Fund sustainability.

From a financial perspective, the Fund reported revenues of **KES 6.5 billion**, with benefit expenses of **KES 6.3 billion** and administrative costs capped at 3% of contributions.

Looking ahead, our focus is on deepening member education and engagement, ensuring every beneficiary understands their entitlements and how to access them. We will strengthen monitoring and feedback mechanisms through the Scheme Administrative Unit (SAU) and the Joint Coordination Committee (JCC), while harnessing technology such as biometric and OTP verification to streamline services, enhance transparency, and combat fraud.

I extend my sincere gratitude to the Ministry of Public Service for their partnership. My appreciation also goes to the SHA Board for their strategic guidance and to the entire SHA team for their dedication and hard work. To our esteemed members, the public officers, we reaffirm our mission: to enhance your health and well-being while cushioning you from financial hardship.



.....  
**DR. MERCY MWANGANGI**  
**CHIEF EXECUTIVE OFFICER SHA**

# **PUBLIC OFFICERS MEDICAL SCHEME FUND**

**Annual Report and Financial Statements for the year ended June 30, 2025**

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## **9. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2024/25**

The Government of Kenya, through the Bottom-Up Economic Transformation Agenda (BETA) declared Universal Health Coverage (UHC) a national priority and one of the key deliverables of the Kenya Kwanza Government. Further, UHC was given prominence for National Sustainable Development, amongst Agriculture, Micro-Small and Medium-sized Enterprise (MSME) economy, Affordable Housing, and the Digital Superhighway and Creative Economy.

The Social Health Authority (SHA) was instituted by the Social Health Insurance (SHI) Act of 2023 to advance the realization of (UHC). The SHI Act of 2023 created three key funds: the Primary HealthCare Fund (PHF), the Social Health Insurance Fund (SHIF), and the Emergency, Chronic and Critical Illness Fund (ECCIF), all designed to propel the attainment of UHC within the framework of SHA.

SHA's mission is to achieve complete coverage of the Kenyan population, enhance the accessibility and inclusivity of high-quality essential healthcare interventions, bolster financial risk protection for all Kenyans, with particular attention to the vulnerable demographics, and guarantee the sufficiency of health resources for the effective delivery of healthcare services, among other objectives.

### **Statement of Performance against Predetermined Objectives for FY 2024/25**

SHA has 5 strategic issues and 10 objectives within the current Strategic Plan for the FY 24- FY 27. These strategic issues are as follows:

1. Health Financing sustainability and independence
2. Customer Centric service delivery Approach
3. Business Process Transformation and digitization
4. Governance, Compliance and Risk Management
5. Strengthening Institutional Capacity and Human Capital

SHA develops its annual work plans based on the above 5 Issues. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Authority achieved its performance targets set for the FY 24/25 period for its 5 strategic pillars, as indicated in the diagram below:

**PUBLIC OFFICERS MEDICAL SCHEME FUND**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

Strategic Issues	Objective	Key Performance Indicators	Activities	Achievements
1. Health Financing Sustainability and Independence	To enhance financial suitability and independence in Universal Healthcare coverage funding	Growth in revenue for healthcare financing	Revenue collected under the Public Officer Medical Scheme Fund	By the end of FY2024/25, SHA had collected Kshs. 6,531,068,425 from the civil Servants as well as SHA and utilized kshs. 6,340,843,131 as benefits under the POMSF
	To harmonize allocation and utilization of healthcare financing resources	Payout ratio	Benefit Utilization for POMSF	By the end of the FY2024/25, SHA had collected Kshs. 6,531,068,425 from the civil Servants and utilized kshs. 6,340,843,131 as benefits under the POMSF that translates to 97% benefit utilization
2. Customer Centric service delivery Approach	To facilitate access to affordable and universal healthcare coverage by all categories of beneficiaries	% of the Kenyan Population enrolled and benefiting under UHC	100% of the Kenyan Population enrolled and benefiting under UHC	During FY 2024/2025, the Social Health Authority (SHA) registered a total of 24,702,971 members, including 8,427,130 dependants. Based on an average household size of four members, this translates to approximately 6,175,743 households registered against the annual target of 12.07 million households.
		Coverage of the vulnerable	Enroll and increase access among vulnerable groups	In the period under review, SHA registered <b>67,377</b> orphaned and vulnerable children and <b>14,205</b> Older Persons and Persons Living that were identified by the State Department for Social Protection for health insurance sponsorship at a base premium of Kes. 880 per household. Premium remitted amounted to KES 711,500,000 for the orphaned and vulnerable children and KES 150,000,000 for the older persons and persons with Severe Disability.
	To enhance stakeholder engagement and brand visibility	Customer Satisfaction levels	Sensitize the CHPs, informal sector, eligible members, general public, and all stakeholders on the essential benefit package and information requirements for registration	Social Health Authority (SHA) published the Essential Benefit Package (EBP) through Gazette Notice No. 56. The EBP clearly outlines the entitlements on the Primary Health Care Fund, the Social Health Insurance Fund, and the Emergency, Chronic and Critical Illness Fund
			Develop, review and cascade the SHA service charter	The Authority developed the Social Health Authority Customer Service Charter in both English and Kiswahili in line with the SHI Act of 2023 and its Strategic Plan. The charter will be printed and designated in the 47 county Offices and embedded on the SHA website in the succeeding FY
		Brand index	Engaging the various forms of media to enhance knowledge of SHA services and benefits	SHA continued to engage the Public through the Mainstream media, local Radio stations and on its social media platform to create awareness of its benefits Offerings Registration Platforms. The brand index will be undertaken in the successive period
			Coordinate the development of the communication policy & brand manual for SHA	The Authority developed a draft Communication policy and approved the Social Health Authority branding manual
3. Business Process Transformation and digitization	To institutionalize business processes Re-engineering for	Turnaround time in service delivery	Develop policies and guidelines to operationalize business operations in the Authority	The SHA prioritized 5 key operational policies that were discussed to the Board level for approval Including Empanelment and Contracting of Healthcare Providers Enterprise Risk Management, Internal

## PUBLIC OFFICERS MEDICAL SCHEME FUND

### Annual Report and Financial Statements for the year ended June 30, 2025

Strategic Issues	Objective	Key Performance Indicators	Activities	Achievements
	enhanced service delivery			Audit, Business Continuity, Fund Management among others
			Co-develop the SLA, ensuring it aligns with national digital health frameworks and SHA's operational needs	To integrate into the Health Digital Superhighway, the Authority co-developed an SLA on Health Information Exchange to define the means of engagement between the two agencies to enhance effectiveness and efficiency
	To enhance digitization and system integration	% of digitization and automation	Identify Core Business operation processes for automation	The SHA identified key operational services for automation including the member Registration, E-contracting, E-claim processing, Employer Onboarding Portal, Healthcare Onboarding Portal and Preauthorization among others.
4. Governance, Compliance and Risk Management	To strengthen corporate governance, oversight and regulatory compliance	Compliance index	Induction to create awareness to Board Members of the Mwongozo code of Governance	In the period under review, the eleven (11) Board members were inducted on the Mwongozo Code of Governance
			Hold Board meetings of the Authority through respective committees of the Board	The SHA Board met to discuss and give direction on among others the SHA 2024/25 Budget, SHA Recruitment process, the 2025-2027 Strategic Plan and SHA Policies and Guidelines
	To institutionalize Enterprise Risk Management Framework (ERM F) across SHA operations.	Maturity level of ERMF	Development of Enterprise Risk Management Framework	The SHA Formulated Enterprise Risk Management Framework and guidelines, ERM Registers and Quarterly ERM Performance Report
5. Strengthening Institutional Capacity and Human Capital	To develop human capacity and support systems	% Performance score	Develop all the necessary HR instruments	The Authority in the period under review developed and secured SCAC approval of six (6) SHA Human resource instruments, namely: <ul style="list-style-type: none"> <li>i) HR career Guidelines</li> <li>ii) Staff Establishment</li> <li>iii) HR policy and Procedure Manual</li> <li>iv) Organization and Grading Structure</li> <li>v) Qualification matrix</li> <li>vi) Salary structure</li> </ul>
			Implement the Approved Human Resource Instruments	The Authority has continued to recruit its staff from the approved staff establishment. So far, the CEO, Directors, Deputy Directors, and Principal Officer have been recruited.
	To strengthen internal structures and systems for delivery of the institutional mandate	% Performance score	Monitor and report on implementation of the SHA Performance Contract	In the period under review the Authority was evaluated by the Performance Monitoring and Evaluation Unit and award a composite score of 3.4851 which represents a good Performance

## **10. CORPORATE GOVERNANCE STATEMENT**

### **Corporate Governance Framework**

The Social Health Authority (SHA) has established strict corporate governance standards to ensure its long-term success. The Board of Directors, which oversees SHA, is composed of diverse, capable, and qualified members who can make impartial and independent decisions. This structure is designed to promote corporate governance best practices, integrity, and accountability in all operations. The SHA's governance framework is guided by the Mwongozo (The Code of Governance for State Corporations), the Social Health Insurance (SHI) Act of 2023, as well as other Government of Kenya guidelines.

### **Board Roles and Responsibilities**

The Board is responsible for the Strategic Direction and oversight of SHA and formulating policies and strategies to achieve business objectives that protect and promote stakeholder value. This includes setting the Authority's strategic intent, objectives, and values, as well as safeguarding the entity's assets and reputation. The Board assumes full and effective control over the SHA and is accountable for its stewardship.

To fulfill its duties, Management provides the Board with comprehensive and timely information on the Authority's policies and operations. The Board ensures its members receive continuous training in Board processes, including corporate governance principles and practices. The Board has also implemented a Risk and Management Policy and a Whistle Blowing Policy to address organizational risks, in line with the Mwongozo code.

### **Board Functions:**

The functions of the Authority have been provided under the Social Health Insurance Act as follows:-

1. Register the beneficiaries in accordance with this Act;
2. Manage the Funds established under this Act
3. Receive all contributions and other payments required to be made to the Funds
4. Empanel and contract healthcare providers and healthcare facilities upon inspection, licensing and certification of the healthcare providers and healthcare facilities by the relevant body
5. Consider and make payments to contracted healthcare providers and healthcare facilities out of the Funds
6. Develop guidelines for the operations and implementation of the Funds established under the Social Health Insurance Act
7. Establish sectoral linkages for effective management and growth of the Funds.

## **PUBLIC OFFICERS MEDICAL SCHEME FUND**

### **Annual Report and Financial Statements for the year ended June 30, 2025**

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8. Monitor and evaluate programs and activities under the Funds.
9. Receive and address complaints that may arise from the implementation of this Act
10. Advise the Cabinet Secretary on matters of social health insurance including the formulation of policies
11. Implement all government policies on social health insurance and related functions
12. Register the beneficiaries in accordance with this Act;
13. Manage the Funds established under this Act
14. Receive all contributions and other payments required to be made to the Funds
15. Empanel and contract healthcare providers and healthcare facilities upon inspection, licensing and certification of the healthcare providers and healthcare facilities by the relevant body
16. Consider and make payments to contracted healthcare providers and healthcare facilities out of the Funds
17. Develop guidelines for the operations and implementation of the Funds established under the Social Health Insurance Act
18. Establish sectoral linkages for effective management and growth of the Funds.
19. Monitor and evaluate programs and activities under the Funds.
20. Receive and address complaints that may arise from the implementation of this Act
21. Advise the Cabinet Secretary on matters of social health insurance including the formulation of policies
22. Implement all government policies on social health insurance and related functions

Therefore, the functions of the Board that enable the Authority to fulfill the functions listed in the Act are as follows;

#### **Collective and Strategic Functions**

- *Strategic Direction and Control:* The Board provides strategic direction, exercises control and is accountable to shareholders. They determine the organization's mission, vision, purpose, and core values.
- *Policy and Structure:* They set and oversee the overall strategy and approve significant policies and the organizational structure.
- *Financial Oversight:* The Board approves the annual budget, reviews and approves major resource allocations and monitors the organization's financial performance.
- *Sustainability:* The Board ensures the organization's strategy is aligned with long-term sustainability goals and integrates sustainability into its strategy and management practices.

## **PUBLIC OFFICERS MEDICAL SCHEME FUND**

### **Annual Report and Financial Statements for the year ended June 30, 2025**

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- *Resource Management:* They ensure the availability of adequate resources to achieve the organization's objectives.

#### **Executive and Managerial Functions**

- *CEO and Senior Management:* The Board is responsible for hiring the CEO under terms and conditions approved by relevant government organs. They also approve the appointment of senior management staff and set the CEO's performance targets.
- *Succession Planning:* The Board ensures that a formal succession plan is in place for both Board members and the CEO and other senior management staff.
- *Performance Monitoring:* They monitor the organization's performance and ensure its sustainability, and they conduct annual evaluations of the Board, its committees, and individual directors.
- *Communication:* The Board ensures effective communication with stakeholders.
- *Image and Reputation:* They work to enhance the corporate image of the organization and promote a positive image.

#### **Individual Duties of Board Members**

As per the provisions of Mwongozo, each individual Board member is required to:

- Exercise the highest degree of care, skill, and diligence in their duties.
- Act in the best interest of the organization, not for any other purpose.
- Act honestly and avoid situations where personal interests conflict with those of the organization.
- Exercise independent judgment at all times.
- Understand and accept the principle of collective responsibility.
- Promote and protect the image of the organization.
- Owe their duty to the organization, not to the nominating or appointing authority.
- Hold in confidence all information available to them by virtue of their position.

The Chairperson of the Board has specific functions, such as providing overall leadership, setting the agenda for meetings, leading the annual Board evaluation, and maintaining a close but independent working relationship with the CEO.

#### **Board Composition and Appointment**

The composition and appointment of the Board are in accordance with the Social Health Insurance Act 2023. The Board has the freedom and authority to carry out its responsibilities and is accountable to shareholders and stakeholders. Section 7 (1) provides that the Board shall consist of :-

## **PUBLIC OFFICERS MEDICAL SCHEME FUND**

### **Annual Report and Financial Statements for the year ended June 30, 2025**

- a. A non-executive Chairperson, who shall be appointed by the President
- b. The Principal Secretary in the ministry for the time being responsible for matters relating to health or a designated representative
- c. The Principal Secretary in the ministry for the time being responsible for matters relating to finance or a designated representative
- d. The Director-General for Health
- e. A representative of the County Executive Committee Health Caucus
- f. One person, not being a Governor, nominated by the Council of County Governors with knowledge in field of finance, accounting, health economics, law or business and management
- g. One person, not being a public officer with proven experience in matters of health insurance, health financing, financial management, health economics, healthcare administration
- h. Our persons, not being public officers, nominated by
- i. The Chief Executive Officer of the Authority, who shall be an ex-officio member of the Board

The members of the Board nominated as a Board member under (f,) (g) and (h) above shall be appointed by the Cabinet Secretary by Notice in the Gazette.

#### **Board Committees**

To better assist the Board in discharging its duties, four specialized committees have been established, each with a balanced mix of Board members. Each committee has a charter and terms of reference outlining its delegated powers, membership, and detailed duties. Annual performance reviews are conducted for each committee. The committees are:

##### **1. Audit and Risk Committee**

No.	Name of Member	Organization	Position
1.	Ms Jacinta Mutegi	Consortium of Healthcare Providers	Chairperson
2.	Dr Andrew Mulwa	Alternate - PS Medical Services	Member
3.	Dr Ibrahim Matende	CS, Ministry of Health Appointee	Member
4.	Dr. Angela Ndunge	CS, Ministry of Health Appointee	Member
5.	CPA. Pariken Ole Sankei	Director, Internal Audit	Secretary

**PUBLIC OFFICERS MEDICAL SCHEME FUND**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

**2. Human Resource & Governance Committee**

No.	Name of Member	Organisation	Position
1.	Dr Patrick Amoth, EBS	Director General for Health, Ministry of Health	Chairperson
2.	Dr Francis Atwoli	Central Organization of Trade Unions	Member
3.	Mr Gerald Macharia	Council of Governors	Member
4.	Dr Andrew Mulwa	Alternate - PS Medical Services	Member
5.	Ms. Roselyn Mungai	CECM Health Caucus	Secretary
6.	Dr. Mercy Mwangangi	Chief Executive Officer	Ex-Officio member
7.	CS Terry Rotich	Ag. Corporation Secretary	Secretary

**3. Strategy and Operations Committee**

No.	Name of Member	Organisation	Position
1.	Dr Ibrahim Matende	CS, Ministry of Health Appointee	Chairperson
2.	Ms Jacinta Mutegi	Consortium of Healthcare Providers	Member
3.	Mr Samuel Kiptorus	Alternate - PS National Treasury	Member
4.	Dr Angela Ndunge	CS, Ministry of Health Appointee	Member
5.	Dr. Mercy Mwangangi	Chief Executive Officer	Ex-Officio member
6.	CS Terry Rotich	Ag. Corporation Secretary	Secretary

**4. Finance Committee**

No.	Name of Member	Organization	Position
1.	Mr Gerald Macharia	Council of Governors	Chairperson
2.	Mr Samuel Kiptorus	Alternate - PS National Treasury	Member
3.	Dr Patrick Amoth, EBS	Director General for Health, Ministry of Health	Member
4.	Dr Francis Atwoli	Central Organization of Trade Unions	Member
5.	Ms. Roselyn Mungai	CECM Health Caucus	Secretary
6.	Dr. Mercy Mwangangi	Chief Executive Officer	Ex-Officio member
7.	CS Terry Rotich	Ag. Corporation Secretary	Secretary

**Internal Auditors**

The Authority's internal auditors report directly to the Audit and Risk Committee.

**Performance and Remuneration**

**Performance Evaluation**

The Board conducts a yearly self-evaluation to assess its effectiveness using a Board Evaluation Tool provided by the State Corporations Advisory Committee (SCAC). This process helps identify collective strengths, skill gaps, and individual areas for improvement. The evaluation also reviews the performance of the committees, the Chairperson, the CEO, the Corporation Secretary & Internal Auditor.

## ***PUBLIC OFFICERS MEDICAL SCHEME FUND***

### ***Annual Report and Financial Statements for the year ended June 30, 2025***

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#### **Remuneration**

Remuneration for Board members aligns with applicable legislative provisions and guidance from the relevant authorities. Board members receive sitting allowances only for attending board or committee meetings, as confirmed by an attendance register. No Board member, other than the CEO, has a service agreement or is paid by the Authority.

#### **Conflict of Interest**

At the start of every Board or Committee meeting, members must disclose any potential, real, or perceived conflicts of interest for documentation. A member with a conflict of interest is not allowed to participate in related discussions or decision-making. All declared interests are recorded in a "Declaration of Interest" register maintained by the Corporation Secretary for transparency and accountability.

#### **Succession Plan and Financial Reporting**

##### **Succession Plan**

The Social Health Insurance Act 2023 provides for the succession plan from the National Health Insurance Fund to the Social Health Authority. On the day the Act became effective, all funds, assets, liabilities, and legal proceedings of the National Health Insurance Fund were vested in the Authority. The Board of the Social Health Authority is required to competitively recruit and appoint its staff under the Act.

The Board is responsible for implementing a succession plan for both its members and the senior management, which should be reviewed regularly. Board member tenures are staggered to ensure a phased transition and continuity. The renewal of a Board member's term for a second period is contingent on a favourable evaluation. The Chairperson is responsible for ensuring that a formal succession plan is in place for Board members.

##### **Financial Reporting**

The Board of Management is responsible for presenting a true and fair view of the SHA's financial affairs. The financial statements are prepared in accordance with the International Financial Reporting Standards and relevant Acts, including the PFM Act and the SHI Act.

##### **Board Member Training and Development**

Board members undergo an orientation program to familiarize them with their roles as directors, the fundamentals of corporate governance, and Board procedures. This program introduces them to the organization's strategic goals, financial position, and risk management initiatives.

## ***PUBLIC OFFICERS MEDICAL SCHEME FUND***

### ***Annual Report and Financial Statements for the year ended June 30, 2025***

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An annual Work plan/ Almanac is created to address identified skill gaps. Board members receive access to ongoing development initiatives to keep them informed about the latest trends in industry best practices, corporate governance, and critical issues related to the functioning of public sector boards. The Board ensures that all members receive continuous training in Board processes. Board members should also satisfy themselves that they are up to date with continuous professional development in their respective professional bodies.

The Board evaluates its performance annually, identifying strengths and collective skill gaps, as well as individual areas for improvement. The performance of each committee is also reviewed against their terms of reference.



**CS Hon. Aden Duale, flanked by SHA Board members, engages the media on June 30, 2025 at SHA Building.**



# **PUBLIC OFFICERS MEDICAL SCHEME FUND**

## **Annual Report and Financial Statements for the year ended June 30, 2025**

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### **11. MANAGEMENT DISCUSSION AND ANALYSIS**

The Social Health Insurance Act, 2023, mandates the establishment of the Social Health Authority as a statutory body to oversee and administer a unified health financing mechanism. This framework is in line with the Government of Kenya's health sector reforms, and it is built on three dedicated health funds:

- ❖ Primary Healthcare Fund (PHCF)
- ❖ Social Health Insurance Fund (SHIF)
- ❖ Emergency, Chronic, and Critical Illness Fund (ECCIF)

#### **New POMS F Regulations**

The State Department for Public Service was established under Executive Order No. 2 of 2023, aimed at providing policy direction and managing the human resource functions within the public service. This department offers leadership in human resources policy, advisory services, technical support, and coordination for the public service and falls under the Ministry of Public Service & Human Capital Development.

In response to the needs of civil servants and disciplined services, the Government of Kenya introduced a comprehensive Medical Insurance Scheme known as the Comprehensive Medical Insurance Scheme for Civil Servants & Disciplined Services. This Scheme, which began rolling out on January 1, 2012, remained operational until the Social Health Authority was established. Initially, the Scheme covered a principal member and three dependents, which increased to six dependents four years later, with an improved benefits package that now includes outpatient, inpatient, specialized services, dental and optical care, medical checkups for members and spouses, ambulance services, emergency air rescue, overseas treatment, and life insurance.

To ensure that civil servants continue to receive these necessary benefits as part of their remuneration, the establishment of an innovative Public Officers Medical Scheme Fund was established under the PFM Act Cap 412A. This Fund allows civil servants to utilize the full spectrum of services offered by the Social Health Authority before turning to supplemental coverage through the Public Officers Medical Scheme, tailored specifically for their needs.

The scheme is designed to be inclusive, extending its reach to other groups of public officers as well. Funds generated from the medical benefits utilized by these officers are strategically redirected to support the Fund. Civil servants and participating public officers consistently contribute to the Social Health Authority through payroll deductions, thereby reinforcing their commitment to health security.

# ***PUBLIC OFFICERS MEDICAL SCHEME FUND***

## ***Annual Report and Financial Statements for the year ended June 30, 2025***

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### **Objectives of the Public Officers Medical Scheme**

The Public Officers Medical Scheme aims to finance medical services for public officers and facilitate approved expenses to meet the Fund's objectives. It seeks to reduce out-of-pocket healthcare expenditures while enhancing access to quality healthcare, ultimately improving productivity among public officers. The State Department of Public Service ensures that all civil servants benefit from the scheme.

### **Funding Sources**

The funding for the Public Officers Medical Scheme primarily comes from various sources, including national assembly appropriations, contributions from the Ministry of Public Service, and various grants and donations.

### **Key Features**

The Scheme is characterized by its initial capital, which consists of funds appropriated for the 2024/2025 financial year. It will be managed by the Social Health Authority and overseen by a dedicated Board and Administrator.

- The Board is responsible for the overall administration, policy approval, and advising the Cabinet Secretary, while a committee monitors contracts, reviews performance, and ensures operational efficiency.
- The Administrator is tasked with developing financial systems, preparing budget estimates, and ensuring compliance with regulations.
- The State Department of Public Service plays a crucial role in ensuring that all civil servants are effectively enrolled and can benefit from the scheme.

### **Financial Provisions**

The financial year for the scheme runs from July 1 to June 30. Funds will be maintained in regulated bank accounts operated by the Administrator and individuals nominated by the Board. Expenditures must not exceed the annual income, and annual estimates will be prepared by the Board for approval by the Cabinet Secretary. The State Department of Public Service is accountable for making sure that funds are allocated and used efficiently.

### **Contracting Process**

Contracts related to the scheme are signed between the Ministry of Public Service and the Social Health Authority, outlining amounts, eligible officers, benefits packages, and access rules. Public officers will be sensitized about the available benefits and rules for accessing them. The State

## **PUBLIC OFFICERS MEDICAL SCHEME FUND**

### **Annual Report and Financial Statements for the year ended June 30, 2025**

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Department of Public Service ensures that all civil servants have coverage under the scheme, which aims at enhancing their overall well-being and healthcare access.

#### **Revenue Performance**

The POMS Financial identifies the following as sources of income:

- Monies appropriated by the National Assembly.
- Contribution made by the Ministry responsible for public service and any other employer who has opted to contribute to the Scheme out of money payable to public officers as medical benefits; and
- Grants and donations.

As of 30<sup>th</sup> June 2025, the POMSF cumulatively received **KES 1.25 billion** from both SHA and the Public Service for the medical cover of their staff. This significant milestone marks the inaugural revenue received by POMSF, underscoring its potential and effectiveness in financial management.

#### **SHA Expenditure**

Main areas of expenditure included:

- Benefits Expenditure – payment to health care providers for the services rendered to the registered members.

Administrative expenses – administration and other operating expenses as prescribed in the PFM Act.

## **12. ENVIRONMENTAL AND SUSTAINABILITY REPORTING**

The Social Health Authority demonstrates unwavering commitment to sustainable development through comprehensive integration of environmental, social, and economic considerations across all operations. Our holistic approach encompasses climate resilient health systems development, inclusive employment practices, ethical stakeholder engagement, robust data protection, and meaningful community partnerships.

Through strategic initiatives ranging from our Climate Change Policy framework to impactful environmental restoration projects like the 53,100-tree planting initiative in Kipkabus Forest, SHA advances both healthcare accessibility and environmental stewardship. This report outlines our systematic efforts to build a sustainable, equitable, and transparent health system that serves all Kenyans while contributing to national climate goals and community development.

This introduction effectively captures the essence of SHA's comprehensive sustainability approach while highlighting key achievements and setting the stage for the detailed report that follows.

### **i. Sustainability Framework and Climate Action**

The Social Health Authority integrates environmental, social, and economic considerations into its operations through a comprehensive Climate Change Policy aligned with the Government of Kenya's climate commitments. This framework guides the development of climate resilient health systems while promoting greenhouse gas reduction, sustainable energy adoption, waste management, and environmentally responsible procurement practices.

### **ii. Environmental Performance**

Our forward-looking strategy encompasses innovation and digitalization, strengthened risk management, enhanced governance structures, legal framework operationalization, and mainstreaming of climate initiatives including tree planting, efficient resource use, and waste recycling.

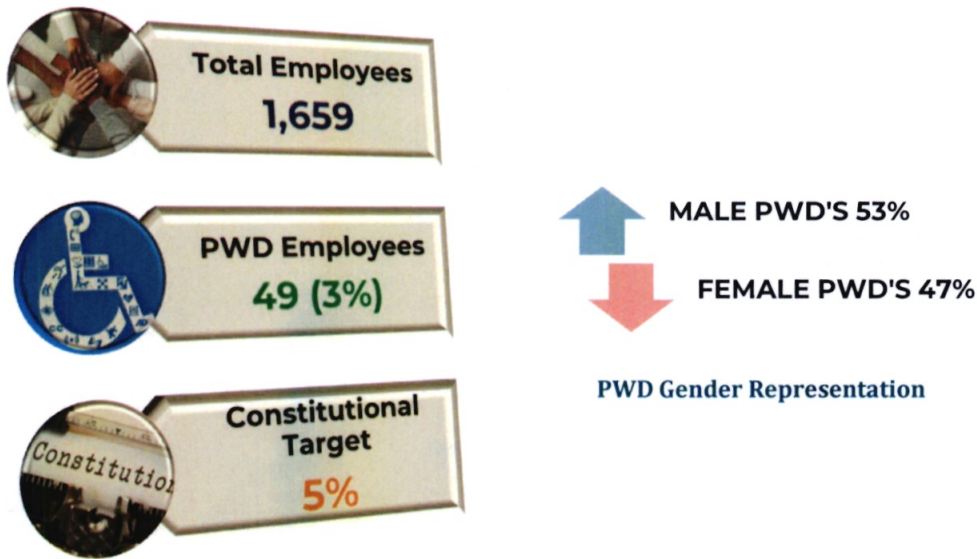
The Authority maintains a robust Occupational Health and Safety (OH&S) management system that ensures safe workspaces through hazard elimination, continuous monitoring, worker participation, and adequate resource allocation for comprehensive safety protocols.

# **PUBLIC OFFICERS MEDICAL SCHEME FUND**

## **Annual Report and Financial Statements for the year ended June 30, 2025**

### **iii. Human Resource Excellence and Welfare**

**Inclusive Employment Practices.** As an equal opportunity employer, SHA adheres to constitutional requirements promoting gender balance and inclusion of persons with disabilities (PWDs) and youth. Currently, 49 employees with disabilities (23 female, 26 male) represent 3% of our workforce, demonstrating measurable progress toward the constitutional mandate of 5% PWD representation in public service.



Our structured appointment process ensures Board oversight for senior positions (Grades 2-4) while delegating operational appointments (Grades 5-12) to the CEO, with the Human Resource Management Advisory Committee providing strategic guidance on recruitment and panel constitution.

Performance Excellence and Career Development the Performance Management System (PMS) links individual achievements to institutional strategic objectives through comprehensive appraisal processes. Performance ratings span from Outstanding (90%-100%) to Poor (below 40%), with recognition through annual bonuses, distinguished service awards, and career advancement opportunities. Unsatisfactory performance triggers structured Performance Improvement Plans lasting up to six months.

## **PUBLIC OFFICERS MEDICAL SCHEME FUND**

### **Annual Report and Financial Statements for the year ended June 30, 2025**

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Our training and development programs enhance institutional performance while building employee competencies for emerging challenges. Career guidelines, succession planning, and skills upgrading initiatives ensure seamless leadership transitions and professional growth opportunities. Health and Safety Excellence Full compliance with the Occupational Safety and Health Act 2007 includes maintaining DOSH workplace certificates, implementing comprehensive emergency preparedness plans, conducting regular safety drills, and providing Group Personal Accident Insurance coverage. Our systematic approach to injury prevention includes immediate reporting protocols, proper documentation through DOSH forms, and compensation processing under the Work Injury Benefits Act 2007.

#### **iv. Ethical Market Practices and Stakeholder Engagement**

##### **a) Responsible Competition Practice:**

Transparent Service Delivery SHA upholds responsible competition practices through principles of transparency, fairness, and public interest. Our comprehensive Service Charter outlines clear mandates, service standards, member rights and obligations, and established delivery timelines, serving as a binding commitment to stakeholder accountability.

Brand protection mechanisms safeguard corporate identity integrity through consistent visual identity application, proactive monitoring against misrepresentation, and enforcement measures preventing fraudulent use of SHA's name and logo.

##### **b) Responsible Engagement with the Citizens:**

Comprehensive Public Outreach Our multi-channel communication strategy ensures inclusive citizen engagement through nationwide on-ground activations in counties including Garissa, Samburu, Nandi, Elgeyo Marakwet, Lamu, Taita Taveta, Kajiado, and Mombasa. These initiatives feature registration drives, health education material distribution, and community-centered service delivery.

Media engagement leverages vernacular radio platforms, national media campaigns, regular press conferences, and targeted roundtables to ensure accurate information dissemination. Social media infographics across Facebook, X, Instagram, and LinkedIn platforms make complex information accessible and understandable.

Responsive Support Systems Our 24/7 support infrastructure includes toll-free helplines (0800720601 & 147) and dedicated email platforms ([customerservice@sha.go.ke](mailto:customerservice@sha.go.ke), [info@sha.go.ke](mailto:info@sha.go.ke),

## **PUBLIC OFFICERS MEDICAL SCHEME FUND**

### **Annual Report and Financial Statements for the year ended June 30, 2025**

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complaints@sha.go.ke, fraud@sha.go.ke) ensuring comprehensive stakeholder support and feedback mechanisms.

#### **c) Product stewardship or Awareness creation**

##### **Data Protection and Consumer Rights**

**Privacy and Security Excellence.** SHA implements comprehensive data protection measures including secure handling of confidential medical information, robust biometric data security, and consumer-centric portal design with secure member authentication. Our whistleblower protection framework operates under the Witness Protection (Amendment) Act 2011, ensuring employee safety in reporting misconduct.

**Consumer Protection Framework.** We safeguard consumer rights through transparent information provision on benefits, eligibility, premiums, and claim procedures across multiple formats. Fair treatment policies enforce non-discrimination regardless of income, location, gender, disability, or medical condition. Regular audits of empaneled healthcare facilities ensure contracted providers deliver services per agreement terms.

#### **v. Corporate Social Responsibility and Environmental Impact**

**Climate Action Leadership.** In alignment with Kenya's National Tree Growing and Restoration Campaign targeting 15 billion trees by 2032, SHA partnered with Elgeyo Marakwet County Government, Ministry of Health, and local communities in November 2024 for a transformative tree-planting initiative in Kipkabus Forest.

**Project Impact and Results.** Our environmental restoration effort planted 53,100 seedlings (43,100 exotic and 10,000 indigenous) across 54 hectares of priority catchment and degraded areas in Emsoo Location, Keiyo North Constituency. The community-based shamba system enables local food production while ensuring long-term forest stewardship.

##### **Measurable Community Benefits**

- Enhanced livelihoods through income generation from food production and seedling sales
- Climate restoration leading to improved water tower functionality serving Asoo Dam, Turkana, Kisumu, and Nzioa regions
- Biodiversity recovery with increased populations of colobus monkeys, bamboo, birds, and other wildlife

## **PUBLIC OFFICERS MEDICAL SCHEME FUND**

### **Annual Report and Financial Statements for the year ended June 30, 2025**

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**Institutional Value Creation.** This initiative strengthens SHA's sustainability commitment, enhances brand reputation, promotes employee engagement through meaningful team-building activities, and demonstrates tangible contribution to national environmental restoration goals.

Through these comprehensive sustainability initiatives, SHA demonstrates unwavering commitment to environmental stewardship, social responsibility, and economic development while fulfilling our mandate to provide equitable healthcare services for all Kenyans.



**CS Hon. Aden Duale and SHA CEO on June 16, 2025 at Samburu's Blood Satellite Centre**

**PUBLIC OFFICERS MEDICAL SCHEME FUND**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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**13. REPORT OF THE BOARD OF DIRECTORS**

The Board of Directors submit their report together with the financial statements for the year ended **June 30, 2025**, which show the state of the Fund's affairs.

**i) Principal activities**

The principal activity of the Fund is to receive income for healthcare financing of all its members.

**ii) Results**

The results of the Fund for the year ended **June 30, 2025**, are set out on pages **1 – 28**. Below is a summary of the profit or loss made during the year.

<b>RESULTS</b>	<b>KES</b>
Profit (Loss) before taxation	-
Tax Charge	-
<b>Surplus or (Deficit) for the year</b>	<b>-</b>

**iii) Board of Directors**

The members of the Board of Directors who served during the year are shown on page vii.

**iv) Auditors**

The Auditor-General is responsible for the statutory audit of the Fund in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 or a Certified Public Accountant nominated by the Auditor General to carry out the audit of POMS for the year ended **June 30, 2025**, in accordance with section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board,



.....  
**CS. TERRY ROTICH**  
**AG. CORPORATE SECRETARY SHA**

**28 August, 2025**

.....  
**DATE**

**PUBLIC OFFICERS MEDICAL SCHEME FUND**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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**14. STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Section 81 of the Public Finance Management Act, 2012, section 14 of the State Corporations Act, and Part VII on Financial Provisions of the Social Health Insurance Act 2023, require the Directors to prepare financial statements in respect of that entity, which give a true and fair view of the state of affairs of the state corporation at the end of the financial year and the operating results of SHA for that year. The Directors are also required to ensure that the Fund keeps proper accounting records which disclose with reasonable accuracy the financial position of SHA. The Directors are also responsible for safeguarding the assets of the Fund.

The Directors are responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of SHA for and as at the end of the financial year ended on **June 30, 2025**. These responsibilities include:

- (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 Fund.
- (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 Fund.
- (v) Selecting and applying appropriate accounting policies and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS), and the manner required the PFM Act 2012 and the State Corporations Act.

The Directors are of the opinion that the Fund's financial statements give a true and fair view of the state of SHA's transactions during the financial year ended **June 30, 2025**, and of the Fund's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of SHA's financial statements as well as the adequacy of the systems of internal financial control.

## ***PUBLIC OFFICERS MEDICAL SCHEME FUND***

***Annual Report and Financial Statements for the year ended June 30, 2025***

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

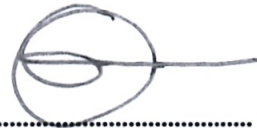
### **Approval of the financial statements**

The Public Officers Medical Scheme Fund financial statements were approved by the Board on .....

**28 August, 2025** ..... and signed on its behalf by:



.....  
**DR. MOHAMED ABDI MOHAMED**  
**CHAIRPERSON BOARD OF DIRECTORS SHA**



.....  
**DR. MERCY MWANGANGI.**  
**CHIEF EXECUTIVE OFFICER SHA**

# REPUBLIC OF KENYA

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NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON PUBLIC OFFICERS MEDICAL SCHEME FUND FOR THE YEAR ENDED 30 JUNE, 2025**

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### **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.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, 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 are aimed at addressing the statutory roles and responsibilities of the Auditor-General 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**

#### **Qualified Opinion**

I have audited the accompanying financial statements of Public Officers Medical Scheme Fund set out on pages 1 to 22, which comprise of the statement of financial position as

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*Report of the Auditor-General on Public Officers Medical Scheme Fund for the year ended 30 June, 2025*

at 30 June, 2025 and the statement of profit or loss and other comprehensive, statement of changes in equity, 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, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Public Officers Medical Scheme Fund as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with Public Finance Management (Public Officers Medical Scheme Fund) Regulations, 2024 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Unsupported Income**

The statement of profit or loss and other comprehensive income and as disclosed in Note 6 to the financial statements reflects POMSF income of Kshs.6,531,068,425 which includes funds from civil servants and funds from Social Health Authority (SHA) of Kshs.6,481,068,425 and Kshs.50,000,000 respectively. Further, the schedule supporting POMSF income reflects income received on 26 February, 2025 from State Department for Public Services and Human Capital of Kshs.1,208,248,485 resulting to unreconciled variance of Kshs.5,322,819,940. Further, the following observations were noted:

- i. The funds income from SHA of Kshs.50,000,000 was not supported with bank statement and approved budget for the staff medical scheme totaling to Kshs.351,479,455 for the period under review.
- ii. The bank statements and cash book includes salary payments and unapplied funds of Kshs.7,618,551 and Kshs.3,589,798 respectively which were not recognized as income or liability though the money was received in the bank. However, the list of beneficiaries provided to support the Kshs.7,618,551 amounts to Kshs.7,676,684 resulting to a variance of Kshs.57,133. Further, the expense was erroneously charged in the bank statement and cash was not reversed and correct account or Fund or entity the expenses were supposed to be charged was not disclosed.

In the circumstances, accuracy and completeness of the POMSF income of Kshs.6,531,068,425 could not be confirmed.

#### **2. Unsupported Benefits Expenses and Variances**

The statement of profit or loss and other comprehensive income and as disclosed in Note 6 to the financial statements reflects benefits expenses of Kshs.6,340,843,131 which

includes Public Officers Medical Scheme Fund POMSFBenefits expenses, Incurred But Not Claimed Liabilities (IBNR) and Outstanding Claim Reserves (OCR) of Kshs.2,621,005,091, Kshs.322,418,479 and Kshs.3,397,417,849 respectively.

However, the schedule provided to support POMSFBenefits expenses amount of Kshs.2,621,005,091 lacked important details of the beneficiaries such as the SHA member number, names of the beneficiaries, employer, type of intervention, claim amount, the approved claim, admission and discharge dates. Further, the schedule did not indicate the name and level of the facility as per KMPDC classification for the empaneled facilities as well as details showing whether members benefitted from overseas treatment and the facilities contracted to offer the services overseas treatment. In the circumstances, accuracy and completeness of the benefits expenses of Kshs.6,340,843,131 could not be confirmed.

### **3. Unsupported Payment**

The cash book and bank statement reflect a payment of Kshs.994,409,819 made on 28 May, 2025 described as bank file in the cash book and as a contra entry in the bank statement. However, Management of the Fund did not provide the expenses ledger where the expenditure of Kshs.994,409,819 was charged. Further, the schedule provided as Appendix 4.3.2 to the management response did not indicate the employment numbers for the public officers treated and dates when services were rendered.

In the circumstances, the accuracy and completeness of the expenditure amounting Kshs.994,409,819 could not be confirmed.

### **4. Unsupported Trade Receivables**

The statement of financial position and as disclosed in Note 8 to the financial statements reflects trade receivables balance of Kshs.5,272,819,940 which was not supported with schedules and ledgers.

In the circumstances, the accuracy, completeness and existence of trade receivables of Kshs.5,272,819,940 could not be confirmed.

### **5. Unsupported Fund Payables**

The statement of financial position and as disclosed in Note 13 to the financial statements reflects fund payables of kshs.1,791,959,827 which includes SHA payable WIBA Funds, SHA administration cost payable and SHIF payable claims of Kshs.1,585,000,000, Kshs.190,225,000,000 and Kshs.16,734,533 respectively which was not supported with relevant ledgers and calculations.

In the circumstances, the accuracy and existence of fund payables of kshs.1,791,959,827 could not be confirmed.

## **6. Inaccuracies and Variances in the Statement of Cash Flows**

The statement of cash flows reflects cash and cash equivalents balance of Kshs.1,847,815,771 as at 30 June, 2025. However, the following inaccuracies were noted:

- i. The statement of cash flows reflects claims paid of Kshs.999,254,710 under cash generated from operations. However, it was not clear where the expense of Kshs.999,254,710 was charged.
- ii. The receipts of Kshs.2,843,248,485 differs with the total actual revenue on a comparable basis of Kshs.6,531,068,425 reflected in the statement of comparison of budget and actual amounts resulting to unreconciled variance of Kshs.3,687,819,940.

In the circumstances, the accuracy and completeness of cash and cash equivalents balance as at 30 June, 2025 of Kshs.1,847,815,771 could not be confirmed

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Public Officers Medical Scheme Fund 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 qualified opinion.

### **Emphasis of Matter**

#### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final total budgeted revenue and total actual revenue on a comparable basis of Kshs.3,663,140,919 and Kshs.6,531,068,425 respectively resulting to excess receipts of Kshs.2,867,927,506 or 78%.

In the circumstances, the revenue estimates might not have been realistic and may have affected the budgetary process which could result to unauthorized expenditure.

### **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. Except for the effect of the matters described in the Basis for Qualified Opinion, I have determined that there are no other key audit matters to communicate in my report.

## **Other Information**

The Directors are responsible for the Other Information set out on page iv to xlvi which comprise of Key Information, The Board of Directors, Key Management Team, Fiduciary Management, Fiduciary Oversight Arrangements, 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 Directors and Statement of Directors Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Fund'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 conclusion 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, except for the effects of the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else 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**

#### **Lack of Approved Budget**

The statement of comparison of budget and actual amounts reflects final total budgeted revenue of Kshs.3,663,140,919 and total actual revenue of Kshs.6,531,068,425. However, the Fund Management did not provide an approved annual budget estimates for 2024/2025 financial year for audit verification contrary to Regulation 12 (2) of the Public Finance Management (Public Officers Medical Scheme Fund) Regulations, 2024 which states that the administrator of the Fund shall prepare estimates of annual revenue and expenditure of the Fund and submit them to the Board for advice before adoption.

In the circumstances, Management was in breach of the law.

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 EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### Conclusion

As required by Section 7(1) (a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on 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. Lack of Public Officers Medical Scheme Fund Operational Policy

Audit verifications carried out revealed that the Fund did not have a policy document to guide the implementation of the scheme contrary to Regulation 10(1) and (2) (c) of the Public Finance Management (Public Officers Medical Scheme Fund) Regulations, 2024 which states that the Board of the Social Health Authority, constituted under section 7 of the Social Health Insurance Act, shall oversee the administration and management of the Fund and the functions of the Board with regard to this Fund shall be to approve policies to guide the administration of the Fund

In the circumstances, the effectiveness of internal controls could not be confirmed.

#### 2. Failure to Provide List and Contracts for Employers Contributing to Public Officers Medical Scheme Fund (POMSF)

The statement of profit or loss and other comprehensive income reflects income and benefit expenses of Kshs.6,531,068,425 and Kshs.6,340,843,13 respectively. However, Management did not provide the list of employers who have opted to contribute to the Fund and the Ministry responsible for public service. In addition, the contracts signed between the employers and social health Authority stipulating premiums payable to the Fund, number of beneficiaries, packages, terms and conditions in 2024/2025 financial year were not provided for audit verification.

In the circumstances, the effectiveness of internal controls over management of the Public Officers Medical Scheme Fund 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 Financial Reporting Standards 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 Fund'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 are responsible for overseeing the Fund'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 of 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

18 December, 2025

## **PUBLIC OFFICERS MEDICAL SCHEME FUND**

*Annual Report and Financial Statements for the year ended June 30, 2025*

### **16. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30TH JUNE 2025**


		Year Ended June 30, 2025	Year Ended June 30, 2024
REVENUES	NOTE	KES	KES
POMSF income	6	6,531,068,425	-
<b>TOTAL INCOMES &amp; PREMIUMS</b>		<b>6,531,068,425</b>	-
<b>BENEFIT EXPENSES</b>			
POMSF - Public Officers Medical Scheme Fund	6	6,340,843,131	-
<b>TOTAL BENEFIT EXPENSES</b>		<b>6,340,843,131</b>	-
<b>GROSS PROFIT</b>		<b>190,225,294</b>	-
<b>Operating Expenses</b>			-
Other Operating Expenses	7	190,225,294	-
<b>Total Operating Expenses</b>		<b>190,225,294</b>	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>-</b>	<b>-</b>

**PUBLIC OFFICERS MEDICAL SCHEME FUND**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

**17. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2025**

<b>ASSETS</b>		<b>YEAR ENDED JUNE 30, 2025</b>	<b>YEAR ENDED JUNE 30, 2024</b>
<b>Current Assets</b>			
Trade Receivables	<b>8</b>	5,272,819,940	-
Cash and Bank Balances	<b>9</b>	1,847,815,771	-
<b>Total Current Assets</b>		<b>7,120,635,712</b>	<b>-</b>
<b>TOTAL ASSETS</b>		<b>7,120,635,712</b>	<b>-</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and Reserves</b>			
Retained Earnings	<b>10</b>	-	-
Incurring Claims Reserves	<b>11</b>	3,719,836,328	-
<b>Total Capital and Reserves</b>		<b>3,719,836,328</b>	<b>-</b>
<b>Current Liabilities</b>			
Trade Payables	<b>12</b>	1,608,839,556	-
Fund Payables	<b>13</b>	1,791,959,827	-
<b>Total Current Liabilities</b>		<b>3,400,799,384</b>	<b>-</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>7,120,635,712</b>	<b>-</b>

The financial statements on pages **1 to 28** were approved by the Board of Management on .....  
**28 August, 2025** ..... and signed on its behalf by:

  
 .....  
**Dr. Mohamed Abdi Mohamed**  
 Chairperson SHA

  
 .....  
**Dr. Mercy Mwangangi.**  
 Chief Executive Officer SHA

  
 .....  
**CPA Jonathan Leisen**  
 Director, F & FM  
 ICPAK M/NO: 7465

## **PUBLIC OFFICERS MEDICAL SCHEME FUND**

*Annual Report and Financial Statements for the year ended June 30, 2025*

### **18. STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2025**

NOTE	Retained Earnings		Total KES
	KES		
At January 1, 2025	10	-	-
Changes in the year / Total comprehensive income	-	-	-
At June 30, 2025	-	-	-

# **PUBLIC OFFICERS MEDICAL SCHEME FUND**

**Annual Report and Financial Statements for the year ended June 30, 2025**

## **19. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2025**

		<b>YEAR ENDED JUNE 30, 2025 KES</b>	<b>YEAR ENDED JUNE 30, 2024 KES</b>
	<b>Notes</b>		
<b>Cash Flows From Operating Activities</b>			
<b>Cash generated from/(used in) operations</b>	<b>14a</b>		
Receipts from Exchequer		2,843,248,485	-
Claims Paid		(999,254,710)	-
Unapplied Funds		3,823,709	-
Bank Charges		(1,713)	-
<b>Net Cash generated from/(used in) operations</b>		<b>1,847,815,771</b>	<b>-</b>
<b>Cash Flows From Investing Activities</b>			
Interest Income		-	-
<b>Net cash generated from/(used in) investing activities</b>		<b>-</b>	<b>-</b>
<b>Cash Flows From Financing activities</b>			
<b>Net cash generated from/(used in) Financing activities</b>		<b>-</b>	<b>-</b>
<b>Increase/Decrease In Cash And Cash Equivalents</b>		<b>1,847,815,771</b>	<b>-</b>
Cash And Cash Equivalents At Beginning Of Year		-	-
<b>Cash And Cash Equivalents At End Of The Year</b>	<b>14a</b>	<b>1,847,815,771</b>	<b>-</b>

## PUBLIC OFFICERS MEDICAL SCHEME FUND

Annual Report and Financial Statements for the year ended June 30, 2025

### 20. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30 JUNE 2025

Description	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	d/c%
<b>Budget carryovers from the previous year 2023/24</b>						
<b>Revenue</b>						
POMSF income	3,663,140,919	-	3,663,140,919	6,531,068,425	-2,867,925,742	178%
<b>Total Revenue</b>	<b>3,663,140,919</b>	<b>-</b>	<b>3,663,140,919</b>	<b>6,531,068,425</b>	<b>-2,867,925,742</b>	<b>178%</b>
<b>Expenses</b>						
POMSF Benefit Expenses	3,553,246,691	-	3,553,246,691	6,340,843,131	-2,787,596,440	178%
Other Operating Expenses	109,894,228	-	109,894,228	190,225,294	-80,331,066	173%
<b>Total expenditure</b>	<b>3,663,140,919</b>	<b>-</b>	<b>3,663,140,919</b>	<b>6,531,068,425</b>	<b>-2,867,927,506</b>	<b>178%</b>
<b>Capital Expenditure</b>	-	-	-	-	-	
<b>Surplus/deficit for the period</b>	-	-	-	-	-	

#### Budget notes:

The Public Officers Medical Scheme Fund (POMSF) was established through the Public Finance Management (Public Officers Medical Scheme Fund) Regulations, 2024, gazetted on 27<sup>th</sup> December, 2024. This Fund represents a key component of the Government's efforts to enhance healthcare provisions for public officers, ensuring they receive supplementary coverage beyond the universal Social Health Insurance Fund (SHIF). The Fund is administered by the Social Health Authority (SHA) under the oversight of the State Department for Public Service.

POMSF operates in tandem with SHIF, requiring beneficiaries to exhaust SHIF benefits before accessing POMSF-funded services ensuring sustainable funding.

#### Reasons for low Utilization of POMSF:

- POMSF Income:
  - The contractual fund premiums for the period January to June 2025 were projected at KES 3.66 billion. The actual income for the draw down Fund which comprises of utilization for the period was KES 6.34 billion. This is after accounting for actual claims paid of Kes 2.62 billion and the estimated Incurred But Not Reported (IBNR) reserves of KES 322,418,479 and Incurred Claims Liability - OCR reserves of KES 3,397,417,849. The reserves resulted in a performance variance of 178% against the target which is covered by the outstanding receivables amount of KES 5.27 billion.

**PUBLIC OFFICERS MEDICAL SCHEME FUND**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

2. POMS F Benefits:

- Total POMS F benefit expenditure amounts to KES 6.34 billion, consisting of incurred benefits of KES 2.62 billion and estimated IBNR and OCR reserves of KES 3.72 billion. Given the draw-down nature of the fund, actual claims disbursed totalled KES 999 million, which remained within the funds received of KES 1.84 billion demonstrating the fund management was within the available resources.

3. Other Operating Expenses:

- These estimates comprise of the Fund 3% administration costs transferred to SHA and applicable bank charges. The above performance is based on the annual expenditure of the Fund including reserves. The performance of 178% is therefore attributed to higher reserves and therefore not actual outflows.

**Way Forward:**

The first half of the 2024/25 financial year marked the inaugural operational period for the POMS F fund. The performance metrics and claims experience observed during this period provide valuable insights that will inform future benefit design, premium structuring, and strategic planning to ensure the long-term financial sustainability and effectiveness of the fund.

**Budget Reconciliation**

	Description of Particulars	Amount in Kshs
	<b>Actual Surplus Amounts as per the statement of Budget</b>	-
1	Less: POMS F Funds Receivable	-5,272,819,940
2	Add: POMS F Claims payable	1,605,015,847
3	Add: POMS F Unapplied Funds	3,823,709
4	Add: POMS F IBNR & OCR Reserves	3,719,836,328
5	Add: Fund Payables	1,791,959,827
	<b>Closing Cash and Cash Equivalent as per the statement of Cash flows</b>	<b>1,847,815,771</b>

# **PUBLIC OFFICERS MEDICAL SCHEME FUND**

**Annual Report and Financial Statements for the year ended June 30, 2025**

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## **21. NOTES TO THE FINANCIAL STATEMENTS**

### **1. GENERAL INFORMATION**

SHA is established by and derives its authority and accountability from Social Health Insurance Act. The Authority is wholly owned by the Government of Kenya and is domiciled in Kenya. The Authority's principal activity is receiving income for healthcare financing of all its members.

The Public Officers Medical Scheme Fund (POMSF) was established under the Public Finance Management (Public officers Scheme Fund) regulations, 2024 gazetted on 27th December 2024 as a fund to cater for the medical needs of Public Officers in Kenya.

### **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 Financial Reporting Standards (IFRS) allows the use of estimates and assumptions. It also requires management to exercise judgment in the process of applying the Authority's 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.

The financial statements are presented in Kenya Shillings (Kes), which is also the functional and reporting currency of SHA, and all values are rounded off to the nearest Kenya shillings.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, IPSAS 24, Social Health Insurance Act 2023 and International Financial Reporting Standards (IFRS). The accounting policies adopted have been consistently applied to all the years presented.

The financial statements comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows, and notes.

## **PUBLIC OFFICERS MEDICAL SCHEME FUND**

### **Annual Report and Financial Statements for the year ended June 30, 2025**

#### **3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)**

##### **i. New and amended standards and interpretations in issue and effective in the year ended 30 June 2025.**

<b>Title</b>	<b>Description</b>	<b>Effective Date</b>
<b>Amendments to IAS 1 titled Classification of Liabilities as Current or Non-current (issued in January 2020, amended in October 2022)</b>	<p>The amendments, applicable to annual periods beginning on or after 1st January 2024, clarify a criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.</p> <p><i>The Directors have assessed the applicable standards and amendments. Based on their assessment of impact of application of the above, they do not expect that there will be a significant impact on the company's financial statements.</i></p>	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.
<b>Amendment to IFRS 16 titled Lease Liability in a Sale and Leaseback (issued in September 2022)</b>	<p>The amendment, applicable to annual periods beginning on or after 1st January 2024, requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss.</p> <p><i>The Directors have assessed the applicable standards and amendments. Based on their assessment of impact of application of the above, they do not expect that there will be a significant impact on the company's financial statements.</i></p>	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.
<b>Amendments to the Classification and Measurement of Financial Instruments Amendments to IFRS 9 and IFRS 7</b>	<p>The amendments specify:</p> <ol style="list-style-type: none"> <li>i. when a financial liability settled using an electronic payment system can be deemed to be discharged before the settlement date.</li> <li>ii. how to assess the contractual cash flow characteristics of financial assets with contingent features when the nature of the contingent event does not relate directly to changes in basic lending risks and costs; and</li> <li>iii. new or amended disclosure requirements relating to investments in equity instruments designated at fair value through</li> </ol>	January 1, 2026. Earlier application is permitted.

## PUBLIC OFFICERS MEDICAL SCHEME FUND

### Annual Report and Financial Statements for the year ended June 30, 2025

	<p>other comprehensive income and financial instruments with contingent features that do not relate directly to basic lending risks and costs.</p> <p><i>The Directors have assessed the applicable standards and amendments. Based on their assessment of impact of application of the above, they do not expect that there will be a significant impact on the company's financial statements.</i></p>	
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#### APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

*ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025.*

Title	Description	Effective Date
<b>IFRS 18 Presentation and Disclosure in Financial statements</b>	<p>The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses.</p> <p><i>The Directors do not plan to apply any of the above until they become effective. Based on their assessment of the potential impact of application of the above, they do not expect that there will be a significant impact on the company's financial statements.</i></p>	The new standard is effective for annual periods beginning on or after January 1, 2027. Earlier application is permitted.
<b>IFRS 19 Subsidiaries without Public Accountability</b>	<p>IFRS 19 Subsidiaries without Public Accountability: Disclosures IFRS 19 Subsidiaries without Public Accountability: Disclosures was issued in May 2024. IFRS 19 permits some subsidiaries to apply IFRS Accounting Standards with reduced disclosure requirements. These entities apply the requirements in other IFRS Accounting Standards except for their disclosure requirements. Instead, these entities apply the requirements in IFRS 19.</p> <p><i>The Directors do not plan to apply any of the above until they become effective. Based on their assessment of the potential impact of application of the above, they do not expect that there will be a significant impact on the company's financial statements.</i></p>	An entity may elect to apply this Standard for reporting periods beginning on or after 1 January 2027. Earlier application is permitted.

# **PUBLIC OFFICERS MEDICAL SCHEME FUND**

## **Annual Report and Financial Statements for the year ended June 30, 2025**

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### **iii. Early adoption of standards**

SHA did not early – adopt any new or amended standards in the 2024/2025 financial year.

## **4. SUMMARY OF ACCOUNTING POLICIES**

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

### **a) Revenue recognition**

Revenue is measured based on the consideration to which the Authority expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. SHA recognizes revenue when it transfers control of a service to a customer. Revenue is recognised at the fair value of consideration received or expected to be received in the ordinary course of the SHA's activities, net of value-added tax (VAT), where applicable, and when specific criteria have been met for each of the SHA's activities as described below.

- i) Revenue is recognized in the year in which the Authority delivers products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.
- ii) Finance income comprises interest receivable from bank deposits and investment in securities and is recognized in profit or loss on a time proportion basis using the effective interest rate method.
- iii) Rental income is recognized in the income statement as it accrues using the effective interest implicit in lease agreements.
- iv) Other income is recognized as it accrues.

### **b) In-kind contributions**

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

### **c) Property, Plant and Equipment**

All categories of property, plant and equipment are initially recorded at cost less accumulated depreciation and impairment losses. Gains and losses on disposal of items of property, plant and equipment are determined by comparing the proceeds from the disposal with the net carrying amount of the items and are recognised in profit or loss in the income statement.

## **PUBLIC OFFICERS MEDICAL SCHEME FUND**

**Annual Report and Financial Statements for the year ended June 30, 2025**

### **d) Depreciation And Impairment Of Property, Plant And Equipment**

Freehold land and capital work in progress are not depreciated. Capital work in progress relates mainly to the costs of on-going but incomplete works on buildings and other civil works and installations.

Depreciation on property, plant and equipment is recognised in the income statement on a straight-line basis to write down the cost of each asset or the re-valued amount to its residual value over its estimated useful life. The annual rates as guided by National Treasury policy on assets depreciation are:

<b>ASSET/ ASSET CLASS</b>	<b>ASSET LIFE/ LEASE PERIOD</b>	<b>RATES</b>
<b>Land</b>	999 years	Nil
<b>Buildings and Civil Works</b>	40 years	2.5%
<b>Plant and Machinery</b>	8 years	12.5%
<b>Motor Vehicles &amp; Motorcycles</b>	5 years	20%
<b>Computers and Related Equipment</b>	3 years	33.3%
<b>Office Equipment</b>	8 years	12.5%
<b>Furniture and Fittings</b>	5 years	20%

A full year's depreciation charge is recognised both in the year of asset purchase and in the year of asset disposal.

Items of property, plant and equipment are reviewed annually for impairment. Where the carrying amount of an asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognised so that the asset is written down immediately to its estimated recoverable amount.

### **e) Intangible Assets**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses

Intangible assets comprise purchased computer software licences, which are capitalised on the basis of costs incurred to acquire and bring to use the specific software. These costs are amortised over the estimated useful life of the intangible assets from the year that they are available for use, usually over three years.

## **PUBLIC OFFICERS MEDICAL SCHEME FUND**

**Annual Report and Financial Statements for the year ended June 30, 2025**

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### **f) Amortizations and impairment of intangible assets**

Amortization is calculated on the straight-line basis over the estimated useful life of computer software of three years. All intangible assets are reviewed annually for impairment. Where the carrying amount of an intangible asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognised so that the asset is written down immediately to its estimated recoverable amount.

### **g) Investment property**

Investment property, which is property held to earn rentals and/or for capital appreciation (including property under construction for such purposes), is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise. An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

### **h) Right of Use Asset**

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the entity incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the entity expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

### **i) Fixed Interest Investments (Bonds)**

Fixed interest investments refer to investment funds placed under Central Bank of Kenya (CBK) long-term infrastructure bonds and other corporate bonds with the intention of earning interest income upon the bond's disposal or maturity. The bonds are measured at cost.

## **PUBLIC OFFICERS MEDICAL SCHEME FUND**

**Annual Report and Financial Statements for the year ended June 30, 2025**

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### **j) Unquoted Investments**

Unquoted investments stated at cost under non-current assets and comprise equity shares held in other Government owned or controlled entities.

### **k) Trade and Other Receivables**

Trade and other receivables are recognised at amortized cost less allowances for any uncollectible amounts. These 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. Bad debts are written off after all efforts at recovery have been exhausted.

### **l) Taxation**

The Authority measures amounts expected to be paid or recovered from the taxation authority (KRA) based on SHA's earned rental income. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted at the reporting date in the area where the Authority's properties operate and generates taxable income.

The Authority is an appointed agent for Withholding tax and Value Added Tax. Tax payable for the current period and prior periods are measured at the amounts expected to be paid to the tax authorities and in accordance with the VAT Act and the income Tax act. Withholding tax expense relates to Interest on investment and is deducted from Surplus before taxation.

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.

### **m) 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.

### **n) Trade & Other Payables**

These payables are non-interest bearing and are carried at amortised cost, which is measured at the fair value of contractual value of the consideration to be paid in future in respect of goods and services supplied, whether billed to the Authority or not, less any payments made to the suppliers.

### **o) Retirement Benefit Obligations**

The entity operates a defined contribution scheme for all full-time employees from July 1, 2001. The scheme is administered by a Board of Trustees comprising both member-elected and sponsor-appointed trustees. It is funded by contributions from both the company and its employees.

## ***PUBLIC OFFICERS MEDICAL SCHEME FUND***

### ***Annual Report and Financial Statements for the year ended June 30, 2025***

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The company also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at KES. 2,160 per employee per month.

#### **p) Provision for staff leave pay**

Employees' entitlements to annual leave are recognised as they accrue at the employees. At provision is made for the estimated liability for annual leave at the reporting date.

#### **q) Exchange rate differences**

The accounting records are maintained in the functional currency of the primary economic environment in which the entity operates, Kenya Shillings. Transactions in foreign currencies during the year/period are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Any foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

#### **r) Budget information**

The entity's 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 **page 5** of these financial statements.

#### **s) Comparative Figures**

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

#### **t) 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, 2025.



## **PUBLIC OFFICERS MEDICAL SCHEME FUND**

### **Annual Report and Financial Statements for the year ended June 30, 2025**

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#### **5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of the SHA financial statements in conformity with IFRS, requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of 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.

##### **a) 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 Authority based its assumptions and estimates on parameters available when the 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 Authority. Such changes are reflected in the assumptions when they occur.

##### **b) Useful lives and residual values**

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

- The condition of the asset based on the assessment of experts employed by SHA.
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- The nature of the processes in which the asset is deployed.
- Availability of funding to replace the assets.

##### **c) Provisions**

Provisions for bad and doubtful debts when raised, management determines an estimate based on the information available. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

##### **d) Incurred But Not Reported (IBNR)**

The Authority estimates liabilities for claim-generating events that have taken place but have not yet been reported to the insurer at the reporting period. The sum of IBNR losses plus incurred losses provides an estimate of the total eventual liabilities for losses during a given period. The IBNR estimates form part of SHA's reserves in the Statement of financial Position.

These estimates are supported by a certificate issued by a competent actuarial consultant.

## **PUBLIC OFFICERS MEDICAL SCHEME FUND**

**Annual Report and Financial Statements for the year ended June 30, 2025**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUES)**

#### **6. POMS F INCOME**

	AS AT JUNE 30, 2025 KES	AS AT JUNE 30, 2024 KES
<b>Revenue:</b>		
Funds from Civil Servants	6,481,068,425	-
Funds from SHA	50,000,000	-
<b>Total</b>	<b>6,531,068,425</b>	<b>-</b>
<b>Expenses:</b>		
POMS F Benefits Expenses	2,621,005,091	-
Bank Charges	1,713	-
Incurred Claims Liability - IBNR	322,418,479	-
Incurred Claims Liability - OCR	3,397,417,849	-
<b>Total Expenses</b>	<b>6,340,843,131</b>	<b>-</b>
<b>Surplus for the Year</b>	<b>190,225,294</b>	<b>-</b>

This Fund allows civil servants and other Public officers to utilize the full spectrum of services offered by the Social Health Authority before turning to supplemental coverage through the Public Officers Medical Scheme, tailored specifically for their needs. The Fund is financed through contributions from both the government and external donors.

The essential healthcare benefits package under the POMS F includes enhanced medical services provided by licensed and certified healthcare providers or facilities, critical care services, and treatment and management of chronic illnesses that go beyond the benefits covered by the Social Health Insurance Fund's essential healthcare benefits package.

#### **7. OTHER OPERATING EXPENSES**

SHA Administration Cost	190,225,294	-
<b>Total</b>	<b>190,225,294</b>	<b>-</b>

These is 3% applied on the Fund to cater for recurrent operating expenses to ensure the Authority operates and carries out Fund's activities smoothly. They include expenses associated with the general administration of the Fund.

#### **8. TRADE RECEIVABLES**

GoK Exchequer Funds Receivable 8(a)	5,272,819,940	-
<b>Total</b>	<b>5,272,819,940</b>	<b>-</b>

POMS F operates as a draw down Fund, therefore, amounts relating to benefits administered during the year under review but not received are recognized as receivable. **KES. 5.2 million** was owed to the Fund as of **30th June 2025**.

## **PUBLIC OFFICERS MEDICAL SCHEME FUND**

**Annual Report and Financial Statements for the year ended June 30, 2025**

### **8 (a) TRADE RECEIVABLES**

<b>Gross Trade Receivables</b>	<b>5,272,819,940</b>	-
Provision for Doubtful Receivables	-	-
<b>Net Trade Receivables</b>	<b>5,272,819,940</b>	-
<b>ageing analysis of gross Trade Receivables</b>		
Less than 30 Days	5,272,819,940	-
<b>Total</b>	<b>5,272,819,940</b>	-

### **9. CASH AND BANK**

	AS AT JUNE 30, 2025 KES	AS AT JUNE 30, 2024 KES
Cash at Bank	1,847,815,771	-
Cash in Hand	-	-
<b>Total</b>	<b>1,847,815,771</b>	<b>-</b>

Cash at bank balances are funds held at the POMSF bank at the end of the year.

#### **Detailed analysis of the cash and cash equivalents**

FINANCIAL INSTITUTION	ACCOUNT PURPOSE	ACCOUNT NUMBER	JUNE 30, 2025
		KES	KES
<b>a) Current Account</b>			
National Bank of Kenya	Disbursement - POMSF	000007717931745	1,847,815,771
<b>Grand Total</b>			<b>1,847,815,771</b>

### **10. RETAINED EARNINGS**

<b>Balance at the beginning of the Year</b>	-	-
<b>Changes in the Year</b>	-	-
<b>Balance at the end of the Year</b>	-	-

The Fund had no retained earnings in the year under review. There was no comparative period for the 2024/2025 FY.

## PUBLIC OFFICERS MEDICAL SCHEME FUND

Annual Report and Financial Statements for the year ended June 30, 2025

### 11. INCURRED BUT NOT REPORTED (IBNR) CLAIMS RESERVES

<b>IBNR at the beginning of the year</b>	-	-
Add: IBNR for the year	322,418,479	-
OCR for the year	3,397,417,849	-
<b>IBNR Reserves at the end of year</b>	<b>3,719,836,328</b>	-
Less:		
Prior years claims at the Beginning	-	-
Prior period claims processed in the year	-	-
<b>Prior years claims at the end</b>	-	-
<b>Net IBNR Reserves at the end of the year</b>	<b>3,719,836,328</b>	-

Incurred but Not Reported (IBNR) — an estimate of the liability for claim-generating events that have taken place but have not yet been reported to the insurer or self-insurer. The sum of IBNR losses plus incurred losses provides an estimate of the total eventual liabilities for losses during a given period. The IBNR, therefore, form part of an entity's reserves in the Statement of financial Position.

The Fund's IBNR estimates are computed by on a quarterly/yearly basis and included in the Financial Statements. The IBNR estimates are supported with a certified certificate by a competent actuarial consultant.

### 12. TRADE PAYABLES

	AS AT JUNE 30, 2025 KES	AS AT JUNE 30, 2024 KES
<b>Hospital Claims Payable</b>		
POMSF Claim Payable	1,605,015,847	-
Unapplied Funds	3,823,709	-
<b>Total Trade Payable</b>	<b>1,608,839,556</b>	-

These are claims owed to healthcare providers who offered services to SHA beneficiaries. **KES. 1.6 billion** was outstanding as at close of business on **30th June 2025**.

#### Aging Analysis for Trade and other Payables

Description	FY 2024/2025	% of the total	FY 2023/2024	% of the total
Under one year	1,608,839,556	100%	-	0%
<b>Total</b>	<b>1,608,839,556</b>		-	

### 13. FUND PAYABLES

SHA Payable – WIBA Funds	1,585,000,000	-
SHA Payable - Administration Cost	190,225,294	-
SHIF Payable – Paid POMSF Claims	16,734,533	-
<b>Total</b>	<b>1,791,959,827</b>	-

## PUBLIC OFFICERS MEDICAL SCHEME FUND

### Annual Report and Financial Statements for the year ended June 30, 2025

In the spirit of The Social Health Insurance Act, 2023, subsection (1) of the financial provisions, POMSF recognises administrative expenses incurred to SHA. The administrative cost is pegged at 3% of the annual expenditure of the Fund.

During the year, POMSF had a payable balance of **KES 1,791,959,827** comprising both administration expenses and WIBA-related costs.

#### Aging Analysis for Trade and other Payables

Description	FY 2024/2025	% of the total	FY 2023/2024	% of the total
Under one year	1,791,959,827	100%	-	0%
<b>Total</b>	<b>1,791,959,827</b>		<b>-</b>	

## 14. NOTES TO THE STATEMENT OF CASH FLOWS

### a. Reconciliation of Operating Surplus to Cash Generated from Operations

	AS AT JUNE 30, 2025	AS AT JUNE 30, 2024
	KES	KES
<b>Operating Surplus (Deficit)</b>	-	-
Depreciation	-	-
Amortization	-	-
<b>Operating Surplus (Deficit) before Working Capital Changes</b>	-	-
<b>Working Capital Changes</b>		
(Increase)/decrease in Trade Receivables	(5,272,819,940)	-
Increase/(Decrease) in Trade Payables	1,608,839,556	-
Increase/(Decrease) in Fund Payables	1,791,959,827	-
Increase/(Decrease) in Reserves	3,719,836,328	-
<b>Net Working Capital Changes</b>	<b>1,847,815,771</b>	-
<b>Cash Generated from Operations</b>	<b>1,847,815,771</b>	-

### b. Analysis of cash and cash equivalents

Cash at Bank	1,847,815,771	-
Cash in Hand	-	-
<b>Total</b>	<b>1,847,815,771</b>	-

## 15. Capital Commitments

There were no capital commitments in the year under review.

# PUBLIC OFFICERS MEDICAL SCHEME FUND

## Annual Report and Financial Statements for the year ended June 30, 2025

### 16. Contingent Assets & Liabilities

Contingent Liabilities	AS AT	AS AT
	JUNE 30, 2025	JUNE 30, 2024
	KES	KES
Total claims on all court cases filed against the Fund	-	-
Total legal fees on all court cases filed against the Fund	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>

The POMSF has no contingent liability is and hereby disclosed by way of note as per IAS 37.

### 17. RELATED PARTY DISCLOSURES

#### a) Nature of related party relationships

Entities and other parties related to the Fund include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

POMSF is a subsidiary of the Social Health Authority which is fully state owned by the Government of Kenya. In line with the exemptions in IAS 24, and by virtue that the government is the only shareholder of the company, we do not consider as related parties: providers of finance, trade unions, public utilities and any agencies, departments of the government of Kenya, any state corporations or other state or county entities that do not control, jointly control or significantly influence the reporting entity.

Other related parties to the Authority include:

- i. Government of Kenya
- ii. Social Health Authority
- iii. The National Treasury and Planning
- iv. Other Ministries, Departments and Agencies
- v. County Governments
- vi. GOK Facilities
- vii. Semi-Autonomous Government Agencies
- viii. Key management and
- ix. Board of Directors

## **PUBLIC OFFICERS MEDICAL SCHEME FUND**

### **Annual Report and Financial Statements for the year ended June 30, 2025**

#### **b) Related Party Transactions**

The GOK has provided full guarantees to all long-term lenders of the Authority, both domestic and external.

Description	JUNE 30, 2025	JUNE 30, 2024
	KES	KES
<b>a) Grants from the government</b>		
Grants from national govt	1,208,248,485	-
Receipts from SHA	50,000,000	-
<b>Total</b>	<b>1,258,248,485</b>	<b>-</b>
<b>b) Grants from the government</b>		
NHIF WIBA from national govt	1,585,000,000	-
<b>Total</b>	<b>1,585,000,000</b>	<b>-</b>

The balance of Kes 1,258,248,485 comprises premiums paid for the medical scheme totalling Kes 1,208,248,485 and Kes 50,000,000 whereas Kes 1,585,000,000 relating to the defunct NHIF Work Injury Benefits Act (WIBA) scheme. The WIBA amount represents pending bills disbursed to the Authority during the year and remains outstanding as at the reporting date.

#### **18. INCORPORATION**

The Social Health Authority was established following the enactment of the Social Health Insurance Act, No. 16 of 2023, as a state corporation with several distinct Funds to serve the Nation.

#### **19. EVENTS AFTER THE REPORTING PERIOD**

There were no material adjusting and non-adjusting events after the reporting period.

#### **20. CURRENCY**

The annual financial statements are presented in Kenya Shillings (KES / KSHS).

# **PUBLIC OFFICERS MEDICAL SCHEME FUND**

**Annual Report and Financial Statements for the year ended June 30, 2025**

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## **22. APPENDICES**

### **APPENDIX I: IMPLEMENTATION STATUS OF AUDITOR-GENERAL PRIOR YEAR RECOMMENDATIONS**

There were no prior year recommendations as the Fund commenced operations during the current year.

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

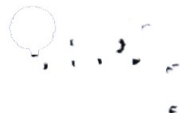


.....  
**Dr. Mercy Mwangangi**

**Accounting Officer**

**Date: August 28, 2025**

**PUBLIC OFFICERS MEDICAL SCHEME FUND**  
**Annual Report and Financial Statements for the year ended June 30, 2025**



**APPENDIX II: TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent	Total Amount	Statement of Financial Performance	Capital Fund	Where Recorded/recognized			Total Transfers during the Year
						2024/2025 FY	Balance B/F from previous FY		
							Deferred Income	Receivables	
			Kes	Kes	Kes				Kes
Ministry of State Department of Public Services and Human Capital - POMSF	05/02/2025	Direct payment	1,208,248,485	6,531,068,425			5,272,819,940		1,208,248,485
Social Health Authority - POMSF	25/03/2025	Direct payment	50,000,000						50,000,000
Ministry of Finance & National Treasury - WIBA	08/05/2025	Direct payment	1,585,000,000						1,585,000,000
<b>Total</b>			<b>2,843,248,485</b>						<b>2,843,248,485</b>

**PUBLIC OFFICERS MEDICAL SCHEME FUND**  
*Annual Report and Financial Statements for the year ended June 30, 2025*

**APPENDIX III: INTER-ENTITY CONFIRMATION LETTER**

**Name of Transferring entity: The National Treasury & Planning**

**Name of Beneficiary entity: Public Officers Medical Scheme Fund**

Confirmation of amounts received by SHA as at 30 <sup>th</sup> June 2025					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
NULK25178FW0DL	08/05/2025	1,585,000,000	-	1,585,000,000	NHIF WIBA
<b>Total</b>		1,585,000,000		1,585,000,000	

I confirm that the amounts shown above are correct as of the date indicated.

**Head of Accounts Department - Disbursing Entity:**  
 Name ..... Sign ..... Date .....

**Head of Accounts Department - Beneficiary Entity:**  
 Name *Jonathan Leiso* Sign *[Signature]* Date *28/6/2025*



# PUBLIC OFFICERS MEDICAL SCHEME FUND

Annual Report and Financial Statements for the year ended June 30, 2025

## APPENDIX III: INTER-ENTITY CONFIRMATION LETTER

Name of Transferring entity: Social Health Authority

Name of Beneficiary entity: Public Officers Medical Scheme Fund

Confirmation of amounts received by SHA as at 30 <sup>th</sup> June 2025					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
NBK25084JHCFBHKJ	25/03/2025	50,000,000	-	50,000,000	POMSF receipts
<b>Total</b>		<b>50,000,000</b>		<b>50,000,000</b>	

I confirm that the amounts shown above are correct as of the date indicated.

**Head of Accounts Department - Disbursing Entity:**  
Name ..... Sign ..... Date .....

**Head of Accounts Department - Beneficiary Entity:**  
Name Jonathan Leisen Sign [Signature] Date 28/8/2025

**PUBLIC OFFICERS MEDICAL SCHEME FUND**  
*Annual Report and Financial Statements for the year ended June 30, 2025*

**APPENDIX III: INTER-ENTITY CONFIRMATION LETTER**

**Name of Transferring entity: State Department of Public Services and Human Capital**

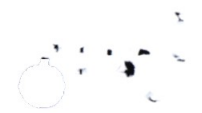
**Name of Beneficiary entity: Public Officers Medical Scheme Fund**

Confirmation of amounts received by SHA as at 30 <sup>th</sup> June 2025					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
NBK25057J0M0FBMC	26/02/2025	1,208,248,485	-	1,208,248,485	POMSF receipts
<b>Total</b>		<b>1,208,248,485</b>		<b>1,208,248,485</b>	

I confirm that the amounts shown above are correct as of the date indicated.

**Head of Accounts Department - Disbursing Entity:**  
 Name ..... Sign ..... Date .....

**Head of Accounts Department - Beneficiary Entity:**  
 Name Jonathan Keiser, Sign [Signature], Date 28/8/2025



# **PUBLIC OFFICERS MEDICAL SCHEME FUND**

*Annual Report and Financial Statements for the year ended June 30, 2025*

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## **APPENDIX IV: REPORTING OF CLIMATE RELEVANT EXPENDITURES**

### **SOCIAL HEALTH AUTHORITY**

Telephone: 0800 720 601 & 147

Email: [info@sha.go.ke](mailto:info@sha.go.ke)

*Dr. Mercy Mwangangi*

**Chief Executive Officer**

Name and contact details of contact person (in case of any clarifications) .....

<b>Project Name</b>	<b>Project Description</b>	<b>Project Objectives</b>	<b>Project Activities</b>					<b>Source of Funds</b>	<b>Implementing Partners</b>
				<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>		
<b>No Expenditure in the current year</b>									

## ***PUBLIC OFFICERS MEDICAL SCHEME FUND***

***Annual Report and Financial Statements for the year ended June 30, 2025***

### **APPENDIX V: REPORTING DISASTER MANAGEMENT EXPENDITURE**

<b>Column I</b>	<b>Column II</b>	<b>Column III</b>	<b>Column IV</b>	<b>Column V</b>	<b>Column VI</b>	<b>Column VII</b>
<b>Programme</b>	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments
<b>No Expenditure in the current year</b>						

