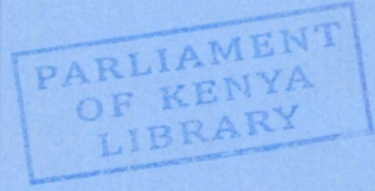


REPUBLIC OF KENYA



REPORT



OF

THE AUDITOR-GENERAL

ON

KENYA MEDICAL RESEARCH INSTITUTE

FOR THE YEAR ENDED

30 JUNE, 2025

**THE NATIONAL ASSEMBLY
PAPERS LAID**

DATE: 11 FEB 2026

DAY.

WEDNESDAY

**TABLED
BY:**

LEADER OF MAJORITY PARTY

(HON. KIMANI IGITHUNGUWATHI)

**CLERK-AT
THE-TABLE:**

J. LEMERELLE



In Search of Better Health

KENYA MEDICAL RESEARCH INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2025

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

Table of Contents	
Page	
1. Acronyms and Definition of Key Terms	iii
2. Key KEMRI Information and Management	iv
3. The Board of Directors/Council.....	x
4. Key Management Team.....	xiii
5. Chairman’s Statement.....	xvi
6. Report of the Chief Executive Officer.....	xvii
7. Statement of Performance against Predetermined Objectives for FY 2024/2025-1	xx
8. Corporate Governance Statement	xxiii
9. Management Discussion and Analysis.....	xxvi
10. Environmental and Sustainability Reporting	xxix
11. Report of the Directors	xl
12. Statement of Directors Responsibilities.....	xlii
13. Report of the Independent Auditor for the Financial Statements of Kenya Medical Research Institute.....	xliv
14. Statement of Financial Performance for the year ended 30 June 2025.....	1
15. Statement of Financial Position as at 30 June 2025	2
16. Statement of Changes in Net Assets for the year ended 30 June 2025	3
17. Statement of Cash Flows for the year ended 30 June 2025.....	4
17. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2025	6
18. Notes to the Financial Statements	8
19. Appendix I: Implementation Status of Auditor-General’s Recommendations.....	42

1. Acronyms and Definition of Key Terms

A: Acronyms

AVEC	Advancing Vaccine End Capabilities
CDC	Centre for Disease Control
CEO	Chief Executive Officer
CBK	Central Bank of Kenya
DG	Director General
HPV	Human Papilloma Virus
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
JICA	Japan International Cooperation Agency
KASH	KEMRI Annual Scientific and Health
KEMRI	Kenya Medical Research Institute
MD	Managing Director
NT	National Treasury
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
RTS,S/AS01	Repeat and T-cell epitope of the malaria parasite's
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
SSRC	Social Sports Research Centre
TCTP	Third Country Training Program
UHC	Universal Health Coverage
VC	Vice Chancellor
WB	World Bank
WRAIR	Walter Reed Army Institute of Research

B: Definition of Key Terms

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

Comparative Year- Means the prior period.

2. Key KEMRI Information and Management

(a) Background information

The Kenya Medical Research Institute (KEMRI) is a State Corporation established under the State Corporation Act, Legal Notice NO. 35 as a Research Institute under Section 16(2) and section 53 as read with the Fourth Schedule of the Science Technology and Innovations Act 2013 as the National Body responsible for carrying out Human Health research and quality of life and advice the Government on matters related thereto. The KEMRI is domiciled in Kenya and has centers in Nairobi, Kisumu, Busia, Kilifi, Kericho, Kirinyaga, Kwale, Eldoret,

(b) Principal Activities

Vision

To be a Global Leader in Research for Human Health

Mission

To improve human health and quality of life through research, capacity building, innovation and service delivery

Institute Motto

The Motto of the Institute is “In Search of Better Health” towards the realization of the mission.

Core Values

- Partnership
- Rectitude
- Inclusivity
- Creativity & Innovation
- Excellence

Mandate

The mandate of KEMRI as per Legal Notice 35 is as follows

- a) Conduct health, biomedical and public health research for human health;
- b) Build human health research capacity;
- c) Collaborate and partner with other local and international research bodies and institutions in carrying out human health research and capacity building;
- d) Advise the responsible Ministry in matters pertaining to health research policies and priorities;

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

- e) Undertake scientific and technological innovation as well as in the discovery, transmission and enhancement of knowledge and stimulate the intellectual life in the economic, social, cultural, scientific, and technological development;
- f) Establish incubation centres for innovation, and link research, policymakers, academia and industry in the health products value chain; and
- g) To do all such things that are necessary or desirable to carry out its functions.

(c) Key Management

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

No.	Designation	Name
1.	Board of Directors	
2.	Director General/CEO	Prof Elijah Songok
3.	Director Corporate Services	CPA Jones Otuke
4.	Director Research and Development	Prof. Nelly Mugo
5.	Director Research Capacity Building	Dr. Martin Bundi
6.	Director Scientific Programs, Partnerships & Grants Management	Dr. Maricianah Onono
7.	Director Strategy & Compliance	Mr. Edwin Bett
8.	Director Legal Services/ Corporation Secretary	Ms. Margaret Rigoro

(d) Fiduciary Management

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

No.	Designation	Name
1.	Ag. Director General	Prof. Elijah Songok
2.	Ag. Director, Research & Development	Prof. Nelly Mugo
3.	Director, Corporate Services	CPA Jones Otuke
4.	Ag. Director, Research Capacity Building	Dr. Martin Bundi
5.	Ag. Director, Scientific Programmes & Partnerships	Dr. Maricianah Onono
6.	Ag. Director Strategy & Compliance	Mr. Edwin Bett
7.	Ag. Deputy Director, Grants Management	CPA Gaireth Kingi
8.	Ag. Deputy Director, Finance & Accounts	CPA Gabriel Kamau

KENYA MEDICAL RESEARCH INSTITUTE

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

No.	Designation	Name
9.	Deputy Director, Human Resource	Ben Sifuna
10.	Deputy Director, Administration	Mr. John Musau
11.	Deputy Director Supply Chain Management	Mr. Kalu Kitaba
12.	Corporation Secretary	Ms. Margaret Rigoro
13.	Deputy Director, Centre for Biotechnology Research & Development	Dr. Luna Kamau
14.	Deputy Director, Centre for Microbiology Research	Dr. Christine Bii
15.	Deputy Director, Centre for Traditional Medicine and Drug Research	Dr. Ruth Nyangacha
16.	Deputy Director Centre for Global Health Research – Kisumu	Dr. Eric Muok
17.	Deputy Director, Centre for Infectious & Parasitic Diseases Control Research	Mr. Tom Mokaya
18.	Deputy Director, Centre for Geographical Medicine Research – Coast	Dr. Sophie Uyoga
19.	Deputy Director Eastern & Southern Africa Centre for International Parasite Control	Dr. Doris Njomo
20.	Deputy Director Centre for Clinical Research	Dr. Linus Ndegwa
21.	Ag. Deputy Director Centre for Viral Research	Dr. Ashimosi Khamadi
22.	Deputy Director, Centre for Public Health Research	Dr. Zipporah Bukania
23.	Deputy Director Centre for Respiratory Diseases Research	Dr. Jane Ong'ang'o

Key KEMRI Information and Management (continued)

(b) Fiduciary Oversight Arrangements

KEMRI is governed by a Board of Management (BOM) which is responsible for all policy matters, and is composed of a Chairman, four gazetted/appointed members and three ex-officio members representing various Government Ministries, KEMRI's Chief Executive Officer, who is the Principal Accounting Officer of the Institute, is a board member. The Corporation Secretary also serves as secretary to the Board of Management. In order to ensure efficient delivery of Board mandates, the Board operates through the following four (4) Board Committees namely: -

Board Audit Committee

This Committee oversees all audit functions of the Institute, including financial, procurement, and human resource processes. Monitors implementation of any audit queries raised by the Office of the Auditor General.

Human Resource & Administration Committee

This committee reviews staff matters, determines staffing levels by reviewing and recommending to the board any new appointments as well as appropriate disciplinary measures on staff who breach existing staff regulations and review matters of Housing, Administration and Security

Finance, Grants and Resource Mobilization Committee

This Committee provides oversight on Financial and Development matters of the institute, Oversee Overheads Appropriation Policy implementation by providing guidance on Institute Partnerships, grant management and resource mobilization.

Scientific Research and Innovation Committee

This Committee is responsible for providing strategic direction of research in the Institute. The committee scrutinizes, evaluates and approves research programmes, performance and output of research projects.

Parliamentary Oversight

The National Assembly is responsible for the oversight of the institute through the Department Committee on Health and Public Investment Committee on Social Services, Administration and Agriculture.

Development Partners

KEMRI has various development Partners. During the year under review the institute received research grants from over 120 partners.

(f) Institute Headquarters

P.O. Box 54840
Raila Odinga Road
Nairobi, KENYA

(g) Institute Contacts

Telephone: (254) 02027222541
E-mail: director@kemri.go.ke
Website: www.kemri.go.ke

(h) Institute Bankers

1. Kenya Commercial Bank
Kipande House Branch
P.O. Box 30012 - 00100
NAIROBI, KENYA
2. Cooperative Bank Limited
China Center Ngong Road Branch
P.O Box 21831 - 00400
NAIROBI
3. Family Bank
Kilimani Branch
P.O Box 74145 -00200
NAIROBI

(i) Independent Auditor


Auditor General
Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
NAIROBI, KENYA

(j) Principal Legal Adviser


The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
NAIROBI, KENYA

3. The Board of Directors/Council






<p>1. </p>	<p>Dr. Abdullahi Ali Ibrahim, CBS Chairman Board of Directors Qualifications Postgraduate – Executive Masters in Business Administration, Moi University Undergraduate - Bachelor of Medicine and Bachelor of Surgery, University of Nairobi Year of Birth: 1962 Work Experiences</p> <ul style="list-style-type: none"> • Senate, Wajir County Senator & Pan African Member of parliament 2017-2022 • Member, Parliamentary Service Commission 2014-2017 • Board Director, Kenya Tourism Development Corporation 2010-2012 • Board Director, National AIDS Control Council 2009-2012 • The National Assembly, Member of the National Assembly Wajir North 1997-2007 • Member, Parliamentary Service Commission 2000-2008 												
<p>2. </p>	<p>Prof. Elijah Songok Ag. Director General /CEO KEMRI Year of Birth: 1960 Qualifications</p> <table border="0"> <tr> <td>BSc (Biochemistry & Parasitology)</td> <td>-</td> </tr> <tr> <td>1986</td> <td></td> </tr> <tr> <td>MSc (Biochemistry)</td> <td>-</td> </tr> <tr> <td>1996</td> <td></td> </tr> <tr> <td>PhD in Medical Science-Kanazawa Uni, Japan</td> <td>-</td> </tr> <tr> <td>2003</td> <td></td> </tr> </table>	BSc (Biochemistry & Parasitology)	-	1986		MSc (Biochemistry)	-	1996		PhD in Medical Science-Kanazawa Uni, Japan	-	2003	
BSc (Biochemistry & Parasitology)	-												
1986													
MSc (Biochemistry)	-												
1996													
PhD in Medical Science-Kanazawa Uni, Japan	-												
2003													
<p>3. </p>	<p>CPA Faith Mwongerah Independent Board Member, Year of Birth: 1984 Qualifications Bachelor of Commerce-Finance option at University of Nairobi Work Experiences</p> <ul style="list-style-type: none"> • January 2023-Present: Quality Assurance Consultant(QAC)-Finance: Water Services Trust Fund (WSTF) • June 2013- July 2020: Commercial/Finance Manager: Nithi Water And Sanitation Company Ltd • March 2016-Dec 2016/September 2019-November 2019: Ag. Managing Director: Nithi Water And Sanitation Company Ltd • June- 2009- June 2013: Accountant: Nithi Water And Sanitation Company Ltd 												








<p>4.</p> 	<p>Dr. Damaris Maweu Independent Board Member Year of Birth: 1982 Qualifications Undergraduate - Bachelor in Pharmacy, Mount Kenya University</p> <p>Work Experiences</p> <ul style="list-style-type: none"> • – 2022: Politician Makueni County Women Rep Aspirant. • – 2021: Director at Daroma Chemist Dealers in Pharmaceutical and Surgical supplies • 2015 – 2018: Aghakan Hospital Pharmacy. • 2011 – 2014: KAM Pharmacy. • 2010 – 2011: Kenyatta National Hospital.
<p>5.</p> 	<p>Mr. Luka Chemwolo Independent Board Member Year of Birth: 1965 Qualifications PhD – University of Eldoret Master of Philosophy – Moi University B.Sc. in Zoology (Biological sciences) - Moi University</p> <p>Work Experience</p> <ul style="list-style-type: none"> • November, 2016 to date - Lecturer, University of Kabianga • Oct, 2015 to Oct 2016 - Laboratory Licensing Officer, Kenya Medical Laboratory Technicians and Technologists Board, Ministry of Health, Kenya • Jan.2015 to May, 2015 - Africa Nazarene University-Adjunct Lecturer - Teaching undergraduate students • Sept. 2014 to 2015 - University of Kabianga - Part time lecturer Teaching Diploma and undergraduate students • 2013- 2014 Kisii University - Part time lecturer
<p>6.</p> 	<p>Mr. Christopher Marwa Rep. Attorney General's Office</p> <p>Year of Birth: 1990 Qualifications Postgraduate: - Master of Laws in Law, Governance and Democracy- University of Nairobi (2022) Undergraduate - Bachelor of Laws (LLB) - University of Nairobi</p> <p>Work Experiences</p> <ul style="list-style-type: none"> • Senior State Counsel Attorney General's Chambers June 2017- To Date • Advocate of The High Court of Kenya Muma & Kanjama Advocates Jan 2017 –June 2017 • Pupillage Muma & Kanjama Co Advocates February 2016 - August 2016, Intern Muma & Kanjama advocates August 2014 –Feb 2016







<p>7.</p> 	<p>Ms. Vivian Jepchirchir Chebii Rep. PS National Treasury, Year of Birth: 1982</p> <p>Qualifications Master in business administration (Marketing) at Catholic University of Eastern Africa</p> <p>Work Experiences</p> <ul style="list-style-type: none"> • May 2024 - Current: Deputy Director- Pensions Department Policy Section, The National Treasury and Economic Planning, Nairobi • Oct 2015 - Apr 2024: Regional Manager- The North Rift Counties, CPF Financial services • Nov 2014 -Sep 2015: Branch Network Coordinator- Nairobi Head Office, CPF Financial services, • Dec 2012 - Sep 2014: Customer Service Supervisor, ABSA Bank Kenya • Feb 2009 - Nov 2012: Supervisor- Clearing and Processing, ABSA Bank Kenya • Jun 2007 - Jan 2009: Customer Advisor, ABSA Bank Kenya • May 2007: Clerk insurance, Housing Finance Bank Ltd
<p>8.</p> 	<p>Dr. Rebecca Kiptui Rep. PS Ministry of Health Year of Birth: 1971</p> <p>Qualifications Medical Doctor</p> <p>Current Employer</p> <ul style="list-style-type: none"> • Head Universal Coverage Secretariat Ministry of Health • Technical Advisor to PS Health • Senior Deputy Director Medical Services <p>Work Experiences</p> <ul style="list-style-type: none"> • Technical Coordinator of the Kenya Malaria Indicator Survey 2015
<p>9.</p> 	<p>Ms. Wangui I. Njenga Independent Board Member Year of Birth: 1989</p> <p>Qualifications Master's Degree in Human Resource Management</p> <p>Work Experience</p> <ul style="list-style-type: none"> • HRMO Kenya Institute of Curriculum Development Sept 2015 – Sept,2024 • Human Resource Manager Mwamuye Kimathi Kimani Advocates Sept 2013 to Aug 2015 • Executive Assistant Njoroge Regeu & Company Advocates Jan 2011 to Aug 2013

<p>10.</p> 	<p>Ms. Margaret Rigoro Ag. Corporation Secretary & Director Legal Services</p> <p>Year of Birth: 1983</p> <p>Qualifications Advocate of the High Court of Kenya Postgraduate: - Postgraduate Diploma in Law Undergraduate - Bachelor of Laws (LLB) – Moi University</p> <p>Work Experience Kenya Medical Research Institute – Deputy Director Legal Services</p>
--	--

4. Key Management Team

<p>1.</p> 	<p>Prof. Elijah Songok Ag. Director General/CEO KEMRI</p>
<p>2.</p> 	<p>CPA Jones Otuke Director Corporate Services</p>
<p>3.</p> 	<p>Mr. Martin Bundi Ag. Director Research Capacity Building</p>
<p>4.</p> 	<p>Ms. Margaret Rigoro Ag. Corporation Secretary & Director Legal Services</p>
<p>5.</p> 	<p>Prof. Nelly Mugo Ag. Director Research and Development</p>
<p>Mr. Edwin Bett</p>	

<p>6.</p> 	<p>Ag. Director, Strategy & Compliance</p>
<p>7.</p> 	<p>Mariciannah Onono Ag. Director Scientific Programmes, Partnerships and Grant Management</p>
<p>8.</p> 	<p>CPA Gabriel Kamau Ag. Deputy Director, Finance and Accounts</p>
<p>9.</p> 	<p>Mr. John Musau Deputy Director Administration</p>
<p>10.</p> 	<p>Ben Sifuna Deputy Director, Human Resource</p>
<p>11.</p> 	<p>Mr. Kalu Kitaba Deputy Director, Supply Chain Management</p>
<p>12.</p> 	<p>Ms. Lillian Mayieka Ag. Deputy Director, Resource Development & Knowledge Management</p>

13.		Mr. Martin Bundi Ag. Deputy Director, Research Capacity Building/KEMRI Graduate School
14.		Mr. Davis Mkoji Deputy Director, Corporate Communications
15.		Mr. Patrick Mutinda Deputy Director , Quality Assurance & Risk Management Coordinator
16.		Mr. Mahsen Abud Deputy Director, Information Communication & Technology (ICT)
17.		Mr. Patrick Gitau Deputy Director, Internal Audit
18.		Caroline Wandera Acting Director, Commercial Enterprises
19.		Eng. Grace Munoru Deputy Director, Engineering & Maintenance Department

5. Chairman's Statement

It is with great pleasure and a deep sense of responsibility that I present, on behalf of the Board of Directors of the Kenya Medical Research Institute (KEMRI), the Institute's Annual Report and Financial Statements for the year ended 30th June 2025, in compliance with Legal Notice No. 35 of March 2021.

The year under review was defined by both significant accomplishments and fiscal challenges, particularly due to reduced government budget allocations. Despite these financial constraints, KEMRI demonstrated remarkable resilience, maintaining momentum in its mandate to improve human health through cutting-edge research, innovation, capacity building, and service delivery.

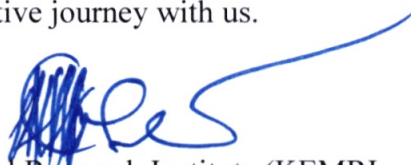
This resilience speaks to the strength of KEMRI's institutional foundation, anchored by visionary leadership, a dedicated workforce, strategic oversight from the Board, and enduring partnerships. We remain especially grateful to the Government and People of Kenya for their continued support during this economically challenging period. We also recognize with deep appreciation the invaluable contributions of our local and international collaborators, whose solidarity continues to enrich and expand our work.

On behalf of the Board, I extend our heartfelt commendation to the Director General and CEO, and to all KEMRI staff, for their unwavering professionalism, adaptability, and innovation. Their ability to maintain high standards and deliver impactful outcomes, even in the face of resource limitations, is a testament to the Institute's institutional resilience and sustainability.

As we look ahead, the Board remains committed to supporting the Institute in mobilizing additional resources, deepening strategic partnerships, and leveraging innovation to ensure KEMRI continues to fulfil its promise: advancing science for better health and well-being for all Kenyans, and contributing meaningfully to regional and global health priorities.

This Annual Report not only provides an account of our activities and financial performance but also reflects our shared vision, that of a healthier, more equitable society driven by homegrown research solutions. I encourage all our stakeholders to engage with the insights shared herein and continue walking this transformative journey with us.

Dr. Abdulahi Ali Chairman,
Board of Directors Kenya Medical Research Institute (KEMRI)



6. Report of the Chief Executive Officer

The financial year ending 30th June 2025 was a story of contrast — one marked by remarkable scientific progress and strategic milestones, yet shadowed by growing financial constraints due to reduced government funding across the public sector. Amidst these fiscal headwinds, the Kenya Medical Research Institute (KEMRI) demonstrated unwavering resilience, anchored by a dedicated workforce, visionary leadership, and strong collaborative networks that continue to power our impact.

Strategic Milestones and Global Alliances

This period saw KEMRI reaffirm its position as a leading public health research institution, both regionally and globally. A key highlight was the signing of a Memorandum of Understanding between the Governments of Kenya and Japan, witnessed by H.E. President Dr. William Ruto. This landmark agreement unlocked a KES 3 billion grant to establish a state-of-the-art biotechnology research and training centre — a transformative investment that positions KEMRI at the forefront of biotechnology innovation and capacity development on the African continent.

Our international engagements continued to gain traction with high-level visits from global partners, including Ms. Loyce Pace, Assistant Secretary for Global Affairs at the U.S. Department of Health and Human Services, and Mr. Ando, Senior Vice President of JICA. We also deepened our longstanding collaboration with the U.S. Centers for Disease Control and Prevention (CDC), formalizing a five-year partnership at a bilateral event in Atlanta, Georgia, presided over by the President of Kenya.

KEMRI also strengthened its strategic alliances with the Wellcome Trust and the University of Oxford, reinforcing our global health research credentials. Furthermore, our membership in the International Vaccine Institute (IVI) and the subsequent tripartite MoU with IVI and Kenya Biovax under the Advancing Vaccine End Capabilities (AVEC) initiative significantly enhanced Kenya's vaccine R&D and manufacturing ecosystem.

Scientific Excellence and Health Impact

Despite fiscal limitations, our scientists delivered high-impact research that influenced both policy and practice. We played a pivotal role in the European Medicines Agency's (EMA) recommendation of Arpraziquantel for schistosomiasis treatment in preschool-aged children, under the ADOPT initiative. Our work in malaria and HIV prevention through the IMPROVE-2 trial — in partnership with the Liverpool School of Tropical Medicine and institutions in Malawi

— provided robust evidence supporting integrated malaria prophylaxis in HIV-positive pregnant women.

Significantly, our malaria surveillance data contributed to the World Health Organization's decision to recommend the deployment of the RTS,S/AS01 malaria vaccine in ten African countries — a major milestone in child health and disease prevention where KEMRI's scientific rigor made a global difference.

Knowledge Exchange and Science Communication

In line with our mission to bridge research and policy, we hosted the 14th KEMRI Annual Scientific and Health (KASH) Conference, attracting over 700 participants, including researchers, policymakers, and students. Other major platforms included the 3rd Health and Climate Change Conference and the inaugural Centre for Viral Research (CVR) Symposium, which catalyzed dialogue on emerging viral threats.

We made notable strides in science communication, unveiling the first-ever KEMRI TV documentary and hosting the pioneering “Storytelling for Science Communication” workshop — the first of its kind in Africa. These initiatives have enhanced our visibility, amplified public understanding, and reinforced KEMRI's position as a science communication leader.

Institutional Development and Infrastructure Expansion

This year, the Board approved the KEMRI Strategic Plan (2023–2027), which aligns with national priorities, including Universal Health Coverage (UHC) and the Bottom-Up Economic Transformation Agenda (BETA). A flagship initiative within this plan is the establishment of a Bio-manufacturing Training Hub — a bold step toward nurturing local talent and reducing reliance on external expertise.

In tandem, we successfully conducted KEMRI's first External Peer Review between May and June 2024. The process yielded actionable recommendations to enhance governance, strengthen internal systems, and boost our institutional research capacity.

Infrastructure investments were also prioritized, with new construction and renovations initiated in Nairobi, Kwale, Taveta, Kirinyaga, Eldoret, and Kombewa. These projects are essential in expanding our research capacity and improving operational environments.

People and Leadership

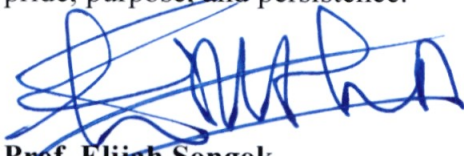
Our people remain our most valuable asset. In the past year, the Board made strategic appointments to bolster senior leadership, including Mr. Jones Otuke and Mr. Ben Sifuna. In addition, 93 staff across research, technical, and administrative departments were promoted in line with the KEMRI Human Resource Policy and Procedure Manual (2019). These developments recognize merit and foster a motivated, high-performing workforce.

The Road Ahead

As we enter the 2025/2026 financial year, we do so with renewed focus and determination. Our key priorities include:

- Mobilizing additional funding to mitigate fiscal pressures;
- Strengthening and diversifying partnerships for greater sustainability;
- Deepening community engagement and public trust; and
- Accelerating health innovation that responds to both local and global challenges.

In conclusion, I wish to express my heartfelt gratitude to the Board of Directors, our dedicated staff, government agencies, partners, and the People of Kenya. Your unwavering support enables KEMRI to continue its mission of advancing health through science — a mission we pursue with pride, purpose, and persistence.



Prof. Elijah Songok
Director General/CEO KEMRI

7. Statement of Performance against Predetermined Objectives for FY 2024/2025-1

KEMRI has six Key Results Areas (KRAs) within the current Strategic Plan for the FY 2023-2027. These KRAs are as follows:

1. Research for Human Health
2. Research Capacity Building
3. Innovation and Product Development
4. Disease Surveillance and Response
5. Financial Sustainability
6. Institutional Strengthening

KEMRI develops its annual work plans based on the above six key result areas. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Institute presents the performance targets set and achievements for the FY2024/2025 period on its six Key Result Areas, as indicated in the table below:

Key Result Area (KRA)	Strategic Objectives	Key Performance Indicators	Activities	Annual Target FY2024/25	Achievements (Q1+Q2+Q3+Q4)
Research For Human Health	To strengthen Clinical, biomedical, public health and Health Systems research for human health	Number of policy briefs	Translate research findings into policies and practice guidelines	10	6
		Number of new research protocols developed & approved	Review and approve research proposals	178	180
		Number of ongoing Research Projects	Implement priority collaborative research projects	550	660
		Number of peer reviewed publications	Publish research findings	535	431
		Number of peer reviewed abstracts	Present research findings in scientific forums	280	249
		Number of scientific & Health Conferences held	Organize conferences, symposia and workshops	3	4
Innovation and Product development	To Undertake Scientific and Technological innovation	Number of specialized laboratory	provide specialized diagnostic services	1,100,000	647,883

		services offered			
		Number of diagnostic kits developed and commercialized	production of diagnostic kits and other products	220,460	111,890
Research Capacity Building	Graduate School Masters and PhD enrollment	No of PhDs and MSc students enrolled.	Enrolment of PhDs and MSC students	118	138, (29 PhDs & 109 MSc)
	To Conduct Short courses	Number of participants trained	Conduct short courses	850	1,010
Financial Sustainability	To enhance and diversify resource mobilization as a step towards financial sustainability	Enhance Income Generation	Amount (Kes)	858,383,268	948,298,917
		Enhance income generation (external research grants)	Amount (Kes)	6,427,811,898	6,949,052,759
Institutional Strengthening	To Strengthen Statutory compliance and Legal Services	KEMRI Act	Review the existing Act under which KEMRI is established to harmonize with the Kenya constitution and other legislation	KEMRI Act of Parliament (Bill)	KEMRI Draft Bill has been published for 1 st reading in Parliament.
	To establish and upgrade infrastructure	% Completion rate	Construction of CMR/CPHR Block and Kwale phase 1	100%	Work progressed from previous FY from foundation level to 1st floor slab for both the Research facilities at KEMRI Kwale and KEMRI CMR/CPHR block.

		Number of Centres established	Develop and safely apply biotechnology and biosciences including synthetic biology and regenerative medicine	100%	Centre of excellence fully established with the following nine (9) ongoing studies approved for continuation. 3 Webinars were also conducted.
--	--	-------------------------------	--	------	---

8. Corporate Governance Statement**A. NUMBER OF BOARD MEETINGS AND ATTENDANCE**

MEETING	NUMBER OF MEETINGS	ATTENDANCE BY MEMBERS
MAIN BOARD	6	All
Scientific Research and Innovations Committee	6	All
Board Audit Committee	6	All
Finance Grants and Resource Mobilization Committee (previously PGRMC/FGPC)	6	All
HR and Administration (Previously FGPC)	6	All

B. SUCCESSION PLAN

The Board undertakes to ensure that a Succession Plan for both the Board and Management is put in place and reviewed periodically.

The tenures of Board Directors are staggered to ensure a phased transition.

C. EXISTENCE OF BOARD CHARTER

The Board has an approved Board of Directors Charter.

D. PROCESS OF APPOINTMENT AND REMOVAL OF DIRECTORS

- 1) The Chairperson and independent Directors are appointed by the relevant authority through conventional board resourcing procedures including through applications, referrals and knowledge of the market and industry actors.
- 2) The Principal Secretary of the parent Ministry and the Principal Secretary National Treasury are members. The Attorney General is also a member. All the three offices have appointed alternate members to represent them in the Board.
- 3) The appointment of the Chairperson and Independent Directors is by name and by notice in the Kenya Gazette but shall cease if the Board member:
 - a) Serves the appointing authority with a written notice of resignation; or
 - b) Is absent, without the permission of the Chairperson, from three consecutive meetings; or

- c) Is convicted of an offence and sentenced to imprisonment for a term exceeding six months or to a fine exceeding twenty thousand shillings; or
 - d) Is incapacitated by prolonged physical or mental illness from performing his duties as a member of the Board; or
 - e) Conducts himself in a manner deemed by the appointing authority to be inconsistent with membership of the Board.
- 4) Any removal of a Board member is through formal revocation and where applicable, through a Gazette notice.
- 5) The Director-General who is the Chief Executive Officer of the Institute is appointed by the Board on such terms and conditions of service as the Cabinet Secretary of the Ministry of Health may, in consultation with relevant government organs, approve.

E. ROLES AND FUNCTIONS OF THE BOARD

1. The Board shall be responsible for the management and administration of the Institute.
2. Manage, supervise and administer the assets of the Institute in such a manner as best promotes the purpose for which the Institute is established
3. Determine the provisions to be made for capital, and recurrent expenditure and for reserves of the Institute;
4. Establish operational and administrative units for the effective functioning of the Institute.
5. Recruit the Director-General for the Institute and other staff on such terms and conditions as may be approved by the relevant government organs.
6. Receive any grants, gifts, donations or endowments on behalf of the Institute and make legitimate disbursements therefrom
7. Enter into association with such other bodies or organizations locally and internationally as the Board may consider desirable or appropriate and in furtherance of the purpose for which the Institute is established.
8. Open a banking account or bank accounts for the funds of the Institute; and
9. Perform any other function that enhances or adds value to the proper performance of the functions of the Institute.

F. INDUCTION TRAINING AND DEVELOPMENT

The Directors have undergone an induction process and they are well conversant with their roles, responsibilities, general principles of governance, code of conduct, risk management, compliance and Board practices.

The Board kept its Directors abreast of the latest developments in the sector best practice, corporate governance and critical issues relating to the operation of public sector boards. The Board is satisfied that its members are up to date with continuous professional development in their respective professional bodies.

During FY 2024/25 the Board Directors attended two (2) induction programs and two (2) trainings.

G. BOARD AND MEMBER PERFORMANCE

The Board conducts an annual evaluation to appraise its performance. This evaluation is carried out in accordance with the Board Evaluation Tool. The Board also evaluates the performance of the Director General & CEO, Corporation Secretary and Head of Internal Audit. The State Corporation Advisory Committee presides over the Board Evaluation exercise to guide the Board.

H. BOARD REMUNERATION

The Board members are remunerated for their services in accordance with the prevailing guidelines as approved from time to time.

I. ETHICS AND CONDUCT

The Board has put in place a code of conduct for the Institute.

J. Governance Audit

The Board undertakes to ensure that a Governance Audit is conducted on the Institute on periodical basis.

9. Management Discussion and Analysis

Review of Performance

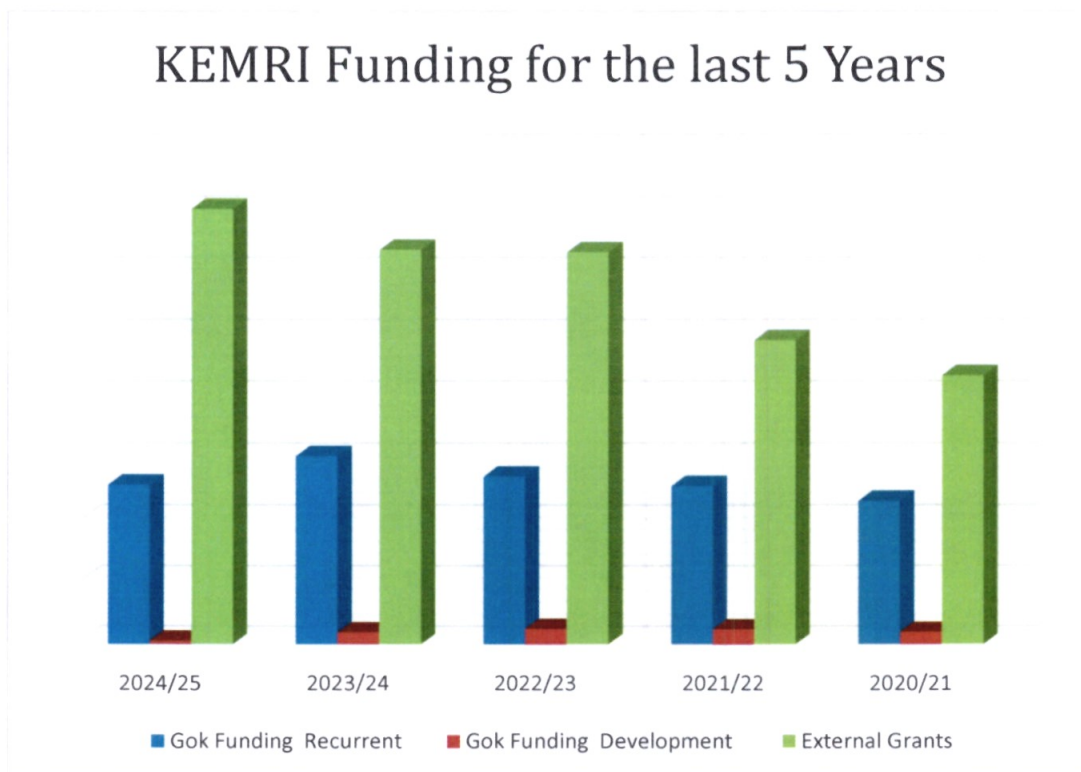
The Kenya Medical Research Institute has achieved the following for the period 1st July 2024 to 30th June 2025.

Financial Performance

The GOK recurrent funding reduced by Kshs 463M in 2024/25 compared to previous FY 2023/24. Equally the Development funding reduced by Kshs 140M in the FY 2024/25 compared to previous FY 2023/25 with no allocation to research in the year under review. The budget cuts have impacted on the performance targets achievements of the core mandate for the institute.

In FY 2024/25 the donor funding increased by Kshs 665M compared to previous FY 2023/24.

Figure Below illustrates the Institutes GoK and Donor Funding for the last five years



a) Research

1. Six (6) policy briefs were developed from various priority areas during the period under review as follows:
 - a) Kenya National Guidelines for The Management of Cardiovascular Diseases 2024.
 - b) Registration of citizens into the National Social Health Insurance scheme: a perspective based on community health promoters’ sentiments, Nandi County, Kenya
 - c) Navigated Change: Implementation of Health Service Delivery Redesign in Kakamega County, May 2025

- d) Women's Autonomy and Maternal Health Decision-Making in Kenya: Implications for Service Delivery Reform in Kakamega County, May 2025.
 - e) Power, Politics, and Progress: Navigating Power Dynamics in Kakamega's Maternal Health Service Redesign Reform, May 2025.
 - f) Maternal and Newborn Health Service Delivery Redesign (SDR) Feasibility Assessment in Nakuru, May 2025
1. The Institute developed one hundred and eighty (180) new research proposals covering national health research priority areas.
 2. The published four hundred and thirty-one (431) Publications in peer reviewed journals. These contributed to increased scientific knowledge in addition to providing a repository of scientific reference material for formulation of evidence-based policies and treatment guidelines for disease management and training.
 3. The Institute implemented six hundred and sixty (660) ongoing collaborative research projects in priority areas of non-communicable diseases and universal health coverage.
 4. The Institutes' scientists also presented two hundred and forty-nine (249) peer reviewed scientific abstracts in national and international conferences & scientific forums.
 5. The Institute developed and continues to manage Demographic Health Surveillance Systems (DHSS), in six (6) Counties, targeting population dynamics, validating National census/demographic Health Surveys, health facility utilization, evaluation of new health interventions and priority diseases monitoring within Kisumu, Siaya, Homabay, Kwale, Nairobi and Kilifi Counties.
- g) **MoAs**
 - KEMRI signed and maintained eighty-six (86) different collaborative agreements and partnerships in FY2024/25.
 - h) **KEMRI Bill**
 - The KEMRI draft bill was submitted to the National Assembly and has been published for its first reading.
 - i) **Kenya Vision 2030 Flagship Projects**
 - a) **Center of Excellence for Stem cells Research, Synthetic Biology and Regenerative medicine:**

The Stem Cell Research Unit was successfully commissioned on 27th July 2023 and the lab is fully operational. Nine (9) studies were approved for continuation in FY2024/25 as follows.

 1. **SERU 3147** Characterization of immune responses to chlamydia trachomatis serovars among patients with trachoma in Baringo county
 2. **SERU 3556** Molecular diagnosis of cancer: application of robust, reliable, non-invasive, biomarker approach
 3. **SERU 3561** Mapping emerging infectious diseases in selected sites in Kenya within the context of climate change

4. **SERU 3854** Anopheles gambiae and anopheles arabiensis genetic diversity and association with insecticide resistance in Kenya
5. **SERU 4436** Evaluation of RK28 and kala-azar detect RK39 rapid diagnostic tests for visceral leishmaniasis in Kenya towards strengthening recommendations for their use and access in Eastern Africa
6. **SERU 4502** Immunomodulatory and anti-inflammatory potential of bone marrow-derived mesenchymal stem cells (BM-MSCS) in experimental schistosome egg granuloma: as a model of intervention in human inflammatory diseases
7. **SERU 4634** A multidisciplinary approach to study ecotypes driving transmission and pathogenesis of visceral leishmaniasis (VL) in Marsabit and Kajiado counties in Kenya
8. **SERU 4680** Compacting the silent epidemic of chronic viral hepatitis in Kenya: developing a model for prevention, care and treatment – hepatitis care model
9. **SERU 4805** Development of polyspecific leporine egg antivenoms against major snake groups in Kenya.

The Institute also held three (3) webinars titled as follows:

1. The RNA Salon Kenya on 5th July, 2024
2. Harnessing Pathogen Genomics for infectious Disease Control in Kenya: progress and Challenges on 9th October, 2024
3. New Dimensions in the study of Tick-Borne Viruses Hybrid on 26th September, 2024.

b) Local health products and technologies developed:

- i. Screening of three (3) plants with potential contraceptive activity from Mbeere (2) and Baringo (1) - Plant identification, collection, processing and extraction done during the period under review.
- ii. Antiviral activity screening for natural products: testing three (3) plant-derived extracts from various parts of Kenya, reputed to have activity against viral diseases for activity against pathogenic viruses - Antiviral activity assays for extracts from various plants are ongoing for: Pre-Clinical Evaluation of the Antiviral Herbal Product “Zedupex” in combination with Kenyan Green Tea for management of Severe Acute Respiratory Syndrome Coronavirus 2 (SARS-CoV-2) Infection and its Resulting Disease (COVID-19) (The ZEDUPEX-TEA COVID-19 Study) (KEMRI/SERU/CTMDR/088/4015).
- iii. Evaluating an antimicrobial activity of natural products including isolates from five (5) medicinal plant endophytes against bacteria and fungi which cause human diseases. - Project titled “Identification of novel antibacterial endophyte-derived lead compounds targeting ESKAPE pathogens SERU: 4715” ongoing.

c) Infrastructure

The following research infrastructure was established and enhanced during the reporting period:

The work progressed from previous FY from foundation level to 1st floor slab for both the Research facilities at KEMRI Kwale and KEMRI CMR/CPHR block.

10. Environmental and Sustainability Reporting

KEMRI has put in place proper strategies that will ensure sustainability by taking into consideration the Institutes operations with regards to the social and economic environment. The Institute strive to work in harmony with our stakeholders, minimize negative environmental impacts and support communities that may need its support. To achieve this mainly focuses on stakeholder and community engagements, environment and health. The management ensures that these strategies are aligned to the operations. This has been done on the assumption that developing such strategies will foster the Institutes' continuity. The strategies include; ensuring compliance with environmental regulations; e – waste policy; environmental sustainability policy; corporate social responsibility policy; community engagement and embedding sustainability in the business processes.

1. Environmental performance

The Institute recognizes that it has a responsibility to the environmental beyond legal and regulatory requirements. The Institute is committed to continually improving its environmental performance as an integral part of its business strategy and operating methods. KEMRI encourages all stakeholders to do the same. The Institute aims at complying with all regulatory requirements, continual improvement of environmental performance, continual improvement of its environmental by incorporating environmental factors in its business decisions, increasing awareness and employee training.

2. Employee welfare

The Institute has a HR policy, HR instruments which provides guidance on the approach to be adopted on aspects of recruitment or hiring, career progression, promotion, performance appraisals and trainings. Annually, stakeholder engagement plan is created for implementation by the management and the plan is updated as necessary based on stakeholder needs.

3. Market place Practices-

KEMRI gains its competitive advantages through delivering excellent customer services and quality products playing a key role in supporting the delivery of the aspirations of Medium-Term Plan IV of the Vision 2030 and the Governments 'Bottom-Up Economic Transformation Agenda (BETA). The procurement activities are guided by the Public Procurement and Regulatory Authority (PPRA) which receives quarterly performance reports from the Institute.

i) *Corporate Social Responsibility / Community Engagements*

Kapkugo medical camp held on 5th -7th dec 2024 during Kalenjin festival

The Kenya Medical Research Institute (KEMRI), in collaboration with the management and organizers of the Kalenjin Festival and a diverse range of stakeholders—including the Ministry of Gender, Culture, The Arts & Heritage; Moi Teaching and Referral Hospital; the Allan Chesang Foundation; and the Bungoma County Government, among others—organized and participated in a highly successful series of traditional and health-related activities.

Among these was a three-day medical camp held from December 5th to 7th, 2024, at Kapsokwony Boys High School. The event, conducted as part of KEMRI's Corporate Social Responsibility (CSR) efforts, was held under the theme "Celebrating Kapkugo: Our Culture, Our Heritage" and was spearheaded by the Sport Science Research Center.

The festival attracted over 10,000 members of the Kalenjin community, who came together to celebrate their cultural heritage while also accessing a wide range of health services and consultations provided by various medical experts.

This report outlines the objectives, activities, and outcomes of the medical camp conducted during the three-day event.

1. OBJECTIVES OF THE CAMP

The Primary objectives of the camp were:

- Offer Free Diagnosis: To provide free medical diagnosis services to attendees including general health checkups, blood pressure monitoring, diabetes screenings, and other essential tests.

- Offer Instant Treatment or Referral: To offer immediate medical treatment for minor ailments on site and refer patients with more serious conditions to local hospitals for further care.
- Create Public Health Awareness; to educate the community about essential health practices, preventive measures and importance of early disease detection.
- Facilitate Multisector collaboration; to establish a platform for collaboration between various sectors, including healthcare, education, and local government to address the broader social determinants of health.

2. PARTICIPATION OF KEMRI

A team of 7 members of staff led by Dr. Joseph Mutai teamed up with colleagues from KEMRI Production Team, Biovax, Moi Teaching and Referral Hospital, Allan Chesang Foundation and Kapsokwony Sub County Administrative Health Department, among other health facilities.

A comprehensive array of healthcare services was offered by the Institute ranging from; Essential clinical assessments, malaria testing, Hepatitis screenings and random blood sugar examinations. The services were designed in a way aimed to not only provide immediate medical relief but also to generate data for informed diagnosis and decision making.

3. ACTIVITIES UNDERTAKEN

(a) Free Diagnosis and Treatment

Medical professional present set up diagnostic and treatment stations, and the services offered included:

- General health check up
- Blood pressure monitoring
- Diabetes screening
- Malaria testing
- Eye examinations
- Basic wound care.

Residents started flowing in as early as 6; 30 am in the morning to seek for free medical attention especially to services that were not available in their nearest hospitals. More than 1000 men, women and children were diagnosed accordingly. Dr. Joseph Mutai was one of the lead medical experts who conducted this exercise in conjunction with other experts.

Majority of the children who were brought to the camp were referred for further specialized care as their cases were a little bit complex.

(b) Public Health Awareness

A series of informative sessions and workshops were conducted through the day to raise public health awareness. Topics covered included;

- Proper handwashing techniques
- Nutrition and health eating habits
- Family planning and reproductive health
- Preventive measures for common diseases
- DNA Services including paternity tests

These sessions were well received and contributed significantly to the dissemination of valuable health information of the community.

(c) Media and Publicity

Elgon TV Kenya interviewed Dr. Joseph Mutai who gave an overview of the importance of holding such medical camps, and what it means to not only the constituents but the health care experts. He also highlighted KEMRI's research products including the sanitizers and encouraged health facilities to support the Institute by using the products which are of high quality. He also highlighted our new center in Eldoret that was opened in August 2023. Here is the link

https://www.facebook.com/watch/live/?ref=watch_permalink&v=1947912595706952.

Photo gallery



Ms. Mercy Kemboi setting up the station on Day one at Kapkugo festival

NAIROBI WEST MEDICAL CAMP HELD ON THE 7TH OF DECEMBER 2024.

The Kenya Medical Research Institute (KEMRI), in collaboration with House of Grace Church and a wide array of healthcare partners including Kenyatta National Hospital, Equity Afya, Texas Cancer Center, and Optica, organized and participated in a highly impactful medical camp on Saturday, 7th December 2024. The event, held at the House of Grace Church, Nairobi West, was part of KEMRI's Corporate Social Responsibility (CSR) initiatives.

The camp drew hundreds of community members who accessed comprehensive healthcare services provided by experts across various fields, all in one location. This report highlights the objectives, activities, and outcomes of the medical camp.

1. OBJECTIVES OF THE CAMP

The Primary objectives of the camp were:

- Offer Free Diagnosis: To provide free medical diagnosis services to attendees including general health checkups, blood pressure monitoring, diabetes screenings, and other essential tests.
- Offer Instant Treatment or Referral: To offer immediate medical treatment for minor ailments on site and refer patients with more serious conditions to local hospitals for further care.
- Create Public Health Awareness; to educate the community about essential health practices, preventive measures and importance of early disease detection.
- Facilitate Multisector collaboration; to establish a platform for collaboration between various sectors, including healthcare, and church to address the broader social determinants of health.

2. PARTICIPATION OF KEMRI

A team of five members of staff from KEMRI, led by Principal Lab Analyst Alfred Muia and supported by Senior Lab Analyst Ms. Finley Osuna, Lab Technologist Mr. Dan Ombija, and Lab Analysts Mr. Lewis Karani and Mr. Jeremiah Ndeto, provided critical diagnostic services during the Nairobi West Medical Camp.

The team conducted over 50 rapid tests, including:

- Blood sugar testing.
- Malaria testing.

Their services addressed immediate health concerns and facilitated timely referrals. Two cases of critically high blood sugar were identified, leading to swift action:

- One patient was referred to Mbagathi Hospital.
- Another was evacuated to Kenyatta National Hospital (KNH) using an on-site ambulance.

The KEMRI laboratory team's participation was instrumental in providing accurate, timely diagnostics that supported clinical decisions and enhanced patient care during the event.

3. ACTIVITIES UNDERTAKEN

(a) Free Diagnosis and Treatment

KEMRI offered a variety of diagnostic and treatment services during the medical camp. These included:

- General health check-ups.
- Blood sugar testing.
- Malaria testing.

Over 50 rapid diagnostic tests were conducted by KEMRI's laboratory team. Two critical cases of high blood sugar were identified:

- One patient was referred to Mbagathi Hospital.
- Another was evacuated to Kenyatta National Hospital (KNH) using an on-site ambulance.

The seamless coordination between KEMRI and the House of Grace medical team ensured effective and timely patient care.

(b) Public Health Awareness

The medical camp included awareness sessions and consultations to educate attendees on essential health topics. These included:

- Proper nutrition and healthy eating habits.
- Preventive measures for diabetes and malaria.

The sessions raised awareness and encouraged community members to adopt healthier lifestyles.

(c) Collaboration and Coordination

KEMRI worked closely with partners such as KNH, Equity Afya, Texas Cancer Center, and Optica to deliver comprehensive healthcare services. The laboratory section led by KEMRI was among the busiest, ensuring patients received immediate diagnostic results for informed treatment.

(d) Recommendations for Future Camps

At the conclusion of the camp, Principal Lab Analyst Alfred Muia recommended:

- Procuring additional test kits for a wider range of diagnostic services, including Hepatitis B and C, H. Pylori, and HIV.
- Equipping outreach programs with portable diagnostic tools for enhanced service delivery.

KEMRI's proactive approach and collaborative efforts underscored its commitment to addressing community health needs effectively.

The success of the medical camp demonstrates the impact of teamwork and the importance of addressing health challenges at the grassroots level. While significant milestones were achieved, more efforts are needed to sustain and expand the benefits of such initiatives.

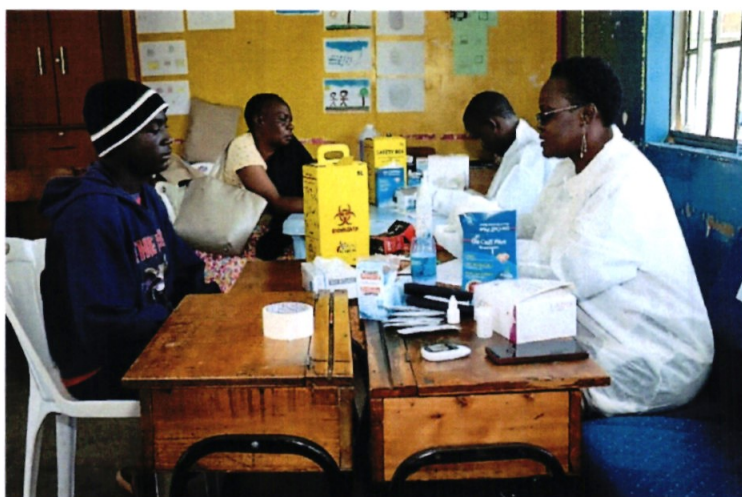
Photo Gallery



Bishop David Muriithi (Center) poses for a photo with the House of GRACE and KEMRI team. And Mr. Lewis Karani tests one of participants pant, Mr. Robert Burale for blood sugar.



Mr. Alfred Muuia with a patient. The KEMRI team at the Nairobi West Medical camp with a participant.



The KEMRI team at the Nairobi West Medical Camp with participants.

MAZINGIRA DAY CELEBRATIONS HELD IN OCTOBER 2024.

The Kenya Medical Research Institute proudly participated in the Inaugural Mazingira Day National celebrations led by Aden Duale CS for Environment, Climate Change and Forestry. The celebrations were held on the 10th of October 2024 at the Nairobi Arboretum. The National Celebrations drew participants from state parastatals as well as the private sector and the public. As part of the Corporate Social Responsibility (CSR) KEMRI was represented by a team from the KEMRI Commercial Enterprise and Corporate Communications Departments. This report outlines the objectives, activities and outcomes of the annual Mazingira Day Celebrations.

1. OBJECTIVES OF THE CELEBRATIONS

The sole objective of the Mazingira Day celebrations were.

- To raise awareness on the need for environmental conservation.
- To encourage the culture of tree planting in line with the government ambitious plan of planting 15 billion trees by 2032.
- To champion for a cleaner environment through sustainable waste disposal and waste management.
- Reversing the Impact of Climate Change through Tree planting and minimizing pollutions.

2. PARTICIPATION OF KEMRI

In active cognition of the interconnection between health and the environment, KEMRI was represented in the National celebrations by team of 6 people led by Mr Simon Kibet and Mrs Hemmma Kanini. The celebrations which drew participants from diverse backgrounds offered an ideal platform for sensitizing the public and the participants on the need for maintaining and conserving the environment.

3. ACTIVITIES UNDERTAKEN

Participants of the Mazingira Day celebrations led by Environment CS Aden Duale engaged in diverse activities including ;

a) Garbage collection

CS. Aden Duale led the participants of the national celebration in waste collection within the Nairobi Arboretum. The CS actions were symbolic in sensitizing the public to continuously keep the environment they live in clean and healthy through sustainable waste disposal.

b) Clean-up Of Nairobi River

The participants further engaged in cleaning of a section of the Nairobi River that passes through the Arboretum. This was also in line with the government plan to rehabilitate the River from its current sewer-like state and breathe back life to the river chocking in waste. It was also during these celebrations that the CS put all those polluting the Nairobi River to notice warning that the state would take stern actions against them.

c) Tree Planting

During this year Mazingira Day celebrations, the participants also engaged in planting and watering trees within the Nairobi Arboretum. CS Duale called on the public to cultivate the culture of continuously planting and taking care of trees. The celebrations offered an avenue to accelerate government efforts to plant 15 billion trees by 2032.

In conclusion, a clean environment translates to better health. It is therefore everyone’s duty to take a personal initiative to conserve the environment through planting trees and prudent waste disposal

Photo gallery



Participants Of the Mazingira Day Celebrations Create Awareness on Environmental Conservation.



Anne Maina , Hemma Kanini and Simon Kibet part of the KEMRI Team present during the Celebrations.

Sports Science Research Center Eldoret Participates in Tree Planting

The Sports Science Research Center, Eldoret, in collaboration with the Kenya Forest Service, successfully participated in a two-day tree planting exercise held on 9th and 10th April 2025 at the Msekekwa area, Elgeyo Forest Station.

1. OBJECTIVES OF THE CAMP

The Primary objectives of the camp were:

The activity saw the planting of 9,850 tree seedlings, marking a significant contribution towards environmental conservation and reforestation efforts in the region.

To align with and support government policies and programs on environmental conservation and forest restoration.

Environmental Conservation:

To contribute to national and global efforts in combating climate change through afforestation and reforestation.

Corporate Social Responsibility (CSR):

To strengthen KEMRI's role in giving back to the community through sustainable and impactful initiatives.

Community Engagement:

To foster strong partnerships with local communities by working together on environmentally conscious projects.

Promoting Public Health:

To highlight the link between environmental health and public health, as healthy ecosystems contribute to better health outcomes

2. PARTICIPATION OF KEMRI

This impactful initiative was carried out in partnership with the local community, led by the Community Forest Association (CFA) under the leadership of Mr. Thomas Chepkieny, alongside the Forest Manager, Mr. Alexon Tobiko, who expressed their appreciation for KEMRI's support and involvement.

3. ACTIVITIES UNDERTAKEN

Beyond tree planting, the event served as a platform for community engagement and awareness, allowing KEMRI to introduce its services to the local residents.

Health-focused sessions were conducted, covering key areas such as nutrition, mental health, hygiene, and sanitation, fostering stronger community-health partnerships.

KENYA MEDICAL RESEARCH INSTITUTE
Annual Report and Financial Statements for the year ended June 30, 2025.

Photo gallery:



11. Report of the Directors

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

i) Principal activities

The principal activities of the KEMRI are

- a) Conduct health, biomedical and public health research for human health;
- b) Build human health research capacity;
- c) Collaborate and partner with other local and international research bodies and institutions in carrying out human health research and capacity building;
- d) Advise the responsible Ministry in matters pertaining to health research policies and priorities;
- e) Undertake scientific and technological innovation as well as in the discovery, transmission and enhancement of knowledge and stimulate the intellectual life in the economic, social, cultural, scientific, and technological development;
- f) Establish incubation centres for innovation, and link research, policymakers, academia and industry in the health products value chain; and
- g) To do all such things that are necessary or desirable to carry out its functions.

ii) Results

The results of the KEMRI for the year ended June 30, 2025, are set out on page

iii) Directors

The members of the Board of Directors who served during the year are shown on page ix. During the year one (Veronica Okoth) director retired/ resigned and Vivian Chebii and Ms Wangui Njenga were appointed with effect from 24th July 2024 and 4th October 2024 respectively.

KENYA MEDICAL RESEARCH INSTITUTE
Annual Report and Financial Statements for the year ended June 30, 2025.

iv) Surplus remission

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

The KEMRI did not make any surplus during the year FY 2024/2025 and hence no remittance to the Consolidated Fund.

v) Auditors

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

By Order of the Board


.....

Name: Ms. Margaret Rigoro

As Corporation Secretary/Secretary to the Board

12. Statement of Directors Responsibilities

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

The Directors are responsible for the preparation and presentation of the *KEMRI*'s financial statements, which give a true and fair view of the state of affairs of the *KEMRI* for and as at the end of the financial year (period) ended on June 30, 2025. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the *KEMRI*; (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 *KEMRI*; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the *KEMRI*'s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Science and Technology(reappeared) Act Cap 250 of the laws of Kenya operated under the Science Technology and Innovation Act, 2013 under legal notice No. 35 of March 2021. The Directors are of the opinion that the *KEMRI*'s financial statements give a true and fair view of the state of *KEMRI*'s transactions during the financial year ended June 30, 2025, and of the *KEMRI*'s financial position as at that date. The Directors further confirms the completeness of the accounting records maintained for the *KEMRI*, which have been relied upon in the preparation of the *KEMRI*'s financial statements as well as the adequacy of the systems of internal financial control.

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

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

Nothing has come to the attention of the Directors to indicate that the *KEMRI* 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 *KEMRI's* financial statements were approved by the Board on _____ 26th August __ 2025 and signed on its behalf by:



Name: Dr. Abdulahi A. Ibrahim
Chairperson of the Board/Council



Name: Prof. Elijah Songok
Accounting Officer

REPUBLIC OF KENYA



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

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

REPORT OF THE AUDITOR-GENERAL ON KENYA MEDICAL RESEARCH INSTITUTE FOR THE YEAR ENDED 30 JUNE, 2025

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 Kenya Medical Research Institute set out on pages 1 to 62, which comprise of the statement of financial position as at 30 June, 2025, and the statement of financial performance, statement of changes in net assets, statement of cash flows and the 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 Kenya Medical Research Institute as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Science, Technology and Innovation Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Land Without Ownership Documents

The statement of financial position and as disclosed in Note 24 to the financial statements reflects property, plant and equipment balance of Kshs.19,408,264,493. Included in the balance is a parcel of land in Nairobi with staff housing project valued at Kshs.4,143,768,160 sitting on 2.4282 hectares, against which a developer used the title documents as collateral for a loan from a local bank. However, despite the debt being fully settled, the title deed had not been discharged to the Institute as at 30 June, 2025. Further, there was no evidence of authorization for the developer to use the Institute's title deed as collateral to secure the loan.

In the circumstances, the accuracy and rightful ownership of the Institute to the land valued at Kshs.4,143,768,160 as at 30 June, 2025 could not be confirmed.

2. Unsupported and Improper Categorization of Receivables from Exchange Transactions

The statement of financial position and as disclosed in Note 20 to the financial statements reflects receivables from exchange transactions balance of Kshs.728,858,565. However, the ageing analysis to the balance was not provided for audit review. Further, the balance includes miscellaneous receivables balance of Kshs.30,690,222 which were not categorized under the respective revenue streams and their income-generating units. In addition, the balance includes an amount of Kshs.112,687,464 in respect to graduate school - outstanding fees which has been outstanding for over three (3) years and there was no debtors' management policy or evidence of recovery measures, follow-up actions, or correspondence with the debtors to collect the overdue fees.

In the circumstances, the accuracy, classification and the fair statement of receivables from exchange transactions balance of Kshs.728,858,565 could not be confirmed.

3. Doubtful Receivables from Non-Exchange Transactions

The statement of financial position and as disclosed in Note 21 to the financial statements reflects receivables from non-exchange transactions balance of

Kshs.378,034,355 which represents exchequer releases that not disbursed during the financial year 2017/2018. Further, there is no evidence to indicate that the receivables will be realizable seven (7) years later.

In the circumstances, the accuracy and fair statement of the receivables from non-exchange transactions balance of Kshs.378,034,355 could not be confirmed.

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

Emphasis of Matter

Material Uncertainty Related to Going Concern

The statement of financial performance reflects a deficit of Kshs.240,767,726 representing an increase by Kshs.55,880,306 from the previous year's deficit of Kshs.184,887,420. As a result, the accumulated reserves declined from a balance of Kshs.295,267,801 reported in the prior year to Kshs.54,500,074. Further, the statement of financial position reflects current liabilities balance of Kshs.3,486,377,851 which exceeded the current assets balance of Kshs.3,235,757,358 resulting in a negative working capital of Kshs.250,620,493. This raises concerns about its ability to sustain operations and meet financial obligations as they fall due.

In the circumstances, the Institute is technically insolvent and not able to meet its obligations as and when they fall due.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the effect of the matters described in the Basis for Qualified Opinion and Material Uncertainty Related to Going Concern section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

1. Unresolved Prior Year Matters

In the prior years' audit reports, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance, respectively. Review of the status during audit of the Institute in 2024/2025 revealed matters detailed in **Appendix 1** which remained unresolved as at 30 June, 2025.

2. Pension Scheme Asset Recovery

Review of records of the Institute indicated that in the year 2008, the Pension Fund lost Kshs.597,000,000 in the hands of the then trustees. The matter was investigated by the Ethics and Anti-Corruption Commission (EACC) and asset recovery proceedings are ongoing. To date, the EACC has recovered and remitted Kshs.70,677,700 to the Scheme as part of the ongoing recovery process.

As at the time of concluding this audit, the recovery of the outstanding pension balance of Kshs.526,322,300 could not be confirmed.

Other Information

The Management is responsible for the Other Information set out on page iv to xliii which comprise of Key Entity Information and Management, The Board of Directors, Key Management Team, Chairman's Statement, Report of the Chief Executive Officer, Statement of Performance Against Predetermined Objectives for the FY 2024/2025, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors and the 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 Institute's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this Other Information and I am required to report that fact. Based on the audit procedures performed and the matters described in my Basis for Qualified Opinion, I confirm that Other Information is not materially inconsistent with the financial statements.

Under Achieved Performance Targets

A review of the strategic objectives indicated the following unachieved targets:

Strategic Objectives	Activities	Target	Achieved	Under achieved
To strengthen Clinical, biomedical, public health and Health Systems research for human health	Translate research findings into policies and practice guidelines	10	6	4
To strengthen Clinical, biomedical, public health and Health Systems research for human health	Publish research findings	535	431	104

Strategic Objectives	Activities	Target	Achieved	Under achieved
To strengthen Clinical, biomedical, public health and Health Systems research for human health	Present research findings in scientific forums	280	249	31
To Undertake Scientific and Technological innovation	provide specialized diagnostic services	1,100,000	647,883	452,117
To Undertake Scientific and Technological innovation	production of diagnostic kits and other products	220,460	111,890	108,570

Failure to achieve key performance targets may affect the Institute's ability to achieve its mandate and limit its contribution to national health research priorities and service delivery to the public.

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 effect of the matters 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

1. Illegal Operation of a Pharmacy

During the year under review, it was noted that the Centre for Infectious and Parasitic Diseases Control Research (CIPDCR) Pharmacy in Busia serves the public but lacked registration and licensing from the Pharmacy and Poisons Board. This was contrary to Section 23(1) of the Pharmacy and Poisons Act Cap 244 Revised Edition 2023, which states that it shall not be lawful for any person to carry on the business of a pharmacist except in premises registered under the Act.

In the circumstances, Management was in breach of the law

2. Failure to Declare Conflict of Interest

The statement of financial performance and Note 12 to the financial statements reflects employee costs of Kshs.2,927,329,170 which includes staff insurance cost of Kshs.69,750,746. However, the evaluating committee members did not sign the conflict-of-interest declaration form, confidentiality declaration form and code of ethics. This was contrary to section 67(2) of the Public Procurement and Asset Disposal Act, 2015, which states that for the purposes of subsection (1) an employee or agent or member of a board, commission or committee of the procuring entity shall sign a confidentiality declaration form as prescribed.

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

3. Officers in Acting Capacity Beyond the Stipulated Period

Analysis of the payroll data revealed that four (4) officers had been working in an acting capacity for more than six (6) months, drawing acting allowances amounting to Kshs.1,159,327. This was contrary to Section 34 (3) of the Public Service Commission Act 2017, which states that an officer may be appointed in an acting capacity for a period of at least thirty days but not exceeding a period of six months.

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

4. Failure to Establish Mortgage Fund, Prepare and Submit Financial Statements

The statement of financial position and as disclosed in Note 18 to the financial statements reflects cash and cash equivalents balance of Kshs.1,466,193,506. Included is Kshs.60,519,233 in respect to a mortgage account held in a local bank. The Institute entered into an agreement with the bank on 2 March, 2012 to provide employees with a special housing scheme. However, there was no approval from the Cabinet Secretary in respect to the management of this fund. This was contrary to Regulation 207 (1)(g) of the Public Finance Management (National Government) Regulations, 2015 which requires the Cabinet Secretary to grant approval in writing before establishment of a Fund.

Further, the Institute has not come up with regulations of the fund, appointed a fund administrator and the financial statements were not prepared and submitted for audit. This was contrary to Section 81(1) & (4) of the Public Finance Management Act, 2012 which requires an accounting officer for a national government entity to prepare financial statements and submit the same to the Auditor-General.

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. Failure to Appoint Substantive Office Holders

Review of records revealed that the Institute has operated since 4 March, 2023 without a substantive appointment of the Director General. Further, key management personnel such as the Director Research and Development, Director Research Capacity Building, Director Scientific Programmes and Partnerships, Director Strategy and Compliance, Deputy Director Grants Management and Deputy Director Finance and Accounts were all serving in an acting capacity.

In the circumstances, the effectiveness of governance and decision making in absence of substantive office holders over the could not be confirmed.

2. Dormant Bank Accounts

During the year under review, the Institute had two (2) bank accounts that have remained dormant for the last three (3) years. Management has not taken action to close them. Dormant accounts are susceptible to use for irregular transactions.

In the circumstances, the controls over management of dormant bank accounts could not be confirmed.

3. Long Outstanding Staff Debtors

The statement of financial position and as disclosed in Note 20 to the financial statements reflects receivables from exchange transactions balance of Kshs.728,858,565. Included is Kshs.115,838,619 in respect of staff advances which were yet to be surrendered as at the time of the audit in December, 2025.

In the circumstances, the effectiveness of internal controls over the management of staff advances could not be confirmed.

4. Failure to Perform Governance Audit

During the year under review, there was no evidence to confirm whether governance audit was conducted. This was contrary to Part 1.13 of Mwongozo the Code of Governance for State Corporation 2015 which states that the Board, in consultations with the Oversight Office, should ensure that it subjects the organization to an annual

governance audit by a member regulated by the Institute of Certified Secretaries of Kenya (ICS) and accredited for that purpose.

In the circumstances, the effectiveness of overall governance could not be confirmed.

5. Failure to Perform Data Protection Impact Assessment

The Institute handles biological specimens as well as clinical trials encompassing children and vulnerable groups, which fall under high-risk processing operations. However, there was no evidence to confirm that the Data Protection Impact Assessments (DPIAs) were conducted. Further, measures to address the risks and the safeguards to ensure the protection of personal data, taking into account the rights and legitimate interests of data subjects and other persons concerned had not been established.

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

6. Failure to Enact Institutional Policies

During the audit it was noted that the Records Management Policy remained in draft form since 2022. The Institute is currently guided by Registry Management Procedures which are limited in scope and lacks a formal framework to ensure consistent creation, classification, storage, retrieval, and disposal of records. Further, the Institute lacks a Data Management and Technology Transfer Policy, which is crucial for managing the process of bringing research inventions and innovations from the laboratory to the public domain.

In addition, the Institute lacks centralized stable and accessible research data hosting and repository facilities to avoid storing the research data using physical storage devices such as external hard drives.

In the circumstances, the effectiveness of internal controls on records management and data management could not be confirmed.

7. Failure to Undertake Valuation of Property, Plant and Equipment

The statement of financial position and as disclosed in Note 24 to the financial statements reflects property, plant and equipment balance of Kshs.19,408,264,493. However, review of the assets' register revealed one hundred and thirty-four (134) motor vehicles and thirty-four (34) motorcycles with an initial purchase cost of Kshs.374,309,342 but were fully depreciated. However, the assets have not been revalued to determine incorporate the future economic benefits that continue to accrue with their use.

In the circumstances, the benefit that accrue from continued use of the fully depreciated assets has not been incorporated into the Institute's books.

8. Weaknesses in the Management of Property, Plant and Equipment

Review of records and physical verification of property, plant and equipment revealed the following unsatisfactory matters;

- i. Thirty-two (32) Institute vehicles had exceeded the capped mileage of 300,000 kilometers with the highest having clocked 684,808 kilometers. Further, thirty (30) motor vehicles were using private number plates instead of those for State Corporations.
- ii. The Institute had unserviceable computer equipment, plant and machinery, motorcycles and motor vehicles which had been listed for disposal but the process was still pending as at 30 June, 2025.
- iii. The Institute had one hundred and fifty-seven (157) motorcycles that had old registration numbering system plates contrary to the Traffic Act (Registration Plates) Rules No. 62 of 2016.
- iv. Physical verification of Alupe staff houses revealed that two (2) of the houses remained uninhabitable, with visible structural defects, leaking roofs, broken doors and windows, a leaking sewer system, and broken ceilings.

In the circumstances, the effectiveness of internal controls on management of property, plant and equipment control could not be confirmed.

9. Weaknesses in Management of Motor Vehicle Insurance

The statement of financial performance and as disclosed in Note 11 to the financial statements reflects use of goods and services amount of Kshs.527,645,616 out of which Kshs.12,833,333 relates to insurance – motor vehicles. However, review of insurance records revealed that the valuation of one hundred and thirty-nine (139) private vehicles, seventy-four (74) motorcycles, and twenty-one (21) commercial vehicles was not conducted. Further, sixteen (16) out of twenty-one (21) insured commercial vehicles lacked details of seating capacity, resulting in four (4) policies being canceled and reissued after errors in seating capacity were discovered. In addition, the insurance schedule for eighty-three (83) motor vehicles did not specify the make and body type, making it unclear how the sums assured were determined.

In the circumstances, the effectiveness of internal controls on asset management and control 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 the Board of Directors

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

In preparing the financial statements, Management is responsible for assessing the Institute's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards 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

27 November, 2025

APPENDICES

Appendix 1- Unsolved Prior Year Matters

Financial Year	Audit Issue
2023/2024	1. Decrease in Rental Income and Failure to Provide Rental Agreements
	2. Inconsistencies in Policies on Recognition of Project Research Assets
	3. Land Without Ownership Documents
	4. Long Outstanding Receivables
	5. Material Uncertainty to Going Concern
	6. Long Outstanding Trade and Other Payables
	7. Unapproved Over Expenditure
	8. Grants not Paid into the Consolidated Fund
	9. Failure to Establish Mortgage Fund and Preparation of Financial Statements
	10. Lack of Data Management Policies
	11. Inactive Bank Accounts and Non-Disclosure of Conversion Rates
	12. Failure to Perform a Governance Audit
	13. Long Outstanding Staff Advances
2022-2023	1. KEMRI Staff Retirement Benefit Scheme Liability
	2. Unconfirmed Trade and Other Payables
	3. Unsupported Accounts Receivables
	4. Material Uncertainty to Going Concern
	5. Unbudgeted Expenditure
	6. Preparations of Grants Financial Statements
	7. Unapproved Mortgage Fund
	8. Irregular Foreign Currency Accounts held at Commercial Banks
2021-2022	1. KEMRI Staff Retirement Benefit Scheme Liability
	2. Unconfirmed Consumption of Fuel
	3. Material Uncertainty to Going Concern
	4. Unapproved Mortgage Fund
	5. Irregular Direct Procurement
	6. Irregular Foreign Currency Accounts held at Commercial Banks
	7. Officers in Acting Positions Beyond Six-Month Period

KENYA MEDICAL RESEARCH INSTITUTE
Annual Report and Financial Statements for the year ended June 30, 2025

14. Statement of Financial Performance for the year ended 30 June 2025


	Notes	2024-2025	2023-2024
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfer from Ministry of Health	6	2,738,660,033	3,287,000,000
Collaborators Funds	7	7,093,519,997	6,427,811,898
Revenue from exchange transactions			
Rental revenue from facilities and equipment	8	31,800,095	26,353,533
Finance income - external investments	9	127,204,157	2,209,453
Other income	10	706,508,516	684,764,681
Total revenue		10,697,692,799	10,428,139,565
Expenses			
Use of goods and services	11	527,645,616	985,375,546
Employee costs	12	2,927,329,170	2,768,933,900
Board Expenses	13	29,773,009	30,287,644
Depreciation and amortization expense	14	280,021,574	307,832,586
Repairs and maintenance	15	23,902,216	34,064,830
Contracted services	16	71,949,942	58,720,582
Collaborators Expenses	17	7,077,838,997	6,427,811,898
Total expenses		10,938,460,525	10,613,026,985
Surplus/(deficit) for the period/year		(240,767,726)	(184,887,420)

The notes set out on pages 8 to 41 form an integral part of these Financial Statements.


 Name: Prof. Elijah Songok

Accounting Officer

Date


 Name: Gabriel Kamau

Head of Finance

ICPAK M/No:14019

Date 24.10.25


 Name: Dr. Abdulahi A.

Ibrahim

Chairman of the Board

Date


KENYA MEDICAL RESEARCH INSTITUTE

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

15. Statement of Financial Position as at 30 June 2025

	Notes	2024-2025	2023-2024
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	18	1,466,193,506	1,755,462,862
Prepayments	19	53,180,408	
Receivables from exchange transactions	20	728,858,565	648,011,453
Receivables from non-exchange transactions	21	378,034,355	396,621,855
Inventories	22	936,524	1,537,536
Investments	23	608,554,000	500,000,000
		3,235,757,358	3,301,633,706
Non-current assets			
Property, plant and equipment	24	19,408,264,493	19,397,769,723
Intangible assets	25	92,993,504	91,694,190
Investment property	26	876,763,296	891,976,941
		20,378,021,292	20,381,440,854
Total assets		23,613,778,651	23,683,074,560
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	27	756,720,090	626,930,673
Refundable deposits from customers	28	78,732,477	58,536,731
Grant funds	29	2,590,925,284	2,527,258,518
Deferred Income	30	60,000,000	102,180,111
		3,486,377,851	3,314,906,034
Net Assets		20,127,400,800	20,368,168,527
Capital replacement development reserve/Capital reserve		2,851,394,108	2,851,394,108
Revaluation reserve		17,221,506,618	17,221,506,618
Accumulated surplus		54,500,074	295,267,801
Total net assets and liabilities		20,127,400,800	20,368,168,527

The financial statements set out on pages 1 to 7 were signed on behalf of the Board of Directors by:


Name: Prof. Elijah Songok

Accounting Officer

Date


Name: Gabriel Kamau

Head of Finance

ICPAK M/No:14019

Date 24.10.25


Name: Dr. Abdulahi A.

Ibrahim

Chairman of the Board

Date

KENYA MEDICAL RESEARCH INSTITUTE

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

16. Statement of Changes in Net Assets for the year ended 30 June 2025

	Capital replacement development reserve/Capital Reserve	Revaluation Reserve	Accumulated surplus	Total
	Kshs	Kshs	Kshs	Kshs
Balance as at 1st July 2023	2,851,394,108	17,221,506,618	480,155,221	20,553,055,947
Accumulated surplus/deficit adjustments	-	-	-	-
Surplus for the period	-	-	(184,887,420)	
Balance as at 30th June 2024	2,851,394,108	17,221,506,618	295,267,801	20,368,168,527
Balance as at 1st July 2024	2,851,394,108	17,221,506,618	295,267,801	20,368,168,527
Accumulated surplus/deficit adjustments	-	-	-	-
Surplus for the period	-	-	(240,767,726)	
Balance as at 30th June 2025	2,851,394,108	17,221,506,618	54,500,074	20,127,400,800

KENYA MEDICAL RESEARCH INSTITUTE**Annual Report and Financial Statements for the year ended June 30, 2025.****17. Statement of Cash Flows for the year ended 30 June 2025**

		2024-2025	2023-2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfer from Governments		2,738,660,033	3,287,000,000
Collaborators Funds		7,093,519,997	6,427,811,898
Rental revenue from facilities and equipment		31,800,095	26,353,533
Finance income - external investments		127,204,157	2,209,453
Revenue Generating Activities		90,965,137	156,707,836
Graduate Program (ITROMID)		54,778,929	38,736,900
Miscellaneous Income		4,320,947	16,358,443
Overheads		556,443,503	472,961,501
Total Receipts		10,697,692,799	10,428,139,565
Payments			
Use of goods and services		527,645,616	985,375,546
Employee costs		2,927,329,170	2,768,933,900
Remuneration of directors		29,773,009	30,287,644
Repairs and maintenance		23,902,216	34,064,830
Contracted services		71,949,942	58,720,582
Collaborators Expenses		7,077,838,997	6,427,811,898
Operating Expenses		-	-
General Expenses		-	-
Total Payments		10,658,438,951	10,305,194,399
Net cash flows from/(used in) operating activities	31	(12,667,343)	619,055,892
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		(160,748,151)	(123,521,089)

KENYA MEDICAL RESEARCH INSTITUTE**Annual Report and Financial Statements for the year ended June 30, 2025.**

Proceeds from sale of property, plant and		-	-
Adjustment on WIP		(115,853,862)	-
Adjustment on accumulated reserve		-	-
Net cash flows used in investing activities		(276,602,012)	(123,521,089)
Net increase/(decrease) in cash and cash equivalents		(289,269,356)	495,534,803
Cash and cash equivalents at 1 JULY	18	1,755,462,862	1,259,928,059
Cash and cash equivalents at 30 JUNE	18	1,466,193,506	1,755,462,862

17. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2025

	Original budget	Adjustments	Final budget	Actual Rev./Expenditure	Performance difference	% of utilization
	2024-2025	2024-2025	2024-2025	2024-2025	2024-2025	
	Kshs	Kshs	Kshs	Kshs	Kshs	
GOK Recurrent	2,623,950,000	-	2,623,950,000	2,623,950,000	-	100%
GOK Development	80,000,000	(20,000,000)	60,000,000		60,000,000	0%
Collaborators funds	5,873,927,778	1,441,597,596	7,315,525,374	7,093,519,997	222,005,377	97%
Deferred income/Retained Earning	132,360,946		132,360,946	114,710,033	17,650,913	87%
Sundry Income - Overheads	526,646,368	46,420,254	573,066,622	560,764,450	12,302,172	98%
Rendering of services - Revenue Generating	160,000,000	(80,420,254)	79,579,746	90,965,137	(11,385,391)	114%
Finance Income - Interest on investments	76,000,000	61,000,000	137,000,000	127,204,157	9,795,843	93%
Graduate School	38,736,900		38,736,900	54,778,929	(16,042,029)	141%
Rental income	30,000,000		30,000,000	31,800,095	(1,800,095)	106%
Total income	9,541,621,992	1,448,597,596	10,990,219,588	10,697,692,799	292,526,789	
Expenses						
Compensation of employees-Exchequer	2,933,194,982	(1,888,635)	2,931,306,347	2,927,329,170	3,977,177	100%
Compensation of employees-Collaborators	3,524,356,667	864,958,558	4,389,315,225	4,255,024,352	134,290,873	97%
Goods and services-Exchequer	899,319,232	34,265,135	933,584,367	933,292,358	292,009	100%
Goods and services-Collaborators	2,349,571,111	576,639,038	2,926,210,149	2,822,814,645	103,395,504	96%
Total expenditure	9,706,441,992	1,473,974,096	11,180,416,088	10,938,460,525	241,955,563	
Surplus for the period			-	(240,767,726)		

KENYA MEDICAL RESEARCH INSTITUTE
Annual Report and Financial Statements for the year ended June 30, 2025

Budget notes

1. During the Financial Year 2024/25 the income and expenditure were within the approved budget.

The retained earnings and deferred income was for development of CMR/CPHR and Kwale Laboratories. However as at 30th June 2025 certificates issued, certified and paid amounted to Kshs 114,710,033. (IPSAS 24.14)

During the year the income from Graduate school surpassed the target by 41%. This was due to a high intake in the month of May 2025.

4. During the year there was budget revision due to

- I) Supplementary II FY 2024/25 the development funds were reduced by 20M. During the year (IPSAS 24.29)
- II) Increase in collaborators funds and overheads.
- III) Favourable interest rates for fixed deposit investment

18. Notes to the Financial Statements

1. General Information

The Kenya Medical Research Institute is established by and derives its authority and accountability from Science Technology and Innovation Act, 2013 under legal notice No. 35 of March 2021. The KEMRI is wholly owned by the Government of Kenya and is domiciled in Kenya. The Institute's principal activity is to carry out Human Health Research.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

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

3. Adoption of New and Revised Standards

- i) New and amended standards and interpretations in issue effective in the year ended 30 June 2022. IPSASB deferred the application date of standards from 1st January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.
- ii) **New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.**

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Institute's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Institute's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ol style="list-style-type: none"> (a) The nature of such social benefits provided by the KEMRI. (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Institute's financial performance, financial position and cash flows.
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <ol style="list-style-type: none"> 1. Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.

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

	<p>2. Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>3. Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other improvements to IPSAS	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> IPSAS 22 Disclosure of Financial Information about the General Government Sector. <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> IPSAS 39: Employee Benefits <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>
IPSAS 43	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p>Applicable 1st January 2025</p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

iii) **Early adoption of standards**

The KEMRI did not adopt any new or amended standards in year 2024/2025.

4. Summary of Significant Accounting Policies

a) Revenue Recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions from Exchequer and other collaborative partners are measured at fair value and recognized on obtaining control of the asset cash, if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Institute and can be measured reliably.

ii) Revenue from exchange transactions

Rendering of services

The KEMRI recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

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

Interest income

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

Dividends

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

Rental income

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

b) Budget information

The original budget for FY 2024-2025 was approved by the National Assembly on April 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the KEMRI upon receiving the respective approvals in order to conclude the final budget. Accordingly, the KEMRI recorded additional appropriations on budget following the governing body's approval.

The KEMRI'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 6 of these financial statements.

c) Taxes

Current income tax

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

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

situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures,

Summary of Significant Accounting Policies (Continued)

deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable KEMRI and the same taxation authority.

Sales tax

Expenses and assets are recognized net of the amount of sales tax, except:

1. When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
2. When receivables and payables are stated with the amount of sales tax included

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured

Summary of Significant Accounting Policies (Continued)

using the cost model and are depreciated over the useful life of the asset. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

e) Property, plant and equipment

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

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

Depreciation of fixed assets is calculated to write down the cost over their estimated useful lives on a straight-line basis. The rates were amended for the FY2024-2025 as follows:

Office and residential buildings 2.0%

Office and medical equipment 12.5%

Office furniture 12.5%

Motor Vehicle 16.67%

Computer and related equipment 30%

Boat 5%

Road 2.5%

Intangible assets–IPSAS 31 12.5%

Cost of land has not been adjusted for depreciation in the year under review.

f) Intangible assets

The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Intangible assets are amortized at the rate of 12.5% with an expected life of eight years. The useful life of the intangible assets is assessed as either finite or indefinite.

g) Research and development costs

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

1. The technical feasibility of completing the asset so that the asset will be available for use or sale
2. Its intention to complete and its ability to use or sell the asset
3. How the asset will generate future economic benefits or service potential
4. The availability of resources to complete the asset
5. The ability to measure reliably the expenditure during development.

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

h) Financial instruments

a) Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and Receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The KERMI determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

The KEMRI assesses at each reporting date whether there is objective evidence that a financial asset or an Entity of financial assets is impaired. A financial asset or an Entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the Entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

The debtors or an Entity of debtors are experiencing significant financial difficulty.

2. Default or delinquency in interest or principal payments
3. The probability that debtors will enter bankruptcy or other financial reorganization.
4. Observable data indicates a measurable decrease in estimated future cash flows (e.g., changes in arrears or economic conditions that correlate with defaults)

b) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The KEMRI determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

i) Inventories

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

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the KEMRI.

j) Provisions

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

k) Contingent liabilities

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

l) Contingent assets

The KEMRI does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the KEMRI in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

m) Nature and purpose of reserves

The KEMRI creates and maintains reserves in terms of specific requirements.

n) Changes in accounting policies and estimates

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

o) Employee benefits

Retirement benefit plans

The KEMRI provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which KEMRI pays fixed contributions into a

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

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

p) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

q) Borrowing costs

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

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

r) Related parties

The KEMRI regards a related party as a person or an Entity with the ability to exert control individually or jointly, or to exercise significant influence over the KEMRI, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

Retirement benefit Asset/ Liability

The institute operates a defined benefit scheme for all full-time employees from July 1, 2000. The scheme is administered by Zamara Actuaries while Standard Chartered Bank are the custodians of the scheme.

Credit risk

The institute has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the management based on prior experience and their assessment of the current economic environment.

Financial Risk Management

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

s) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the directors, who have built an appropriate liquidity risk management framework for the management of the short, medium and long-term funding and liquidity management requirements. The institute manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

t) Related Party Disclosures

Nature of related party relationships

KEMRI Staff Retirement Benefit Scheme. The pension fund lost Kshs 597,000,000.00 in the hands of the former trustees and the Institute has been making a payment to the scheme. However, the case is being handled by the E.A.C.C and asset recovery is ongoing from the former Trustee. Entities and other parties related to the *institute* 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.

Government of Kenya

The Government of Kenya is the principal shareholder of Kenya Medical Research Institute, holding 100% of the equity interest.

Other related parties include:

- i) The Parent Ministry.
- ii) County Governments
- iii) Other SCs and SAGAs
- iv) Key management.
- v) Board of directors.

Events after the Reporting Period

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

Ultimate and Holding Institute

The Institute is a Semi- Autonomous Government Agency under the Ministry of Health. Its ultimate parent is the Government of Kenya.

Currency

The financial statements are presented in Kenya Shillings (Kshs) rounded to the nearest Kshs.

Service concession arrangements

The KEMRI analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the KEMRI recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price.

In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the KEMRI also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

u) 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

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

value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

v) Comparative figures

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

w) 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.

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions

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

Useful lives and residual value

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

1. The condition of the asset based on the assessment of experts employed by the KEMRI.
2. The nature of the asset, its susceptibility and adaptability to changes in technology and processes.

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

3. The nature of the processes in which the asset is deployed.
4. Availability of funding to replace the asset.
5. Changes in the market in relation to the asset

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 40.

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.

(Include provisions applicable for your organisation e.g. provision for bad debts, provisions of obsolete stocks and how management estimates these provisions).

6. Transfers from Other Government entities

Description	2024-2025	2023-2024
	Kshs	Kshs
Conditional grants		
Recurrent	2,623,950,000	3,087,000,000
Development	114,710,033	200,000,000
Emergency Funds-COVID		
Total government grants and subsidies	2,738,660,033	3,287,000,000

b. Transfers from Ministries, Departments and Agencies (MDAs)

Name of The Entity Sending The Grant	Amount recognized to Statement of Financial performance.	Amount deferred under deferred income.	Amount recognised in capital fund.	Total transfers (Current FY)	Insert Comparative FY 2023-2024
	Kshs	Kshs	Kshs	Kshs	Kshs
MOH-Recurrent	2,623,950,000				3,087,000,000
MOH-Development/Deferred Income	114,710,033				200,000,000
Total	2,738,660,033				3,287,000,000

Notes to the Financial Statements (Continued)

7. Collaborators Funds

Description	2024-2025	2023-2024
	Kshs	Kshs
Collaborators Funds	7,077,838,997	6,427,811,898
Contributed revenue	15,681,000	
Total revenue from the rendering of services	7,093,519,997	6,427,811,898

8. Rental Revenue from Facilities and Equipment

Description	2024-2025	2023-2024
	Kshs	Kshs
Rent from Institutional houses	31,800,095	26,353,533
Contingent rentals		
Total rentals	31,800,095	26,353,533

9. Finance Income

Description	2024-2025	2023-2024
	Kshs	Kshs
Interest income from Fixed Deposit and Interest Bearing	127,204,157	2,209,453
Total finance income – external investments	127,204,157	2,209,453

This is interest earned from interest bearing accounts in KCB and on call deposit of 500M placed in KCB Bank during the FY 2024/25.

10. Other Income

Description	2024-2025	2023-2024
	Kshs	Kshs
Revenue Generating Activities	90,965,137	156,707,836
Graduate Program (ITROMID)	54,778,929	38,736,900
Miscellaneous Income	4,320,947	16,358,443
Overheads	556,443,503	472,961,501
Total other income	706,508,516	684,764,681

11. Use of Goods and Services

Description	2024-2025	2023-2024
	Kshs	Kshs
Electricity	105,055,723	112,092,032
Water	10,860,387	10,599,119
Subscriptions	2,267,953	2,780,029
Laboratory reagents & supplies	27,268,195	45,845,080
Purchase of drugs & dressings/staff clinic	4,807,897	4,762,220
Purchase of animal feeds	433,770	873,466
Research Programs -Internal	10,280,782	150,746,350
Research funding	-	264,000
Research Materials	737,878	3,958,310
Incineration Services	-	-
Graduate School Charter	3,167,808	30,046,244
Commercial Enterprise Purchase A/C	40,423,934	61,040,647
Research Grants Coordination	3,702,061	10,318,053
Transport	36,550,115	59,127,175
Travelling & accommodation	24,633,563	66,731,936
Legal expenses	7,698,720	26,284,873
External travelling & accommodation.	6,925,307	10,988,502
Postal & telegrams	171,030	382,896
Telephones	1,469,359	4,271,740
Official entertainment	-	65,579
Conferences, Seminars & Workshops	20,313,579	25,027,728
Purchase of consumable stores	2,986,036	6,060,737
Publishing & printing	1,716,551	10,472,766
Purchase of uniforms & clothing	-	3,053,751

KENYA MEDICAL RESEARCH INTITUTE

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

Library Expenses	546,833	3,760,845
Purchase of stationery	2,628,320	10,862,048
Advertising, publicity & shows	5,490,942	6,056,426
Industrial Diesel	14,556,018	8,005,360
Rents and rates	3,222,016	5,189,269
Computer Expenses	2,472,744	4,773,957
Internet service	30,157,004	27,563,308
Rapid Response/Emergency Expenses/Outbreaks	450,000	2,921,700
Audit Fees	1,392,000	3,794,655
Fees Commission & Honoraria	12,171,998	10,408,665
Training	5,275,269	21,492,628
Insurance - Fire and burglary	4,911,441	4,192,063
Insurance - Motor Vehicle	12,833,333	9,333,333
Prevention of Drugs & Substance Abuse	-	100,000
Financial control & Inspections/Int audit	9,191,041	7,631,857
Staff Welfare	4,776,936	8,063,628
Strategic Initiatives	50,791,967	69,278,703
Gender Mainstreaming	-	493,830
Disability Mainstreaming	-	385,800
Bank Charges	2,196,759	3,711,833
Valuation of Fixed Assets	1,544,580	4,850,380
Devolution Expenses	2,030,110	2,995,600
Remittances-JKUAT	8,727,107	5,671,595
Human Resource Consultancy	6,621,175	10,475,323
Tax Expenses	1,156,090	72,191,530
HIV Awareness	-	606,000
Erp Licence	21,474,117	15,229,743
Corruption Eradication	-	306,325
Compensation & ex-gratia payments	-	-
CCR catering services	5,364,068	6,478,569
Callibration of Assets	6,193,100	2,757,340
Pension Scheme- DBS	-	10,000,000
Total good and services	527,645,616	985,375,546

12. Employee Costs

	2024-2025	2023-2024
	Kshs	Kshs
Basic Salary	1,623,644,992	1,551,803,471
Gratuity & pension contribution	302,243,809	259,648,669
House allowance	358,789,252	344,728,027
Other allowance	373,375,256	370,364,333
Passages & leave	8,358,720	9,466,001
Staff Insurance	69,750,746	69,284,304
Medical & Ex-gratia	191,166,396	163,639,095
Employee costs	2,927,329,170	2,768,933,900

13. Board Expenses

Description	2024-2025	2023-2024
	Kshs	Kshs
Sitting Allowance	10,093,200	11,947,200
Travel & Accommodation	15,770,047	14,880,460
Official Entertainment	466,000	559,851
Insurance	500,000	149,833
Honoraria	960,000	960,000
Telephone	72,000	72,000
Training	1,911,762	1,718,300
Total Board Expenses	29,773,009	30,287,644

14. Depreciation and Amortization Expense

Description	2024-2025	2023-2024
	Kshs	Kshs
Property Plant and Equipment	231,870,614	261,134,598
Investment Property	21,297,535	21,240,209
Intangible Assets	26,853,425	25,457,779
Total depreciation and amortization	280,021,574	307,832,586

15. Repairs and Maintenance

Description	2024-2025	2023-2024
	Kshs	Kshs
Maintenance. -Plant, mach.& equip.	14,467,863	13,469,542
Maintenance - buildings & stations	7,726,123	18,604,860
Maintenance of Water & Sewer	1,708,230	1,990,427
Total repairs and maintenance	23,902,216	34,064,830

16. Contracted Services

Description	2024-2025	2023-2024
	Kshs	Kshs
Security Expenses	47,228,030	38,694,035
Contracted Services - Cleaning	24,721,912	20,026,547
Total contracted services	71,949,942	58,720,582

17. Collaborators Expenses

Description	2024-2025	2023-2024
	Kshs	Kshs
Staff Costs	4,255,024,352	4,415,636,848
Bank Charges	2,236,353	2,560,737
Training	15,149,743	15,898,032
Laboratory Supplies	126,463,202	103,388,171
Travelling and Accommodation	212,602,038	212,503,105
Motor Vehicle Expenses	83,538,470	39,476,146
Purchase of assets	12,362,444	17,969,453
Other Operating Expenses	2,370,462,395	1,620,379,407
Total Collaborators Expenses	7,077,838,997	6,427,811,898

18. Cash and Cash Equivalents

Description	2024-2025	2023-2024
	Kshs	Kshs
Current account	1,466,171,856	1,755,462,862
Cash at Hand	21,650	
Total cash and cash equivalents	1,466,193,506	1,755,462,862

Detailed Analysis of the Cash and Cash Equivalents

Financial institution	Account number	2024-2025	2023-2024
		Kshs	Kshs
a) Current account			
KCB			
Exchequer	1104161362	8,647,450	54,630,068
ITROMID Account	1104167611	69,133,396	45,599,959
RGA	1104174529	13,937,896	19,462,675
Production Department	1104166194	14,752,062	13,075,484
Conference Collection	1112776850	7,446,667	8,028,566
External Grants	1104158574	925,597,657	1,081,991,504
IPM	1110258925	22,602,839	12,756,831
KEMRI CDC	1104175975	4,929,673	4,911,313
Local Grants	1104161966	4,879,480	61,427,494
Dollar Account	1168110491	69,284,949	61,253,851
Euro Account	1170930956	30,856,747	13,859,012
CDC/Non Grants Accounts	1123818177	2,225,950	2,225,950
CDC Research Grants	1101722291	176,397,425	154,404,008
Family Bank			
Mortgage Account	46000014289	60,519,233	148,504,902
KEMRI Oxford University	46000012346	-	182,556
Cooperative bank			
CNHR RLGA	1128126178201	197,266	197,266
CNHR RLGA	1128126178200	1,263,755	1,263,755
CNHR RLGA	,1128126178202	285,781	285,781
CNGR RLGA	1128126178203	9,432,348	17,620,603
KEMRI IPM SUBA	1128126178700	2,896,343	2,896,343
KEMRI EAST AFRICA	,1128126671100	40,884,940	50,884,940
KEMRI/EDCPT	,1128127558400		
Sub- total		1,466,171,856	1,755,462,862
cash in hand		21,650	-
M pesa		-	-
Sub- total		21,650	-
Grand total		1,466,193,506	1,755,462,862

19. Prepayments

Description	2024-2025	2023-2024
	Kshs	Kshs
Insurance	47,347,075	-
Motor Vehicle	5,833,333	-
Total Prepayments	53,180,408	-

20. Receivables from Exchange Transactions

	2024-2025	2023-2024
	Kshs	Kshs
Current receivables		
Graduate school – Outstanding Fees	112,687,464	109,937,504
Interest Receivable	-	-
Sande Makhandia & Co. Advocates	120,000,000	120,000,000
Ngetich Ciira Advocates	-	-
Advances to Centres	252,434,229	204,776,927
Staff advances	115,838,619	70,159,377
Over remitted Statutory Deduction	5,991	-
Miscellaneous	30,690,222	22,586,165
Customers/suppliers Control Account	260,811,532	284,160,971
Net Salary Payable	-	-
Total Receivables	892,468,057	811,620,945
Less: impairment allowance	(163,609,492)	(163,609,492)
Total current receivables	728,858,565	648,011,453

21. Receivables from Non-Exchange Transactions

Description	2024-2025	2023-2024
	Kshs	Kshs
Current receivables		
Capitation-Recurrent	378,034,355	396,621,855
Total Receivables	378,034,355	396,621,855
Less: impairment allowance	-	-
Total current receivables	378,034,355	396,621,855

22. Inventories

Description	2024-2025	2023-2024
	Kshs	Kshs
Other goods held for resale	936,524	1,537,536
Total inventories at the lower of cost and net realizable value	936,524	1,537,536

This relates to inventory held in stock as at 30th June for sale.

23. Investments in financial assets

Description	2024-2025	2023-2024
	Kshs	Kshs
CBK-Treasury Bills		
CBK-Fixed Account	608,554,000	500,000,000
Grand total	608,554,000	500,000,000

KENYA MEDICAL RESEARCH INTITUTE

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

24. Property, Plant and Equipment

	LAND	OFFICE BUILDING	ROADS	MOTOR VEH.	MOTOR BOAT	FURNITURE	COMPUTER	OFFICE & MEDICAL EQUIPMENT	CAPITAL WORK IN PROGRESS	TOTAL
Cost	Shs	Shs		Shs	Shs	Shs	Shs	Shs	Shs	Shs
At 30th June 2023	15,617,933,880	4,034,322,872	37,101,725	374,309,342	2,638,103	122,221,158	205,410,278	1,017,080,508	2,320,177	21,413,338,042
Additions		38,372,859	-	-	-	7,098,960	4,844,100	19,573,254	15,603,858	85,493,032
Disposals										-
Revaluation										
Transfer/adjustments										
At 30th June 2024	15,617,933,880	4,072,695,732	37,101,725	374,309,342	2,638,103	129,320,118	210,254,378	1,036,653,762	17,924,035	21,498,831,074
Additions		40,518,808	-	15,681,000	-	815,950	10,657,813	58,837,950	115,853,862	242,365,383
Disposals										
Revaluation										
Transfer/adjustments										
At 30th June 2025	15,617,933,880	4,113,214,540	37,101,725	389,990,342	2,638,103	130,136,068	220,912,191	1,095,491,712	133,777,896	21,741,196,457
Depreciation and impairment										-
At 30th June 2023	-	654,922,373	3,536,732	270,927,271	1,583,322	57,999,808	197,769,569	653,187,678	-	1,839,926,753
Depreciation	-	80,900,940	927,543	40,784,823	131,905	14,784,031	8,036,878	115,568,478		261,134,598
Disposals	-									-
Impairment									-	-
At 30th June 2024	-	735,823,313	4,464,275	311,712,094	1,715,228	72,783,839	205,806,447	768,756,156	-	2,101,061,351
Depreciation	-	81,931,803	927,543	36,061,843	131,905	14,875,090	6,917,704	91,024,727		231,870,614

KENYA MEDICAL RESEARCH INSTITUTE

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

Disposals	-									
Impairment	-									
Transfer/adjustment	-									
Fully Depreciated Assets	-								-	-
At 30th June 2025	-	817,755,116	5,391,818	347,773,936	1,847,133	87,658,929	212,724,151	859,780,883	-	2,332,931,966
<i>Net book values</i>										
At 30th June 2025	15,617,933,880	3,295,459,424	31,709,907	42,216,406	790,970	42,477,138	8,188,040	235,710,829	133,777,896	19,408,264,492
At 30th June 2024	15,617,933,880	3,336,872,419	32,637,450	62,597,249	922,875	56,536,279	4,447,931	267,897,606	17,924,035	19,397,769,723

24(a) Valuation

There were no Revaluation of Assets during Financial year 2024/25.

24 (b) Property, Plant and Equipment at Cost

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	15,617,933,880	-	15,617,933,880
Buildings	4,113,214,540	817,755,116	3,295,459,424
Roads	37,101,725	5,391,818	31,709,907

KENYA MEDICAL RESEARCH INTITUTE

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

Motor Vehicles, Including Motorcycles	389,990,342	347,773,937	42,216,405
Motor Boat	2,638,103	1,847,133	790,970
Computers Hardware	220,912,190	212,724,151	8,188,039
Office & Medical Equipment	1,095,491,712	859,780,883	235,710,828
Furniture	130,136,068	87,658,929	42,477,138
Total	21,607,418,560	2,332,931,968	19,274,486,592

Property plant and Equipment includes the following assets that are fully depreciated:

Description	Cost or valuation	Normal annual depreciation charge
Motor Vehicles, Including Motorcycles	210,109,858	35,025,313
Computers Hardware	200,808,617	60,242,585
Office & Medical Equipment	491,599,002	61,449,875
Furniture	11,390,763	1,423,845
Total	913,908,241	158,141,619

Notes to the Financial Statements (Continued)

25. Intangible Assets

Description	2024-2025	2023-2024
	Kshs	Kshs
Cost		
At beginning of the year	289,527,277	253,296,907
Additions—internal development	28,152,739	36,230,371
At end of the year	317,680,016	289,527,277
Amortization and impairment		
At beginning of the year	197,833,088	172,375,308
Amortization	26,853,425	25,457,779
At end of the year	224,686,513	197,833,088
NBV	92,993,504	91,694,190

26. Investment Property

Description	2024-2025	2023-2024
	Kshs	Kshs
At beginning of the year	1,063,359,921	1,061,562,235
Additions	6,083,890	1,797,686
At end of the year	1,069,443,811	1,063,359,921
Depreciation		
At beginning of the year	171,382,980	150,142,772
Depreciation	21,297,535	21,240,209
At end of the year	192,680,515	171,382,980
NBV	876,763,296	891,976,941

27. Trade and Other Payables

Description	2024-2025	2023-2024
	Kshs	Kshs
Graduate School prepayments	20,691,586	20,024,927
Mortgage Scheme	4,000	-
Retention Money	37,424,980	27,070,095
Un-remitted Statutory Deductions	156,754,856	110,369,695
Suppliers Control Account	390,500,984	343,751,213
Unremitted staff deductions	144,280,316	119,310,926
External Grants	7,063,366	6,403,815
Total trade and other payables	756,720,090	626,930,673

28. Refundable Deposits

Description	2024-2025	2023-2024
	Kshs	Kshs
Caution Money	6,261,000	6,233,000
Research Fees	192,669	192,669
Other Deposits	72,278,808	52,111,062
Total Refundable Deposits from Customers	78,732,477	58,536,731

29. Grant Funds

Description	2024-2025	2023-2024
	Kshs	Kshs
Current Account	2,590,925,284	2,527,258,518
Fixed Deposit		
Total deposits	2,590,925,284	2,527,258,518

The deferred income movement is as follows:

30. Deferred Income

Description	2024-2025	2023-2024
	Kshs	Kshs
National government	60,000,000	102,180,111
Collaborators		
Total deferred income	60,000,000	102,180,111

Notes to the Financial Statements (Continued)

31. Cash Generated from Operations

CASH GENERATED FROM OPERATIONS		
	2024-2025	2023-2024
	KShs	KShs
Deficit for the year	(240,767,726)	(184,887,420)
Adjusted for:		
Depreciation	280,021,574	307,832,586
Working capital adjustments		
Decrease/(Increase) in receivables -Prepayments	(53,180,408)	
Decrease/(Increase) in receivables from exchange transactions	(80,847,112)	46,074,784
Decrease/(Increase) in receivables from non-exchange transactions	18,587,500	233,666,667
(Increase)/Decrease in Short term deposits	(108,554,000)	(500,000,000)
Increase in payables	129,789,417	(109,418,750)
Decrease in Deferred Income	(42,180,111)	-
Increase in Refundable deposits from customers	20,195,746	8,241,122
(Increase)/Decrease in Inventories	601,012	10,730,775
(Decrease) in bank overdraft	-	-
Increase in Collaborators Funds - payment received in advance	63,666,766	806,816,129
Net cash flows from/(used in) operating activities	(12,667,343)	619,055,892

1. Financial Risk Management

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

i) Credit risk

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

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

Financial Risk Management

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

ii) Market risk

The Institute has put in place an internal audit function to assist it in assessing the risk faced by the KEMRI on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Institute's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The Institute's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the Institute's exposure to market risks or the way it manages and measures the risk.

a) Foreign currency risk

The *Entity* has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The KEMRI manages foreign exchange risk from future commercial transactions and recognised assets and

liabilities by projecting for expected sales proceeds and matching the same with expected payments.

Financial Risk Management

The carrying amount of the *Institute's* foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Financial Risk Management

The following table demonstrates the effect on the Institute's statement of comprehensive income on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

b) Interest rate risk

Interest rate risk is the risk that the Institute's financial condition may be adversely affected as a result of changes in interest rate levels. The Institute's interest rate risk arises from bank deposits. This exposes the KEMRI to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Institute's deposits.

Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

Fair value of financial assets and liabilities

a) Financial instruments measured at fair value.

Determination of fair value and fair values hierarchy

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the *Institute's* market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.

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

- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The *KEMRI* considers relevant and observable market prices in its valuations where possible.

Financial Risk Management

The following table shows an analysis of financial and non-financial instruments recorded at fair value by level of the fair value hierarchy:

There were no transfers between levels 1, 2 and 3 during the year. Disclosures of fair values of financial instruments not measured at fair value have not been made because the carrying amounts are a reasonable approximation of their fair values.

iv) Capital Risk Management

The objective of the Institute's capital risk management is to safeguard the Institute's ability to continue as a going concern. The Entity capital structure comprises of the following funds:

2. Related Party Disclosures

Nature of related party relationships

Entities and other parties related to the *KEMRI* 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.

Government of Kenya

The Government of Kenya is the principal shareholder of the *KEMRI*, holding 100% of the *Institute's* equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the Entity, both domestic and external.

Other related parties include:

- vi) The Parent Ministry.
- vii) County Governments
- viii) Other SCs and SAGAs
- ix) Key management.
- x) Board of directors.

1. Events after the Reporting Period

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

2. Ultimate And Holding Entity

The Entity is a State Corporation/ or a Semi-Autonomous Government Agency under the Ministry of Health. Its ultimate parent is the Government of Kenya.

3. Currency

The financial statements are presented in Kenya Shillings (Kshs) rounded to the nearest Ksh.

32. Related Party disclosures

KEMRI Staff Retirement Benefit Scheme. The pension fund lost Kshs. 597,000,000.00 in the hands of the former trustees and the Institute has been making a payment to the scheme. However, the case is being handled by the E.A.C.C and asset recovery is ongoing from the former Trustee.

33. Additional Disclosures-Contingent asset and Liabilities

Court Cases

- I) During the FY 2024/25 the institute has accrued payable for cleaning services. The total accrued payable for cleaning services is Kshs. 118,489,662.00 however the issue is in court awaiting ruling.
- II) Kenya Medical Research Institute v/s James Maringa Mwangi- The court ordered the institute to put in fixed deposit Kshs 12,166,820.00 with KCB awaiting court ruling.

34. Deferred income

Deferred income relates to Kshs 60Million received from GOK for upgrading and construction of laboratories in Kirinyaga and Kombewa-Kisumu. The funds were received after year end and accrued to be utilized in the subsequent financial year.

35. Foreign Currency Conversion Rate

The cash and cash equivalent include foreign currency accounts translated into Kenyan Shillings as follows; Dollar-USD to KSh: 1 USD = 127.90 KSh and Euro-EUR to KSh: 1 EUR = 146.50 KSh.

19. Appendix I: Implementation Status of Auditor-General’s Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	<p>Decrease in Rental Income</p> <p>The statement of financial performance and as disclosed in Note 3 to the financial statements reflects rental revenue from facilities and equipment of Kshs.26,353,533. However, there was a notable decrease on rental income by Kshs.1,862,371 compared to the Kshs.28,215,904 for the prior year period (2022-2023). This was attributed to staff who have retired and still occupy the houses without paying rent. Further, the rent agreements were not provided for audit review.</p> <p>In the circumstances, the accuracy and completeness of the rental income of Kshs.26,353,533 could not be confirmed</p>	<p>The reduction of rent revenue was due to some rental units being vacant when they were under renovation during the period. The renovation was completed and the units have been occupied and revenue will reflect in the FY 2024/25</p>	Resolved	

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>
2.	<p>Property Plant and Equipment</p> <p>The statement of the financial position and as disclosed in Note 22 to the financial statements reflects property, plant and equipment balance of Kshs.19, 397, 769, 723. The following unsatisfactory matters were however noted:-</p> <p>2.1. Inconsistencies in Policies on Recognition of Project Research Assets</p> <p>Included in the balance is an amount of Kshs.85, 493, 032 in respect to assets additions during the year. However, the Research Policy states that the projects assets are owned by the Institute during and at the end of a project while the partnership & collaboration</p>		Resolved	

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>
	<p>policy states that the project assets are owned by the Institute at the end of the project. This inconsistency in the Research Policy and Partnership & collaboration Policy has not been resolved to guide on the ownership and treatment of project assets. As a result, it was not clear which policy has been applied when recognizing and disclosing the project research assets in the financial statements.</p> <p>In the circumstances, the accuracy, rightful ownership and fair statement of assets additions during the year Kshs.85, 493, 032 under property, plant and equipment could not be confirmed.</p>			

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>2.2 . Land Without Ownership Document</p> <p>The statement of financial position and as disclosed in Note 17 to the financial statements reflects property, plant and equipment balance of Kshs.19,397,769,723. Included is a parcel of land with a staff housing project valued at Kshs.4,143,768,160 on a 2.4282 hectares piece of land in Nairobi, against which a developer used the title deed as collateral to borrow funds from a local bank. However, despite the debt being fully settled, the title documents had not been discharged to the Institute as at 30 June, 2024.</p> <p>In addition, no explanation was given as to why the developer used the title deed as collateral and who authorized.</p> <p>In the circumstances, the accuracy and ownership of the</p>	<p>This is noted. Please find attached copies of the title deed for your verification</p> <p>For residential staff housing the government has fully paid the bank and the title has moved from the bank and is with the national treasury. We are, with the help of Ministry of Health and Ministry of lands following up the process of transferring the title deed from the developer’s name to that of KEMRI.</p>	<p>Not Resolved</p>	<p>This is dependent on engagement with other government entities hence not possible to estimate the time to resolve.</p>

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	land valued at Kshs.4,143,768,160 could not be confirmed.			
3.	<p>Long Outstanding Receivables</p> <p>The statement of financial position and as disclosed in Note 19a to the financial statements reflects receivables from exchange transactions of Kshs.648, 011, 453. Included in the balance is Kshs.120,000,000 deposit placed with M/s Sande Makhandia & Co. Advocates in the year 2000 which has been outstanding to date and Kshs.109,937,504 in respect to outstanding fees owed by some students whose registration numbers indicate they joined the institution in</p>	<p>Management Response</p> <p>This is noted. The management has engaged the Ministry of Health, The National Treasury and the EACC on the issue. Attached please find copies of the correspondences</p> <p>The outstanding fees is from students who dropped out of the course and some who passed on. An analysis of the outstanding fees has been done and a paper presented to the board for consideration.</p>	Not Resolved	In progress

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>the year 2013. The recoverability of these debts remains doubtful. Further, Management did not provide a debtor's policy to establish guidelines, procedures and measures put in place to pursue long outstanding debts</p> <p>In the circumstances, the recoverability and fair statement of receivables from exchange transactions balance of Kshs.648, 011, 453 could not be confirmed</p> <p>The audit was conducted in accordance with International Standards of Supreme Audits Institutions (ISSAIs). I am independent of the Kenya Medical Research Institute Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in</p>			

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	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			
UNRESOLVED PRIOR YEAR MATTERS				
1.	<p>Unapproved Over Expenditure</p> <p>The statement of comparison of budget and actual amounts reflects actual expenditure for the year amounting to Kshs.10, 613, 026, 985 against budget of Kshs.9, 315, 410, 588 resulting to an over expenditure of Kshs.1, 297, 616, 397 or 14% without approval. This was contrary to</p>		resolved	

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>Regulation 33(e) of the Public Finance Management (National Government) Regulations, 2015 which states that the total budget revenue shall cover total budget expenditure and therefore (i) except as provided by legislation, there shall be no use of specific revenue to finance specific expenditure and (ii) appropriation shall be for a specific purpose or a specific programme or item of expenditure.</p>			
2.	<p>Grants Fund not Paid into the Consolidated Fund The statement of financial performance and as disclosed in Note 2 to the financial statements reflects collaborators funds of Kshs.6,427,811,898. These funds relate to grants received</p>	<p>Legal notice 34 mandates the board to operate bank accounts and receive funds from collaborators see attached.</p>	Resolved	

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>for research projects. However, the funds were not paid into the consolidated fund but were received and utilized directly by the institution. This was contrary to Regulation 74 (1) of the Public Finance (National Government Regulations) 2015 which states that 'All monies received by way of grants and donations shall constitute public monies and shall be paid into the Consolidated Fund'</p>			
3.	<p>Staff Earning Less Than a Third of Basic Salary Review of the payroll for the year under audit revealed that sixty-five (65) employees earned less than a third of their basic salary. This was contrary to Section 19(3) of Employment Act 2007 which stipulates that Without</p>	<p>All the listed officers were affected by the introduced housing levy and a memo was sent out to staff among other remedial measures. Currently matter was resolved and there are no more cases of staff earning less than 1/3. A circular sent to staff to comply with the 1/3. Letters were sent to officers to restructure their commitments</p>	resolved	

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>
	<p>prejudice to any right of recovery of any debt due, and notwithstanding the provisions of any other written law, the total amount of all deductions which under the provisions of subsection (1), may be made by an employer from the wages of his employee at any one time shall not exceed two thirds of such wages or such additional or other amount as may be prescribed by the Minister either generally or in relation to a specified employer or employee or class of employers or employees or any trade or industry.</p> <p>The management is in breach of the law</p>			
4.	Failure to Establish Mortgage Fund and	The board approved mortgage and car policy. Management has appointed a Mortgage Committee to	Resolved	

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>Preparation of Financial Statement</p> <p>Note 13 to the financial statements reflects cash and cash equivalents balance of Kshs.1,755,462,862 as at 30 June , 2024. Included is Kshs.148,504,902 in respect to Mortgage Account number 46000014289 held with the Family Bank Limited. The Institute entered into an agreement on 2 March, 2012 with Family Bank Limited to provide employees with a special housing scheme. However, there was no approval from the Cabinet Secretary in the management of this Fund. This was contrary to Regulation 207 (1) (g) of the Public Finance Management (National Government) Regulations,</p>	<p>oversee the process, However, due to austerity measures the process has been put on hold to a later date when funds will be available. Attached please a copy of the committee members together with their terms of reference.</p>		

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>
	<p>2015 which requires the Cabinet Secretary to grant approval in writing before establishment of a Fund. Further, the Institute has not come up with regulations of the fund, appointed a Fund Administrator nor were financial statements prepared in respect of the Fund contrary to Section 81(1) & (4) of the Public Finance Management Act, 2012 which requires an accounting officer for a National Government entity to prepare financial statements and submit the same to the Auditor-General.</p> <p>The management is in breach of the law</p>			
REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE				

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	<p>Lack of Data Management Policy and Data Hosting and Repository Facilities</p> <p>The statement of financial performance and as disclosed in Note 2 to the financial statements reflects collaborator's funds of Kshs.6,427811,898. The core function of KEMRI is to carry out research geared towards generating results for the improvement of healthcare delivery systems in Kenya. However, the Institute lacks a data management and technology transfer policy which is crucial for managing the process of bringing research inventions and innovations from the laboratory to the public domain. Further, the Institute</p>	<p>This is noted. The Institute has identified the need for Data Management Policy. The draft data management policy developed has been aligned to the Data Protection Act. The policy is undergoing stakeholder engagement before it is presented to the Board. Attached find the draft Data management policy.</p>	<p>In progress under going stakeholders engagement</p>	<p>March 2026</p>

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>lacks centralized stable and accessible research data hosting and repository facilities to avoid storing the research data using physical storage devices such as external hard drives.</p> <p>In the circumstances, the effectiveness of internal controls on management of data could not be confirmed.</p>			
2.	<p>Inactive Bank Accounts and Non-Disclosure of Conversion Rates</p> <p>The statement of financial position and as disclosed in Note 12 to the financial statements reflects cash and cash equivalent balance of Kshs.1,755,462,862. However, account number 1104166879 held in Kenya Commercial</p>	<p>The banks accounts were project accounts and the project have since completed the activities. The management has sought approval from the board to have these accounts repurposed see attached board paper.</p>	Resolved	

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>Bank and account number 1128127558400 held in Cooperative Bank did not have any bank balances in the last three years. The bank statements for the two bank accounts were not provided for audit. Further, the financial statements disclosed the Dollar and Euro banks accounts however the conversion rates applied were not disclosed.</p> <p>In the circumstances, the effectiveness of internal controls on the management of bank accounts could not be confirmed.</p>			
3.	<p>Long Outstanding Staff Advances</p> <p>The statement of financial position and as disclosed in Note 13 to the financial statements reflects receivables</p>	<p>The long outstanding receivables relate to deceased staff and the imprest are unrecoverable. The management has done board paper to allow write-off and following up</p>	Not Resolved	June 2026

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>from exchange transactions of Kshs.648,011,453. Included is Kshs.70,159,377 in respect to staff advances out of which staff advances issued to staff totalling to Kshs.43,384,134 were yet to be surrendered as at 30th June, 2024. Further, an amount of Kshs.3,389,681 has been outstanding since the year 2019</p> <p>In the circumstances, the effectiveness of internal controls on management and control of staff advances could not be confirmed.</p>	<p>with National Treasury for approval See attached board paper.</p>		
4.	<p>Failure to perform a Governance Audit</p> <p>During the year under review, there was no evidence to confirm whether governance audit was conducted. This was</p>		In progress	June 2026

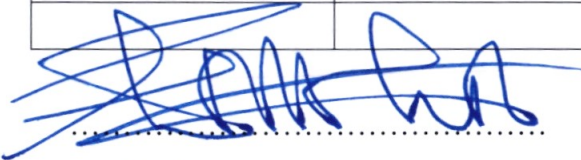
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>
	<p>contrary to Part 1.13 of Mwongozo the Code of Governance for State Corporation 2015 which states that the Board, in consultations with the Oversight Office, should ensure that it subjects the organization to an annual governance audit by a member regulated by the Institute of Certified Public Secretaries of Kenya (ICPSK) and accredited for that purpose.</p> <p>In the circumstances, the effectiveness of overall governance could not be confirmed.</p> <p>The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform audit to obtain</p>			

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>
	<p>assurance about whether effective processes and systems of internal control, risk management and overall governance were operating effectively in all materials respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion</p> <p>Responsibilities of the Management and the Board of Directors</p> <p>Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management</p>			

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>
	<p>determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance. In preparing the financial statements, Management is responsible for assessing the Institute's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations. Management is also responsible for the submission of the financial statements to the Auditor-General in</p>			

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>
	<p>accordance with the provisions of Section 47 of the Public Audit Act, 2015.</p> <p>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.</p> <p>The Board of Directors is responsible for overseeing the Institute's financial reporting process, reviewing the effectiveness of how Management monitors</p>			

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



Prof. Elijah Songok

Accounting Officer

Date

Appendix II: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities	Quarter				Source of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
Engaging Multiple Stakeholders In Understanding Climate Change Project	Engaging Multiple Stakeholders In Understanding Climate Change-Related And Systemic Risks For Diet-Related Non-Communicable Diseases And Co-Developing Multi-Sectoral Policy Options					33,510		Tampere University	KEMRI, Tampere University
Climate Change Impact On Household food security and child undernutrition Project	Climate Change Impact On Household food security and child undernutrition	Examining the role of agricultural adaptations strategies in reducing the impact of climate change on children's' nutritional status. We aim at determining the specific physiological impacts of climate		939,045	2,019,004	2,533,360	902,456	University of Heidelberg	KEMRI, University of Heidelberg, Heidelberg Institute of Global Health

KENYA MEDICAL RESEARCH INTITUTE

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

		variations on labor capacity in this vulnerable population in SSA							
Climate Change And Health In Sub-Saharan Africa-P02:Climate Sensitive Nutrientss,Under Nutrition And Malaria Project	Climate Change And Health In Sub-Saharan Africa-P02:Climate Sensitive Nutrientss,Under Nutrition And Malaria					900,790	240,000	University of Heidelberg	KEMRI, University of Heidelberg, Heidelberg Institute of Global Health
Clean-Air(Africa) Project	NIHR CLEAN Air(Africa) Unit "clean modern energy for all". Benefiting health, society, environment and climate in Sub-Saharan Africa to achieve the 2030 sustainable development goals			7,099,118	8,616,081	8,236,818	7,648,324	University of Liverpool	KEMRI, University of Liverpool

Appendix IV: Transfers from Other Government Entities

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/ Development/Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized			Others - must be specific	Total Transfers during the Year
					Capital Fund	Deferred Income	Receivables		
Ministry of Health	FY 24/25	Recurrent	2,623,950,000	2,623,950,000	2,405,287,500	00	218,662,500	00	2,623,950,000
Ministry of Health	FY 24/25	Development	114,710,033	114,710,033	00	94,710,033	20,000,000	00	114,710,033
EXTERNAL GRANTS	FY 24/25	Donor Funds	7,077,838,997	7,077,838,997	00	7,077,838,997	00	00	7,077,838,997
Total			9,816,499,030	9,816,499,030	2,405,287,500	7,172,549,030	238,662,500	0	9,816,499,030

Appendix V- Inter-Entity Confirmation Letter

Name of Transferring entity.....Ministry Of Health

Name of Beneficiary entity.....Kenya Medical Research Institute.....

KENYA MEDICAL RESEARCH INTITUTE
Annual Reports and Financial Statements for the year ended June 30, 2025.

Confirmation of amounts received by Kenya Medical Research Institute as at 30 th June 2025					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
MOH/SDMS/ACCT/IE/VOL.1/(166)	14.08.2024	218,662,500		218,662,500	July Capitation-Received
MOH/SDMS/ACCT/IE/VOL.1/(184)	16.09.2024	218,662,500		218,662,500	August Capitation-Received
MOH/SDMS/ACCT/IE/VOL.1/(197)	15.10.2024	218,662,500		218,662,500	Sept capitation -Received
MOH/SDMS/ACCT/IE/VOL.1/(198)	12.11.2024	218,662,500		218,662,500	Oct capitation -Received
MOH/SDMS/ACCT/SAGAS/VOL.1/(274)	18.11.2024		40,000,000	40,000,000	Received
MOH/SDMS/ACCT/IE/VOL.1/(208)	13.12.2024	218,662,500		218,662,500	Nov capitation -Received
MOH/SDMS/ACCT/IE/VOL.1/(218)	08.01.2025	218,662,500		218,662,500	Dec capitation -Received
MOH/SDMS/ACCT/IE/VOL.1/(228)	12.02.2025	218,662,500		218,662,500	Jan capitation -Received
MOH/SDMS/ACCT/IE/VOL.1/(238)	17.03.2025	218,662,500		218,662,500	Feb capitation -Received
MOH/SDMS/ACCT/IE/VOL.1/(248)	15.04.2025	218,662,500		218,662,500	Mar capitation -Received
MOH/SDMS/ACCT/SAGAS/VOL.1/(274)	12.05.2025	218,662,500		218,662,500	Apr capitation -Received
MOH/SDMS/ACCT/SAGAS/VOL.1/(274)	17.06.2025	218,662,500		218,662,500	May capitation -Received
MOH/SDMS/ACCT/SAGAS/VOL.1/(274)	01.07.2025	218,662,500		218,662,500	Jun capitation -Accrued
MOH/SDMS/ACCT/SAGAS/VOL.1/(274)	11.07.2025		20,000,000	20,000,000	Accrued
Total					

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


KENYA MEDICAL RESEARCH INTITUTE
Annual Reports and Financial Statements for the year ended June 30, 2025.



Head of Accounts Department - Disbursing Entity:

Name Sign Date

Head of Accounts Department - Beneficiary Entity:

Name Gabriel Kamau Sign  Date 24.10.25

Appendix VI: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities	Quarter				Source of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Appendix VII: Reporting on Disaster Management Expenditure

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments
N/A	N/A	N/A	N/A	N/A	N/A	N/A