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REPORT

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THE AUDITOR-GENERAL

ON

STATE DEPARTMENT FOR PUBLIC HEALTH
AND PROFESSIONAL STANDARDS

FOR THE YEAR ENDED

30 JUNE, 2025

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 11 MAR 2026	DAY: WEDNESDAY
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MINISTRY OF HEALTH
State Department for Public Health and Professional Standards

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2025

Transitional IPSAS Financial Statements

STATE DEPARTMENT FOR PUBLIC HEALTH AND PROFESSIONAL STANDARDS
Annual Reports and Financial Statements for the year ended June 30, 2025

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1. Acronyms and Definition of Key Terms

A: Acronyms and Abbreviations

AIE	Authority to Incur Expenditure
CFO	Chief Finance Officer
HAU	Head of Accounting Unit
IPSAS	International Public Sector Accounting Standards
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
PFM	Public Finance Management
KMTC	Kenya Medical Training College
HRH	Human Resources for Health
WASH	Water Sanitation and Hygiene Services
IPC	Infection Prevention and Control
NQCL	National Quality Control Laboratories
CHANF	Comprehensive Health and Nutrition Facility
HIV	Human Immunodeficiency Virus
KEPSA	Kenya Private Sector Alliance
WTO	World Trade Organisation
UNTCTAD	United Nations Conference on Trade Development
WIB	Women In Business Kenya
AMR	Anti-Microbial Resistance
CHPs	Community Health Promoters
UHC	Universal Health Care
HPV	Human Papillomavirus
FELTP	Field Epidemiology and Laboratory Training Program
PHEOCS	Public Health Emergency Operational Centre Services
KEMRI	Kenya Medical Research Institute
VAS	Vitamin A Supplementation
MYCN	Maternal and Young Children Nutrition
HWC	Health and Wellness Centres

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BFHI	Baby Friendly Hospital Initiative
IFAS	Iron and Folic Acid Supplementation
IMAM	Integrated Management of Acute Malnutrition
KHIS	Kenya Health Information System
JBC	Joint Biosecurity Centre
SBCC	Social and Behaviour Change Communication
CHA	Community Health Assistant
PFMR	Public Finance Management Regulations
NHWA	National Health Workforce Accounts
WISN	Workload Indicators of Staffing Need
AGPO	Access to Government Procurement Opportunities
NPAFP	Non-Polio Acute Flaccid Paralysis
TB	Tuberculosis
SAGAs	Semi-Autonomous Government Agency
WASH	Water, Sanitation and Hygiene
SDGs	Sustainable Development Goals

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B: Definition of Key Terms

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

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2. Key State Department for Public Health and Professional Standards Information and Management

(a) Background information

The State Department for Public Health and Professional Standards is State Departments under Ministry of Health. The Department was formed on Jan 2023 through Executive Order No.1 of 2023. However, it was fully operationalized from 1st April 2023 upon approval of the supplementary budget for the FY 2022/2023. At Cabinet Level, the Department is represented by the Cabinet Secretary for Health, who is responsible for the general policy and strategic direction of the State Department. The core mandate of the State Department is to develop Public Health and Sanitation Policy; Preventive and Promotive Health Services; Policy on Human Resource Development for Health Care Workers; Health Education Management; Food Quality, Hygiene and Nutrition Policy; Quarantine Administration; Radiation Policy; and Administration of the legal and institutional framework for the control of the production, manufacture, sale, labelling, advertising, promotion, sponsorship and use of tobacco products; Control and Management of Tuberculosis (TB) and other Lung Diseases; and Malaria Control and Management; and Control and Management of Leprosy

(b) Mandate

The core mandate of the State Department includes:

- Formulation and implementation of Public Health and Sanitation Policy.
- Provision of Preventive and Promotive Health Services.
- Development of policy on Human Resource for Health, including training and professional standards for health care workers.
- Oversight of Health Education and Management.
- Formulation of Food Safety, Quality, Hygiene, and Nutrition Policy.
- Administration of quarantine services.
- Development and enforcement of Radiation Safety Policy.
- Regulation of the production, manufacture, sale, labelling, advertising, promotion, sponsorship, and use of tobacco products.
- Control and management of Tuberculosis (TB) and other lung diseases.
- Malaria control and management.

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- Control and management of leprosy.

Vision

A nation free from preventable diseases and ill health

Mission

To provide effective leadership and participate in the provision of quality public health and sanitation services that are equitable, responsive, accessible and accountable to Kenyans

Core Values

- People centeredness
- Results oriented
- Integrity
- Professionalism
- Accountability
- Teamwork
- Partnership and Collaboration

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(c) Key management

The State Department for Public Health and Professional Standards' day-to-day management is under the following key organs:

Departments

The State Department for Public Health and Professional Standards comprises the following;

- Directorate of Primary Healthcare
- Directorate of Public Health and Sanitation
- Directorate of Health Standards, Quality Assurance and Regulation
- Directorate of Health Sector Coordination and Research
- General Administration

Designation	Name
Cabinet Secretary	Hon Aden Duale
Principal Secretary Accounting Officer	Mary M. Muriuki , CBS
Secretary Administration	Adan G. Harakhe

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(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	Date of Appointment
1	Cabinet Secretary	Hon Aden Duale	January 2025
2	Principal Secretary	Mary M. Muriuki, CBS	May 2023
3	Secretary Administration	Adan G. Harakhe	July 2024
4	Head of Finance	Samuel M. Macharia	July 2024
5	Head Accounting Unit	Florence W. Kirumba	July 2024
6	Director of Planning	Dickson S Sikuku, HSC	July 2024

(e) Fiduciary Oversight Arrangements

The following are the different committees and their activities in the Departments:

Audit Committee Activities

- Evaluating adequacy of management procedures with regard to risk management, control and governance
- Reviewing and approving the audit charter and the internal audit manual work plans
- Reviewing the internal and external audit findings/recommendation and proposing necessary action
- Reviewing the systems established to ensure sound public financial management and internal controls, compliance with policies, laws, regulations, procedures, plans and ethics
- Initiating special audit/investigation on any allegations, concerns and complaints regarding, lack of accountability and transparency in consultation with the Accounting Officer.
- Any other task, which are within the mandate of the committee

Public Finance Management Committee

- Budget Implementation
- Budget Review Expenditure
- Evaluation of projects implementation status
- Discuss and agree on re-allocation/increase or decrease of budgetary allocations
- Preparation of quarterly expenditure forecasts for discussions with National Treasury for release of funds

Senior Management Committee

- Gather information on issues raised
- Receive and compile the gathered information
- Facilitate the Cabinet Secretary's appearance at the parliament and Senate as requested
- Make follow up on issues raised form both National Assembly and the Senate
- Submit responses as required and agreed by the Cabinet Secretary
- Make annual reports on all matters attended to in response to parliament concerns

Development Partner Oversight Activities

- Carrying out periodic financial review on project activities
- Issuing no objection clearance on planned spending on project activities
- Carrying out regular supervision mission
- Offering advice on the best practices worldwide in as far as project implementation is concerned
- Offering technical support where local talent is insufficient

Parliamentary Oversight Activities

The state department of Public Health and Professional Standards is being oversighted by the following committees.

- Parliamentary Accounts Committee
- Budget Committee
- Health Committee

(f) State Department for Public Health and Professional Standards Headquarters

P.O. Box 30016-00100
Afya House
Cathedral road
NAIROBI, KENYA

(g) State Department for Public Health and Professional Standards Contacts

Telephone: Nairobi (254) 20-2717077
E-mail: ps.publichealth@health.go.ke
Website: www.ministry.go.ke
NAIROBI, KENYA

(h) State Department for Public Health and Professional Standards Bankers

Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
NAIROBI, KENYA

(i) Independent Auditors

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 and Department of Justice
Harambee Avenue
P.O. Box 40112
City Square 00200
NAIROBI, KENYA

3. Profile of Cabinet Secretary



Hon. Aden Bare Duale is the Cabinet Secretary for Health, where he provides leadership in advancing the national health agenda, strengthening public health systems, and driving the implementation of Universal Health Coverage (UHC). Hon. Duale holds a **Master of Business Administration (MBA)** from Jomo Kenyatta University of Agriculture and Technology, obtained in 2011, and a **Bachelor of Education (Arts)** from Moi University. His education laid a solid foundation for leadership in both public administration and politics.

His career began in 1992 as a graduate teacher at Sankuri Secondary School. He later joined the Office of the Provincial Commissioner in Garissa as a clerical officer, before transitioning into the family business. Between 1999 and 2003, he served as a Director at the Kenya Broadcasting Corporation. He went on to co-found and lead the Livestock Marketing Society of Kenya, where he sharpened his skills in management and stakeholder engagement.

Hon. Duale entered elective politics in 2007, when he was elected Member of Parliament for Dujis Constituency, later renamed Garissa Township. He also served as Assistant Minister for Livestock Development. In the 11th and 12th Parliaments, he was re-elected and became the Leader of Majority Party, making history as the first to hold this position under the 2010 Constitution. In Parliament, he also served in key committees, including the House Business Committee and the House Broadcasting Committee, where he played an instrumental role in steering government business.

In the Executive, Hon. Duale was appointed Cabinet Secretary for Defence in October 2022 until July 2024, when he was reassigned to serve briefly as Cabinet Secretary for Environment, Climate Change and Forestry. His proven leadership and experience culminated in his current appointment as Cabinet Secretary for Health in 2025, where he now champions transformative reforms in the health sector.

Throughout his career, Hon. Duale has been recognized for his strong leadership, negotiation skills, and ability to build consensus on national issues. He brings to the Ministry of Health a wealth of experience in governance, policy-making, and institutional leadership.

4. Profile of Accounting Officer and Key Management.



Ms. Mary Muthoni Muriuki, CBS has served as the Principal Secretary, State Department for Public Health and Professional Standards since 17th May 2023. She is also the Deputy Dean of Principal Secretaries, and the Co-Chair of the Kenya Coordinating Mechanism for the Global Fund Grant.

Previously, Ms. Muriuki served as the Principal Secretary for Correctional Services from 1st December 2022 to 16th May 2023. Before joining public service at this level, she was the President and Chief Executive Officer of Women in Business Kenya (WIB), where she championed women’s empowerment and advocated for increased participation of women in public procurement through the Access to Government Procurement Opportunities (AGPO) program.

She has also served as a Director at the Kenya National Chamber of Commerce and Industry (KNCCI) and as a member of the Kenya Private Sector Alliance (KEPSA). In these roles, she worked with both international and local organizations—including the World Trade Organization (WTO) and the United Nations Conference on Trade and Development (UNCTAD) to coordinate trade initiatives on behalf of Kenya’s private sector.

Her career spans over a decade of leadership in both the public and private sectors, with extensive experience in policy formulation, legislation, financial management, stakeholder engagement, risk management, and institutional leadership. She has also served on the boards of several educational institutions and community organizations, including the Tobacco Control Board, and as Vice Chair of the Kirinyaga Investment and Development Authority.

She holds a Master of Business Administration (MBA) from Baraton University. Her outstanding leadership has earned her numerous recognitions and awards, including: Chief of the Order of the Burning Spear (CBS), 2023, Head of State Commendation (HSC), 2021 for community service, Uzalendo Award, 2019, Regional Winner, East Africa – CEO Global Pan African Awards, 2019, Africa Business Leaders Award (Gender Category), 2018 and Devolution Warrior Award (Gender-Responsive Delivery Category), 2017.

5. Statement by the Cabinet Secretary

During the year under review, the State Department for Public Health and Professional Standards encountered several challenges that shaped its operations and priorities. Key among these were gaps in the Human Resource for Health (HRH), including shortages and limited structured frameworks for internship and professional development. The Department also dealt with multiple public health threats, notably cholera outbreaks in several counties, the emergence of Mpox cases, and heightened preparedness and response measures following confirmed cases of Marburg Virus Disease in the region. In addition, persistent malaria transmission and the continued burden of tuberculosis and other lung diseases remained significant challenges. Food safety and nutrition concerns were also pressing due to inadequate monitoring and enforcement of food quality and hygiene standards, while limited financial resources for Preventive and Promotive health services further constrained program implementation.

In response, the Department implemented a number of strategies and achieved important milestones. It developed and launched the Human Resources for Health Strategic Plan to guide long-term workforce planning and management, and formulated the HRH Policy to provide a comprehensive framework for building and sustaining a resilient health workforce. To address the needs of new graduates, the Department finalized the HRH Internship Policy and successfully posted interns across approved health facilities, thereby bridging staffing gaps and strengthening service delivery.

In line with the Universal Health Coverage (UHC) agenda, the Department spearheaded the establishment of Primary Care Networks (PCNs) across the country to strengthen service delivery at the community and primary health facility levels. This was complemented by the sustained financing of Community Health Promoters (CHPs), who play a critical role in delivering health promotion, disease prevention, and referral services at the household and community level. These initiatives enhanced access to quality services, improved early disease detection, and strengthened community engagement in health.

In the area of public health emergencies, the Department coordinated robust responses to cholera outbreaks through enhanced surveillance, case management, community sensitization, and cross-sectoral interventions. Similarly, it mounted preparedness and response activities for Mpox, including case detection, laboratory confirmation, and risk communication, while also enhancing surveillance and contingency planning for Marburg Virus Disease to mitigate potential cross-border transmission.


HON. ADEN BARE DUALE, EGH
CABINET SECRETARY

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6. Statement by the Accounting Officer

During the reporting period, the State Department for Public Health and Professional Standards implemented a wide range of interventions under the Preventive and Promotive Health Services, Public Health, Health Resource Development, Health Policy Standards and Regulations, and General Administration programmes.

Significant progress was made in the control of communicable diseases. The Tuberculosis Programme sustained high treatment success rates of above 95% for both drug-sensitive and drug-resistant TB cases, despite challenges with commodity stock-outs and notification disruptions. The National Malaria Programme reported a decline in malaria incidence to below 20 cases per 1,000 populations, attributed to the mass net distribution campaign, indoor residual spraying, and improved case management.

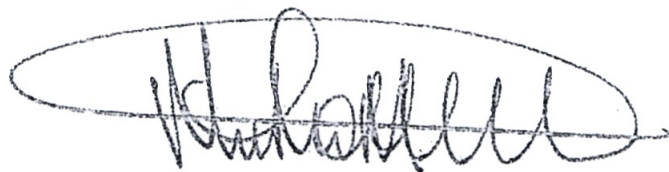
On epidemic preparedness, surveillance indicators surpassed World Health Organization certification levels, with expanded community event-based surveillance in 19 counties. The Public Health Emergency Operations Centre coordinated responses to multiple outbreaks including cholera, kala-azar, mpox, chikungunya, and measles across different counties.

Nutrition outcomes improved with steady coverage of Vitamin A supplementation and high treatment cure rates for malnourished children, consistently above Sphere standards. At ports of entry, over 2.6 million travellers were screened, and more than 2.9 million tonnes of cargo cleared, underscoring Kenya's commitment to health security and facilitation of safe trade.

The Department faced challenges including funding shortfalls that delayed implementation of priority activities such as construction of waste management facilities, roll-out of primary care networks, and scaling up of tobacco control interventions. Documentation gaps, health commodity stock-outs, and dependency on donor funding in certain programmes also slowed progress.

At a high level, budgetary allocation was largely directed towards epidemic preparedness, communicable disease control, nutrition, and health system strengthening. While the Department prudently utilized resources for maximum impact, budgetary cuts and delayed disbursements limited the full achievement of set annual targets.

In conclusion, the State Department remains committed to strengthening public health interventions, deepening stakeholder collaboration, and optimizing resource utilization in order to achieve universal health coverage and safeguard the health of all Kenyans.



MARY MUTHONI MURIUKI, CBS
ACCOUNTING OFFICER

7. Statement of Performance Against Predetermined Objectives for FY2024/25

Section 81 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer presents a statement of performance against predetermined objectives of the State Department for Public Health and Professional Standards.

The key strategic objectives as per the State Department for Public Health and Professional Standards Strategic Plan for FY 2023/24 FY 2027/28 are:

- To ensure that all eligible medical graduates undergo quality internship training in approved internship centres.
- To enhance the health workforce with the right skills through training at KMTC.
- To provide opportunities for health specialists training (government sponsored)
- To strengthen policy and regulatory framework for human resource for health.
- To ensure HRH adherence to regulatory standards.
- To strengthen health workforce to match recommended health worker density
- To improve efficiency in health workforce planning and management
- To improve efficiency in patient/client management
- To enhance research, innovation and effective utilization of research findings
- To promote use of evidence based policy and decision making
- To improve and develop laboratory and research models infrastructure
- To foster intergovernmental relations
- To enhance strong international health relations
- To strengthen Policy and legal frameworks for Public Health
- To strengthen the management of health emergencies and systems that enable preparedness for response to any public health event.
- To enhance and maintain a robust public health surveillance system capable of promptly identifying, discovering and responding to potential threats to public health and health security.
- To strengthen prevention, surveillance, response and control of priority zoonotic diseases in both humans and animals
- To enhance food control system for public health protection
- To enhance the detection and reduction of food-borne disease incidents and food safety-related events
- To enhance timely detection of and effective response to any potential hazards and events that occur at Points of Entry (PoEs)
- To strengthen the nationwide laboratory services to ensure quality, capacity, and coverage
- To strengthen molecular detection of key diseases in national public health laboratories
- To strengthen national capacity to conduct sequencing of pathogens of interest to identify circulating strains of concern and unique strains associated with AMR
- To establish an integrated national sample referral system
- To promptly respond to emergencies and disasters
- To strengthen emergency and disaster management through prevention, mitigation, preparedness, response and recovery.
- To enhance and optimize partner engagement and resource mobilization towards preparedness and response to mass casualty events and disaster.

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- To reduce the burden of water sanitation and hygiene services (WASH) related diseases
- To enhance sustainable health care waste management
- To reduce vector–human contact and vector population density and survival.
- To reduce the burden of malaria
- To improve nutrition through the life course
- Empower individuals and communities to increase control over, and to improve their health
- To improve access to primary health services
- To improve the health of the school going population
- To reduce prevalence of drug and substance in the country
- To reduce TB burden in the population
- To enhance and maintain optimal health and overall well-being across the life spectrum
- To enhance and sustain governance and coordination structures for tackling AMR in a multi-sectoral approach
- To improve awareness & understanding of AMR through
- effective communication, education & training
- To strengthen the knowledge and evidence base through AMR surveillance and research
- To reduce the incidence of infections through effective sanitation, hygiene and IPC measures
- To optimize the use of antimicrobials
- To promote continuous quality improvement in delivery of healthcare Services to counties using Kenya Quality model
- To improve quality and safety of medical care for optimal health outcomes
- To strengthen the National Regulatory System to meet the Global Benchmarking Tool requirements for Maturity Level III (PPB & NQCL)
- Strengthen the regulatory system to ensure compliance with local environmental regulations related to pharmaceutical and QC laboratory chemical waste to disposal
- To ensure full interoperability and integration of existing public health information systems
- To adopt emerging Information Technologies for Public health service delivery
- To ensure availability of adequate resources for implementation of public health programmes
- To ensure effective and efficient implementation of programmes
- To improve security, integrity and timely access and retrieval of records
- To provide a conducive work environment for staff

To ensure Compliance with Human Resource Policies, Laws, Regulations and Guidelines in the Public Service

Expenditure in the FY should be geared toward to realization of the aforementioned strategic objectives as captured in the Strategic plan for FY2023/24 to 2027/28. Linked to these objectives are specific programmes outcomes and outputs and performance indicators. The implemented programmes should be tabulated against actual achievements in the format presented in the table below, on programme performance, to demonstrate the progress towards achievement of the predetermined objectives.

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Table 1: Programme performance

Program	Strategic Objective	Outcome	Indicator	Performance	Comments
Program 1: Preventive & Promotive Health Services	Reduce TB incidence by 80% by 2030	Reduced TB burden	TB incidence rate per 100,000	59%	Target not achieved due to delayed fund disbursement
	Reduce TB mortality by 90% by 2030	Reduced TB deaths	TB mortality rate per 100,000	28%	Target achieved
	Increase TB treatment coverage from 63% to 80% by FY 2025	Improved TB case management	TB treatment coverage (%)	81%	Target achieved
	Increase TPT initiation among eligible TB contacts from 14% to 85% by FY 2025	Reduced TB transmission	% eligible contacts initiated on TPT	50%	Low household screening and incomplete reporting
	Increase consumption of ACTs to reflect ≥95% prompt treatment of malaria by FY 2027	Prompt treatment for malaria	ACT doses distributed (millions)	6,500	Slight shortfall due to reduced consumption from vector control
	Reduce malaria incidence to ≤60 per 1,000 by FY 2027	Reduced malaria burden	Malaria incidence per 1,000	82%	Achieved; may change with June KHIS
	Ensure 100% of confirmed malaria cases treated per guidelines annually	Effective malaria treatment	% confirmed cases treated	107%	Target surpassed
	Increase malaria diagnostic testing of suspected cases to ≥95% by FY 2027	Improved malaria diagnosis	% suspected cases tested	86.80%	Need expanded diagnostics
	Maintain ≥100% guideline-compliant treatment of confirmed cases	Adherence to malaria guidelines	% confirmed cases treated	107%	All confirmed cases treated with AL
	Increase LLIN distribution through MCH to ≥4M nets annually by FY 2027	Increased vector protection	LLINs distributed (millions)	2M	Delays in LLIN delivery
	Achieve ≥90% mapping and management of breeding sites in endemic counties by FY 2027	Improved vector control	% breeding sites managed	80%	High mapping (85%) and larval reduction >90% in Kenya-Cuba project
	Maintain NPAFP detection rate of ≥3/100,000 annually	Strong polio surveillance	NPAFP detection rate	3.49	Achieved

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Program	Strategic Objective	Outcome	Indicator	Performance	Comments
	Ensure 100% of counties have functional PHEOCs by FY 2025	Functional emergency operations	Counties with functional PHEOCs	Achieved	Established in Meru, Kakamega, West Pokot
	Respond to ≥95% of reportable public health emergencies by FY 2027	Timely emergency response	% public health emergencies responded to	90%	Some emergencies didn't meet national threshold
	Train ≥60 FELTP intermediate HCWs annually by FY 2027	Skilled outbreak response workforce	Number trained (FELTP)	60%	Two cohorts trained (30 each)
	Achieve ≥90% MDA coverage for LF, bilharzia & STH in targeted sub-counties annually by FY 2027	Reduced NTD burden	People treated for LF	1.2M	More people included than targeted
People treated for bilharzia (1st entry)			1.2M	All sub-counties treated	
People treated for intestinal worms			5M	Delay in donated medicines	
People treated for bilharzia (2nd entry)			10M	Delay in medicines	
	Increase AMR-testing labs from 21 to 35 by FY 2027	Expanded AMR capacity	Number of AMR-capable labs	21	Includes NPHL, KEMRI, partners
	Conduct ≥50,000 HPV tests annually by FY 2027	Expanded HPV molecular testing	Number of HPV tests	20,000	Funding constraints
	Increase accredited ASAL labs from 4 to 15 by FY 2027	Strengthened lab quality	Number of accredited labs	4	Isiolo, Karatina, Makueni, Nanyuki, St. Theresa
	Raise LCQI-certified labs from 37 to 80 by FY 2027	Improved QMS	LCQI-certified labs	37	15 new sites added
	Increase KNEQAS EQA scopes from 9 to 20 by FY 2027	Improved lab external quality	Number of EQA scopes	9	Future scopes to include sequencing
	Equip ≥80 facilities with compliant waste treatment equipment by FY 2027	Improved waste management	Number of facilities equipped	51	Many supported by World Bank
	Achieve 50% ODF villages nationally by 2030	Improved sanitation	% ODF villages	4%	Counties unable to upload data
	Increase population with safely managed sanitation to 20% by FY 2027	Improved sanitation outcomes	% accessing safely managed sanitation	2%	Only tracked in 6 counties

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Program	Strategic Objective	Outcome	Indicator	Performance	Comments
	Install compliant waste-treatment equipment in all targeted facilities by FY 2027	Improved waste processing	Facilities with installed equipment	Not achieved	Housing unit construction delays
	Establish a national air-pollution monitoring centre by FY 2027	Enhanced climate health monitoring	Centre status	Not achieved	Insufficient funds
	Increase VAS full-dose coverage to $\geq 90\%$ by FY 2027	Improved child micronutrient status	% children receiving 2 VAS doses	80%	Semester method used
	Provide MNPS to $\geq 300,000$ children annually by FY 2027	Improved micronutrient intake	Children receiving MNPS	218,977	HKI supported Kilifi
	Train $\geq 5,000$ HCWs on high-impact nutrition interventions by FY 2027	Skilled nutrition workforce	HCWs trained	Target not met	Disaggregated trainings
	Maintain SAM cure rate $>75\%$ annually	Effective treatment of malnutrition	SAM cure rate	84.20%	April–May data; June pending
	Screen ≥ 6 million travellers annually by FY 2027	Strong border health surveillance	Travellers screened	4M	Seasonal decline
	Issue $\geq 200,000$ vaccination certificates annually by FY 2027	Compliance with IHR	Vaccination certificates issued	Not met	Cheaper vaccination across border
	Ensure $\geq 90\%$ health-compliant cargo clearance annually	Safe trade facilitation	Cargo cleared (tons)	3M	24-hr operations improved clearance
	Maintain inspection of $\geq 475,000$ conveyances annually	Safe transport sanitation	Conveyances inspected	475,000	Some lacked certification
	Digitize 100% of POEs by FY 2026	Improved digital service delivery	Digitized POEs	26	Target met
	Medically examine ≥ 400 food handlers per semester	Improved food safety	Number of food handlers examined	400	Surge due to expired certificates
Program 2: Health Resource Development & Innovation	Enroll at least 17,000 health trainees annually in KMTC and affiliated institutions by FY 2027	Expanded health workforce pipeline	Number of students enrolled	17,200	Annual and quarterly targets achieved
	Train at least 2,000 Community Health Assistants (CHAs) annually by FY 2027	Strengthened community health platform	Number of CHAs trained	2,188	Target achieved
	Certify $\geq 95\%$ of health professional cohorts annually	Improved workforce competence	Proportion of cohorts certified	99 cohorts	Will receive certification during annual graduation
	Develop at least 5 policy documents annually to strengthen	Better institutional governance	Number of evidence-based policies developed	5	Policies include Data Protec-

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Program	Strategic Objective	Outcome	Indicator	Performance	Comments
	training and governance				tion, Mentorship, Student Health, Resource Mobilization, Sports
	Review ≥ 3 curricula annually to align training with evolving health needs	Updated, relevant curricula	Number of curricula reviewed	3	Reviewed: Nursing, Clinical Medicine, Pharmacy
	Publish at least 10 peer-reviewed scientific papers annually by FY 2027	Increased biomedical research output	Number of peer-reviewed publications	Not met	Manuscripts under review
	Train at least 50 biomedical researchers annually on specialized research skills	Strengthened biomedical research capacity	Number of people trained	54	Target exceeded; high interest in infectious diseases & snakebite
	Test at least 6 candidate drugs/vaccines annually	Advanced medical innovation	Number of candidate drugs/vaccines tested	6	Target exceeded (more antivenoms tested)
	Provide timely rescue for ≥ 250 snakebite victims annually	Improved emergency response for snakebite	Number of victims rescued	271	Target exceeded due to increased incidence
	Test at least 300 human samples annually from wildlife-livestock-human interfaces	Strengthened One Health surveillance	Number of human samples tested	253	Samples collected; testing pending
	Test at least 1,200 vector-borne disease samples annually	Improved early detection of vector-borne threats	Number of vector samples tested	1,160 & 1,200	Target not met; awaiting testing
	Develop at least 3 MOUs annually with international partners	Strengthened global collaboration	Number of MOUs developed	3	Target achieved
	Operationalize $\geq 50\%$ of MoU through guidelines by FY 2027	Better implementation of agreements	% of MoU guidelines completed	33%	Not met due to limited funds
	Coordinate at least 10 international health meetings annually	Improved global and regional coordination	Number of international meetings coordinated	11	Target met
	Hold at least 4 inter-governmental health forums annually	Strong intergovernmental coordination	Number of IGF forums held	4	Target achieved
	Implement $\geq 70\%$ of IGF resolutions annually	Improved follow-through on agreements	IGF resolutions implemented	5	Included: GoK takeover of PG training & sharing of specialists
	Train at least 20 health workers annually in	Enhanced capacity for global	Number of health workers trained	8	Not met; insufficient funds

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Program	Strategic Objective	Outcome	Indicator	Performance	Comments
	international health cooperation	health engagement			
Programme 3: Health Policy, Standards & Regulation	Inspect at least 800 health facilities annually and achieve $\geq 95\%$ compliance with national norms & standards by FY 2027	Improved quality of health services	Number of HF inspected for compliance	767	Inspections done; compliance high
	Assess 100% of health training institutions annually for compliance with standards	Quality-assured training institutions	% of institutions inspected	44 institutions	Target surpassed
	Register at least 1,500 unregulated professionals annually	Strengthened regulation of practitioners	Number of unregulated professionals registered	1,500	Target achieved
	Process 100% of patient complaints received annually	Enhanced patient protection	% of complaints handled	100%	3 complaints processed
	Train and onboard 100% of HRH officers on iHRIS by FY 2026	Better HRH data management	Number of HWs trained on iHRIS	Not fully achieved	Inadequate funds slowed data collection
	Ensure 100% of HWs use NHTWA tools annually	Improved workforce planning	% HWs implementing NHTWA	100%	Partner support enabled success
	Ensure at least 80% of trained officers implement iHRIS by FY 2027	Increased HRH system uptake	% HWs implementing iHRIS	100%	County officer turnover affects sustainability
	Ensure 50% of FBO/private facilities implement NHTWA by FY 2027	Expanded HRH reporting	% FBO/private facilities implementing NHTWA	Not achieved	FBOs failed to provide HRH data
	Train at least 500 officers on WISN methodology by FY 2027	Improved staffing norms	HWs trained on WISN	Not achieved	Due to delayed partner funding
	Place $\geq 1,000$ interns annually across cadres	Adequate internship placement	Number of Medical & Dental Officer Interns placed	912	Target achieved
	Register $\geq 1,000$ new practitioners annually	Expanded regulated workforce	Number of registered practitioners	1,000	Target achieved
	Maintain $\geq 90\%$ annual renewal of practice licences	Sustained compliance	Number with active practice licences	1,165	Renewal window Oct–Dec
	Maintain $\geq 95\%$ renewal of facility operating licences	Quality-assured health facilities	Number of facilities with active licences	8,499	Achieved
	Register $\geq 6,000$ new nurses/midwives annually	Strengthened nursing workforce	Number of nurses/midwives newly registered	6,238	Achieved
	Examine $\geq 10,000$ eligible candidates annually	Qualified health workforce	Number of eligible candidates examined	11,418	Target achieved

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Program	Strategic Objective	Outcome	Indicator	Performance	Comments
	Index \geq 12,000 candidates annually	Increased compliance by institutions	Number of candidates indexed	12,228	Overachievement
	Achieve \geq 80% compliance with training institution norms	High-quality training institutions	% compliant institutions	78%	Only two institutions non-compliant
	Achieve \geq 95% compliance among health facilities	Safe and quality health care delivery	% compliant facilities	95%	Only 1 facility non-compliant
	Export \geq 100 nurses annually to international markets	Expanded employment opportunities	Number of nurses exported	90	Low job orders (30 only)
	Index \geq 2,500 Clinical Officer trainees annually	Regulated clinical officer training	Number of CO trainees indexed	2,500	Achieved
	Register \geq 500 new clinical officers annually	Increased CO workforce	COs registered	421	Registration due in July
	License \geq 3,000 clinical officers annually	Compliance with practice standards	Number of COs licensed	3,264	Continuous renewal
	Assess \geq 800 professional candidates annually	Professional competency assurance	Number assessed	800	Target surpassed
	Place \geq 600 CO interns annually	Expanded internship coverage	Number of interns placed	540	Dependent on available placement
	License \geq 4,000 practitioners annually	Improved regulatory compliance	Number of practitioners licensed	3,784	Enforcement gaps across counties
	Accredit at least 2 internship centres annually	Expanded internship capacity	Number of accredited internship centres	2	Target achieved
	Inspect \geq 400 health facilities annually	Routine facility inspection	Number of HF inspected	Not achieved	Awaiting PH facilities inspection regulations
	Accredit \geq 30 new CPD providers annually	Improved continuous professional development	Number of CPD providers accredited	Not met	CPD guidelines under review
	Index \geq 60% of Counsellor & Psychologist trainees annually	Regulated training pathways	% trainees indexed	60%	Not achieved; funding constraints
	Register \geq 2,400 counsellors/psychologists annually	Expanded mental health workforce	Number registered	2,400	Not achieved; insufficient funds
	License \geq 55% of counsellors/psychologists annually	Compliance with professional licensing	% licensed	55%	Not achieved; insufficient funds
	License \geq 70% of clinical facilities annually	Strong regulation of mental health facilities	% clinical facilities licensed	70%	Not achieved; funding gaps

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Program	Strategic Objective	Outcome	Indicator	Performance	Comments
	Inspect $\geq 65\%$ of training institutions annually	Compliance with training standards	% institutions inspected	65%	Not achieved; insufficient funds
	Accredit $\geq 60\%$ of CPD institutions annually	Improved CPD regulation	% CPD institutions accredited	60%	Not achieved
	Test $\geq 95\%$ of all drug samples received annually	Safe pharmaceuticals	Number of drug samples tested	107 of 206	HPLC calibration issues
	Test 100% of medical devices submitted annually	Safe medical devices	% devices tested	100%	All tested and certified
	Achieve $\geq 20\%$ completion of national reference laboratory construction annually	Strengthened lab infrastructure	% completion	6.50%	Ongoing
	Conduct ≥ 10 HPT environmental research activities annually	Evidence for safe technologies	Number of research activities	Not met	Activity not started
	Develop ≥ 10 new HPT analysis methods annually	Improved regulatory science	Number of methods developed	Not met	No funding
	Accredit ≥ 3 HRIM institutions annually	Strong HRIM regulation	Number of HRIM institutions accredited	3	Target institutions had competing priorities
	Ensure 50% of HRIM institutions adopt curriculum annually	Standardized HRIM training	% that adopted standard curriculum	50%	Target met
	Register $\geq 3,000$ HRIM professionals annually	Regulated HRIM workforce	Number of HRIM professionals registered	3,000	Target achieved
	License $\geq 50\%$ of HRIM workforce annually	Compliance	% registered/licensed	50%	Target achieved
	Develop ≥ 3 HRIM policies annually	Improved regulatory governance	Number of policies developed	3	Target achieved
	Ensure ≥ 20 institutions use HRIM policies by FY 2027	Institutionalized policy use	Number of institutions using policies	20	Target achieved
	Approve $\geq 1,500$ product registrations annually	Expanded product regulation	Number of product registrations approved	1,538	Delays due to client back-and-forth
	License $\geq 1,040$ pharmacists & pharmaceutical technologists annually	Adequate pharmacy workforce	Number of practitioners licensed	1,040	More practitioners than expected passed
	Conduct ≥ 8 market surveillance inspections annually	Improved market quality control	Number of joint inspections	8	Most for pharma-crime intelligence
	Approve $\geq 7,000$ import/export permits annually	Efficient trade regulation	Number of approved permits	7,139	Variance due to pending applications

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Program	Strategic Objective	Outcome	Indicator	Performance	Comments
	Index \geq 1,200 MLS students annually	Regulated MLS training	Number of students indexed	1,200	Achieved
	Examine \geq 1,700 MLS candidates annually	Competent lab workforce	Number of examined	1,700	Achieved
	Register \geq 50 new medical lab technologists annually	Expanded lab workforce	Number of registered	51	Budget constraints
	Renew \geq 15,000 MLS licenses annually	Compliance with licensing	Number of licenses renewed	15,000	Achieved
	Register \geq 200 medical labs annually	Regulated laboratory services	Number of labs registered	202	Budget constraints
	License \geq 760 labs annually	Safe lab operations	Number of labs licensed	759	Budget constraints
	Establish and operationalize the Kenya Quality of Health Care Authority by FY 2027	National quality oversight system	Status of QHCA	Not achieved	Bill under development; funding constraints
	Develop at least 5 national guidelines annually	Standardized care	Number of guidelines developed	Health norms guideline developed	Clinical guidelines finalized
	Develop \geq 4 Bills/regulations annually to operationalize Health Act	Strengthened legal framework	Number of Bills/regulations developed	4 Bills	PHC Act 2023, SHI Act 2023, Digital Health Act 2023, FIF Act 2023
	Develop & disseminate HRH policy and strategy by FY 2027	Improved HRH governance	HRH Policy status	Ongoing	Development in progress
	Train \geq 100 MoH managers annually on leadership, regulation & security	Stronger managerial capacity	Number of officers trained	Achieved	Training at National Defence University
Programme 4: General Administration	Develop at least 2 cross-cutting strategies annually (HIV, NCDs, disability, gender, ADA, service charter, road safety)	Mainstreamed cross-cutting issues	Number of strategies developed	Target: 2 (Not met)	Thematic committees active but outputs incomplete
	Sensitize \geq 300 staff annually on HIV, NCDs, gender, disability, ADA, citizen service delivery	Improved staff awareness & compliance	Number of staff sensitized	300 (Not met)	Activity conducted by thematic committees
	Conduct at least 20 social media campaigns annually	Improved citizen engagement	Number of social media campaigns	20	Achieved
	Publish at least 30 articles/photos/videos annually to enhance transparency	Strengthened public communication	Number of articles/photos/videos published	30	Achieved

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Program	Strategic Objective	Outcome	Indicator	Performance	Comments
	Deploy at least 2 new ICT systems annually to enhance digital service delivery	Improved digital access	Number of ICT systems deployed	2	Port Health portal deployed
	Develop and implement the Workplace Digitalization & Automation Strategy 2023–2027	Strengthened digital transformation	Strategy document developed	Achieved	Digitization committee appointed
	Recruit at least 8,000 healthcare workers annually across cadres	Increased staffing levels	Number of HCWs recruited	4,129 interns (Cohort I), 3,759 interns (Cohort II), 20 directors advertised	Interns posted under internship programme
	Train ≥2,000 health workers annually in specialized areas	Improved HCW capacity	Number of health workers trained	Not achieved	Limited fiscal space
	Provide annual security & professional ethics training for MoH managers	Improved governance & crisis readiness	Number of officers trained	Achieved	1-week training at National Defence College
	Strategic Objective (SMART)	Outcome	Indicator	Performance	Comments
	Maintain an updated supplier register annually	Improved procurement governance	Updated list of registered suppliers	1	Achieved
	Develop one Annual Procurement Plan annually	Strengthened procurement planning	Annual Procurement Plan	1	Achieved
	Maintain 100% asset registration annually	Improved asset accountability	Asset register	1	Achieved
	Dispose of 100% obsolete/surplus assets annually	Improved asset optimization	% obsolete/surplus assets disposed	None	No obsolete assets available
	Achieve ≥95–100% absorption of allocated financial resources annually	Efficient budget execution	Absorption rate	100%	Target achieved
	Submit all 4 quarterly budget performance reports on time yearly	Strengthened financial accountability	Number of reports submitted	4	Achieved
	Monitor all capital projects and produce ≥4 monitoring reports annually	Improved project oversight	Number of capital project progress reports	Not met	Financial constraints
	Train ≥100 county health officers annually on planning, budgeting & M&E	Enhanced county capacity	Number of officers trained	Not met	Funding constraints

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Program	Strategic Objective	Outcome	Indicator	Performance	Comments
	Sensitize ≥ 50 officers in SAGAs/regulatory bodies annually	Improved national-level planning	Number of officers sensitized	Not met	Funding constraints

8. Governance Statement

The State Department for Public Health and Professional Standards is part of the Ministry of Health. The Cabinet Secretary provides overall policy and political leadership, while the Principal Secretary serves as the Accounting Officer responsible for the day-to-day performance and oversight of the State Department. The Department is further organized into Directorates and Divisions headed by Directors, who provide technical leadership and managerial oversight.

To ensure participatory decision-making and strengthen oversight, the State Department has established various management committees with defined roles and responsibilities:

- Ministerial Human Resource Advisory Committee deals with human resource related issues.
- Opening tender/Quotation committee opens tender and writes minutes to the tender evacuation committee.
- Tender/Quotation Evaluation Committee evaluates tender as per bid documents and give recommendation for award.
- Inspection and acceptance committee inspect goods on quality and quantity and accept or reject.

Audit Committee

The State Department has also formed an Audit Committee comprising members with a diverse mix of skills. The Committee meets regularly to review audit reports, oversee the implementation of audit recommendations, and provide guidance on governance, internal control, and risk management matters. This Committee plays a crucial role in strengthening financial oversight and ensuring prudent use of public resources.

Risk Management, Compliance, and Conflict of Interest

The State Department has put in place measures to manage risks, compliance issues, and conflicts of interest. These measures include internal control systems, adherence to established policies and procedures, and strict application of relevant laws and regulations. Management committees are also instrumental in identifying risks, monitoring compliance, and safeguarding the integrity of operations.

Training and Development in Governance

Capacity development for leaders and senior officers is prioritized to enhance governance. During the reporting period, the State Department sponsored training for senior managers in key leadership positions, including participation in courses offered by the Eastern and Southern African Management Institute (ESAMI) in Arusha. The training focused on governance, ethics, leadership, and accountability, thereby equipping senior officers with the necessary skills to strengthen institutional governance.

Public Participation Activities

In line with constitutional requirements, the State Department actively engaged the public and other stakeholders in decision-making processes. Public participation activities included forums, consultations, and workshops where citizens, professional associations, civil society organizations, and development partners provided input and recommendations on issues affecting the health sector. These engagements promoted inclusivity, ownership, and accountability in policy and programme implementation.

Compliance with Laws and Regulations

The State Department remains compliant with all applicable laws, policies, and regulations. These include the Human Resource Policies and Procedures Manual, the Public Finance Management Act, the Public Procurement and Asset Disposal Act, and other relevant statutes. Internal audits and oversight reviews confirmed adherence to governance and regulatory frameworks, reflecting the Department's commitment to accountability and transparency.

9. Management Discussion and Analysis

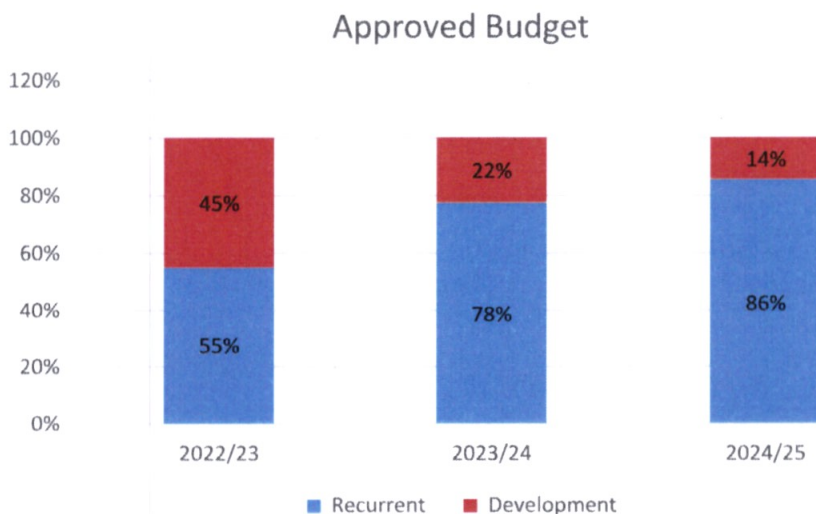
The State Department’s approved budget has expanded over the last three financial years, reflecting increased investment. With the Recurrent budget increasing from 5,212 million in FY 2022/23 to Ksh. 29,114 million in FY 2023/24 to Kshs. 32,467 million in FY 2024/25 as shown in table 1.1.

Table 1.1: Approved Budget and Actual Expenditures

	Approved Budget			Actual Expenditure		
	2022/23	2023/24	2024/25	2022/23	2023/24	2024/25
Recurrent	2,875.0	22,612.1	27,777.2	1,981.0	19,258.2	24,231.8
Development	2,337.0	6,501.7	4,689.3	-	5,987.1	3,502.8
Total	5,212.0	29,113.8	32,466.5	1,981.0	25,245.2	27,734.6

The recurrent budget as a percentage of the total approved budget has seen an increase from 55% in FY 2022/23 to 86% in FY 2024/25. The development budget has decreased from 45% in FY 2022/23 to 14% in FY 2024/25, respectively.

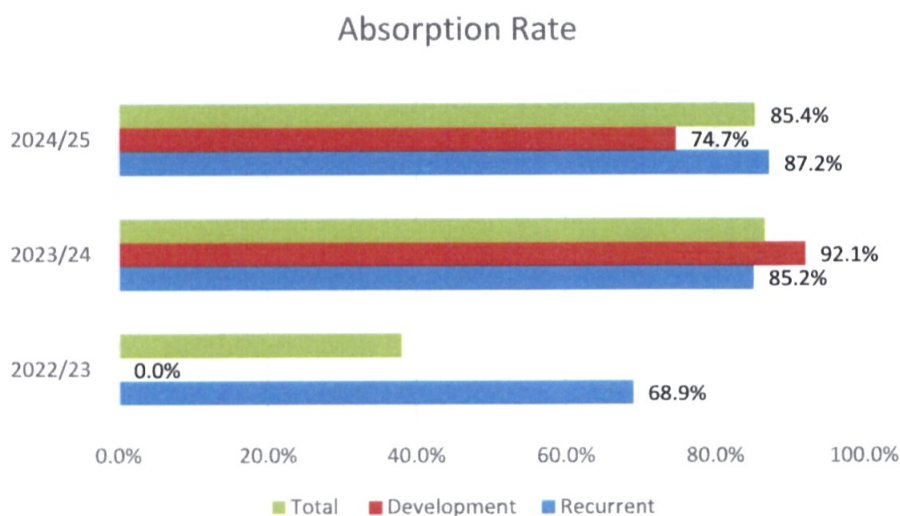
Figure 1: Percentage of recurrent and development



In FY 2022/23, absorption was weak at **38% overall**, with recurrent expenditure absorption rate standing at only **69%** of the total allocations, while no development funds were spent as the State Department was not fully operationalised. In contrast, FY 2023/24 recorded a sharp improvement with an overall absorption of **87%**; recurrent absorption stood at **85%**, while development funds posted a strong **92%**, reflecting better planning, timely disbursement, and improved project execution capacity. In FY 2024/25, performance remained high with an overall absorption rate of **85%**; recurrent absorp-

tion rose slightly to **87%**, indicating efficient utilization of operational funds, while development absorption fell to **75%**, signalling renewed challenges in capital project execution as shown in figure 1.2. below;

Figure 1.2. Absorption Rate



- **Compliance with statutory requirements.**

The Department has ensured compliance with statutory requirements, including submission of quarterly performance and financial reports to the National Treasury and the Office of the Controller of Budget. Furthermore, the Department aligned its programmes to the Public Finance Management (PFM) Act, 2012 and other governing laws.

- **Major risks facing the State Department:**

- **Resource limitations:** Underfunding and delayed exchequer releases affect the timely implementation of activities.
- **Donor dependency:** Certain programmes heavily rely on donor financing, creating vulnerability to funding withdrawals.
- **Public health emergencies:** Recurrent disease outbreaks (cholera, mpox, measles, kala-azar) strain limited resources and disrupt planned activities.
- **Commodity security:** Frequent stock-outs of essential diagnostics, medicines, and supplies undermine programme performance.
- **Human resources gaps:** Inadequate staffing and slow absorption of health professionals impact service delivery at national and county levels.
- **Material arrears in statutory and other financial obligations.**

The Department did not record material arrears in statutory obligations during the period under review. However, delays in disbursement of funds occasionally led to late settlement of supplier claims and slowed execution of capital projects such as waste management infrastructure.

- **Review of the economy and sector.**

The economy continued its recovery trajectory, with the health sector remaining a priority under the Bottom-Up Economic Transformation Agenda (BETA). Increased focus on preventive and promotive health has strengthened demand for quality health services. However, limited fiscal space, required the Department to prioritize interventions and leverage partnerships for resource mobilization.

- **Future developments**

The State Department plans to scale up key interventions. This includes:

- Expanding functional Primary Care Networks and supporting community health promoters under the UHC framework.
- Enhancing preparedness for emerging and re-emerging diseases through investment in PHEOCs, laboratory networks, and digital surveillance systems.
- Strengthening regulation of health professionals and facilities to ensure quality of care.
- Increasing investment in environmental health, WASH, and climate change-related health interventions.
- Deepening digitization of health services to enhance efficiency and transparency.
- **Any other information considered relevant to the users of the financial statements.**

The State Department will continue to pursue innovative financing mechanisms, strengthen governance and accountability structures, and ensure prudent utilization of resources in line with the Constitution and relevant laws.

10. Environmental and Sustainability Reporting

a) Sustainability strategy and profile

The State Department continues to align its mandate with the broader national development priorities outlined in Vision 2030, the Constitution of Kenya 2010, the Paris Agreement on Climate Change, and the Sustainable Development Goals (SDGs). Our sustainability approach recognizes that health and environment are closely interlinked, and that protecting the environment is integral to safeguarding the right to health as enshrined in Article 43(1)(a) of the Constitution.

At the political and macroeconomic level, Kenya has demonstrated leadership in climate-health diplomacy, being among the first African countries to commit to building a climate-resilient and low-carbon

health system at COP26, and co-sponsoring the World Health Assembly Resolution on Climate Change and Health. These commitments demonstrate Kenya's adoption of international best practices while tailoring them to the country's context.

Key achievements include:

- Development and launch of the Kenya Climate Change and Health Strategy 2024–2029.
- Scaling up of the Household Air Pollution programme (“*Upishi Bora, Afya Bora*”) through training of over 100,000 Community Health Promoters (CHVs).
- Expansion of non-burn healthcare waste treatment facilities across referral hospitals.

Challenges

- Limited access to climate finance
- Weak surveillance of climate-related health outcomes,
- Uneven integration of sustainability practices at county level.

The Ministry is addressing these gaps through enhanced research partnerships, improved policy coordination, and deliberate resource mobilization efforts.

b) Environmental performance /climate change/ mitigation of natural disasters

The State Department is guided by the Kenya Climate Change Act (2016), the National Climate Change Action Plan (NCCAP 2018–2022, 2023–2027), and the Kenya Climate Change and Health Strategy 2024–2029. These frameworks provide the policy basis for addressing environmental determinants of health and for implementing adaptation and mitigation measures.

Achievements

- **Healthcare Waste Management:** The Ministry, in partnership with the World Bank and UNDP, has rolled out 25 microwave waste treatment facilities, representing one of Africa's largest non-burn medical waste projects. This reduces dioxin emissions, minimizes biodiversity impacts, and ensures safe disposal of infectious waste.
- **Climate Resilience and Low-Carbon Health System:** Kenya has mainstreamed climate and health into its policies and initiated a Health National Adaptation Plan (HNAP) and Vulnerability & Adaptation Assessment (V&A).
- **Air Pollution Reduction:** The Household Air Pollution (HAP) programme integrates public health into clean energy transitions, with CHVs promoting cleaner fuels and technologies nationwide.
- **Research and Evidence Generation:** The establishment of an Air Pollution Centre of Excellence at KEMRI in collaboration with the UK's NIHR ensures evidence-based policy interventions.

Challenges

- Implementation is hindered by resource limitations, slow uptake of green healthcare standards, and inadequate inter-sectoral coordination.
- Lack of real-time data and monitoring frameworks slows progress in measuring environmental and climate health impacts.

Biodiversity and Resource Management

The State Department collaborates with the National Environment Management Authority (NEMA) to enforce Environmental Impact Assessments (EIAs) in the construction of new health facilities. Sustainable procurement practices also encourage the sourcing of eco-friendly medical supplies.

Waste Management

All public hospitals are required to comply with the National Healthcare Waste Management Policy, with progressive transition to non-burn technologies. Efforts are ongoing to expand coverage to all 47 county referral hospitals.

c) Employee welfare-HR

Give account of the policies guiding the hiring process and whether they consider the gender ratio, whether they take in stakeholder engagements and how often they are improved. Explain efforts made in improving skills and managing careers, appraisal, and reward systems. The organisation should also disclose their policy on safety and compliance with Occupational Safety and Health Act of 2007, (OSHA).

d) Operational practices (Procurement)

The State Department recognizes the importance of sustainable operations and responsible supply chains. Procurement processes adhere to the **Public Procurement and Asset Disposal Act (2015)**, with emphasis on fairness, transparency, and timely settlement of supplier payments.

Key initiatives include:

- Strengthening relationships with local suppliers and community-based enterprises, particularly those under **Access to Government Procurement Opportunities (AGPO)**.
- Prioritizing suppliers who demonstrate commitment to sustainable practices, including environmentally friendly products.
- Implementing e-procurement systems to reduce paperwork and improve efficiency.

e) Community Engagements-

The Ministry actively engages communities through **corporate social responsibility (CSR)**, public health campaigns, and partnerships. Initiatives undertaken in the reporting year include:

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- **Health Promotion Campaigns:** Nationwide roll-out of “*Upishi Bora, Afya Bora*” for cleaner household energy use.
- **Community Social Investment:** Partnerships with NGOs and private sector actors to enhance **water, sanitation, and hygiene (WASH)** in schools and healthcare facilities.
- **Charitable Giving and Support:** Provision of medical equipment and supplies to marginalized counties and disaster-affected areas.
- **Sports and Education Support:** Sponsorship of school health clubs and participation in sports activities promoting wellness.
- **Capacity Building:** Training over **2,668 public health officers, CHOs, and CHVs** in climate and health interventions.

11. Statement of Management Responsibilities

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

The Accounting Officer in charge of the State Department for Public Health and Professional Standards is responsible for the preparation and presentation of the State Department for Public Health and Professional financial statements, which give a true and fair view of the state of affairs of the Department for and as at the end of the financial year 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 State Department for Public Health and Professional Standards (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 State Department for Public Health and Professional Standards (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

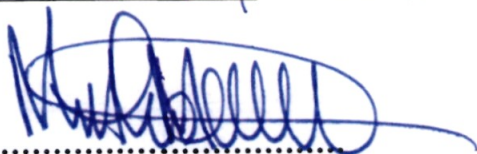
The Accounting Officer in charge of the State Department for Public Health and Professional Standards accepts responsibility for the Department's financial statements, which have been prepared on the Accrual Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the State Department for Public Health and Professional Standards financial statements give a true and fair view of the state of Department's transactions during the financial year ended June 30, 2025, and of the State Department for Public Health and Professional Standard's financial position as at that date. The Accounting Officer further confirms the completeness of the accounting records maintained for the State Department for Public Health and Professional Standards, which have been relied upon in the preparation of the Department's financial statements as well as the adequacy of the system of internal controls.

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

Approval of the financial statements

The State Department for Public Health and Professional Standards financial statements were approved on 02/12/ 2025 and signed by:



.....
Mary M. Muriuki CBS
Accounting Officer

REPUBLIC OF KENYA



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REPORT OF THE AUDITOR-GENERAL ON STATE DEPARTMENT FOR PUBLIC HEALTH AND PROFESSIONAL STANDARDS 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 transitional IPSAS financial statements of State Department for Public Health and Professional Standards set out on pages 1 to 50, 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 transitional IPSAS financial statements present fairly, in all material respects, the financial position of State Department for Public Health and Professional Standards 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 (including the transitional provisions permitted under IPSAS 33) and comply with the Public Finance Management Act, 2012 and The National Treasury and Economic Planning Circular No.3 of 14 April, 2025.

Basis for Qualified Opinion

1. Variances in the IFMIS Payment System

The statement of financial performance and as disclosed in Note 10 to the financial statements reflects use of goods and services amount of Kshs.1,108,774,429. However, analysis of the IFMIS payment reports processed against actual payments revealed that one thousand five hundred and twenty-six (1,526) transactions amounting to Kshs.1,317,210,928 were paid but not captured in the payment details as at 30 June, 2025. Further, analysis indicated one hundred and forty-two (142) transactions amounting to Kshs.643,290,240 recorded in the system payments against Kshs.207,430,708 reflected in the payment details resulting in an unexplained variance of Kshs.435,859,532.

In the circumstances, the accuracy and completeness of the use of goods and services amount of Kshs.1,108,774,429 could not be confirmed.

2. Inaccuracies in Transfers to Other Government Entities

The statement of financial performance and as disclosed in Note 11 to the financial statements reflects transfers to other government entities amount of Kshs.20,188,334,108. However, third-party confirmations from eight (8) entities indicated an amount of Kshs.17,206,681,740 as received while the State Department indicated Kshs.14,150,796,470 resulting to an unexplained variance of Kshs.3,055,885,270.

In the circumstances, the accuracy and completeness of the transfers to other government entities amount of Kshs.20,188,334,108 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the State Department for Public Health and Professional Standards 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

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.32,466,531,091 and Kshs.29,950,470,572 resulting to underfunding of Kshs.2,516,060,519 or 8% of the budget.

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

2. Long Outstanding Trade Payables

The statement of financial position and as disclosed in Note 17 to the financial statements reflects trade and other payables balance of Kshs.132,898,804. The amount includes Kshs.45,029,104 that has been outstanding since 2023 despite the availability of cash and cash equivalents balance of Kshs.631,331,323 as at 30 June 2025. Management has not rendered explanations for the delay, while the State Department is at risk of incurring penalties and interest with the continued delays in settlement.

Failure to settle bills during the year to which they relate may adversely affects the budgetary provisions for the subsequent year as they form a first charge.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the prior year's audit report, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during the audit of State Department in 2024/2025 revealed that numerous matters remained unresolved as detailed in Appendix I.

Other Information

The Management is responsible for the Other Information set out on pages v to xxxvi which comprise of Key Entity Information and Management, Profile of Cabinet Secretary, Profile of Accounting Officer and Key Management, Statement by the Cabinet Secretary, Statement by the Accounting Officer, Statement of Performance Against Predetermined Objectives for FY2024/25, Governance Statement,

Management Discussion and Analysis, Environmental and Sustainability Reporting and the Statement of Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

Unachieved Performance Targets

Review of the State Department's performance indicated four (4) programs which included:- Preventive and Promotive Health Services, Health Resource Development and Innovation, Health Policy Standards and Regulations and General Administration with various strategic objectives. However, review of performance revealed that some performance indicators disclosed in the **Appendix II** were not achieved.

Failure to achieve key performance targets may affect the State Department's ability to achieve its mission of offering effective leadership and participating in the provision of quality public health and sanitation services that are equitable, responsive, accessible and accountable to Kenyans

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. Unapproved Expenditure

The statement of comparison of budget and actual amounts reflects approved use of goods and services budget of Kshs.1,026,454,835 while the actual expenditure amounted to Kshs.1,108,774,429 resulting to unapproved expenditure of Kshs.82,319,594 or 8% of the budget. This was contrary to Regulation 52(1)(b) of the Public Finance Management (National Government) Regulations, 2015, which stipulates that Accounting Officers and AIE holders shall ensure that the limit to which

they may commit or spend public funds is that prescribed by the Authority, and not based on their expectations, however justified these may seem.

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

2. Staff Earning Less Than One Third of Basic Salary

Review of the financial statements revealed that twenty-four (24) employees earned less than one third of their basic salary. This was contrary to Section 19(3) of Employment Act 2007 which stipulates that without 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.

In the circumstances, Management was in breach of the law

3. Non-Compliance with the Climate Regulations

During the year under review, Management did not report to the Council on the status and progress of performance and implementation on climate change. Further, the Kenya Climate Change and Health Strategy 2024-2029 was in draft form and it is yet to be launched. This was contrary to the National Climate Change Action Plan (NCCAP) III 2023-2024 and the Climate Change Act, 2016.

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

4. Delayed Completion of the Microwave Medical Waste Housing Projects

Review of contract agreements at the State Department revealed contracts for the construction of microwave medical waste housing in Bomet and Vihiga Counties at the cost of Kshs.29,077,375 and Kshs.29,306,145 respectively both signed on 24 October, 2023 with completion period of 24 weeks which lapsed on 13 August, 2024 followed by a second extension to 14 May, 2025. However, the completion certificates have not been provided for review to confirm that the projects have been completed and the performance security for both companies had expired.

In the circumstances, value for money on the expenditure on construction of microwave medical waste housing in Bomet and Vihiga Counties at the cost of Kshs.29,077,375 and Kshs.29,306,145 respectively could not be confirmed.

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. Voided Transactions

The statement of financial performance reflects total expenses of Kshs.29,847,427,814. Analysis of the system payments indicated that two hundred and sixty-seven (267) transactions of Kshs.459,448,302 were voided. However, Management did not provide the satisfactory explanations for voiding these transactions.

In the circumstances, the effectiveness of internal controls in processing and voiding payments could not be confirmed.

2. Payment of House Allowances Above the Approved Rate

The statement of financial performance and as disclosed in Note 9 to the financial statements reflects employee costs amounting to Kshs.8,470,977,897. However, analysis of payroll records revealed that house allowance totaling Kshs.8,151,200 was paid to seven hundred and ninety-two (792) officers at rates exceeding the approved allowances applicable to their respective job groups.

In the circumstances, the effectiveness of internal controls in the management of payroll and payment of allowances could not be confirmed.

3. Training Without Performance Targets

The statement of financial performance and as disclosed in Note 10 to the financial statements reflects use of goods and services amount of Kshs.1,108,774,429 out of which Kshs.189,186,120 relates to training expenses. However, the training expenditure was not supported by performance targets and performance evaluation reports on the specific assignments and activities for each of the participants trained.

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

4. Unreviewed Tariffs Under Port Health Services

The statement of financial performance and as disclosed in Note 7 to the financial statements reflects proceeds from sale of assets of Kshs.6,748,170,249. The amount includes Kshs.3,030,388,620 in respect of receipts from the sale of inventories, stocks

and commodities out of which Kshs.196,070,477 is revenue from the Port Health Division. However, the division has been using a user fee tariff which was introduced twenty-four (24) years ago in the year 2001 through legal notice 112/2001 and the existing regulations do not capture the services of vaccination against travel-related diseases, including Hepatitis A&B and polio are not captured under the existing regulations. Further, issuance of import and export health certificates is only limited to food items and omits chemical substances, raw materials and other substances of public health concerns. In addition, it was noted that six (6) ports of entry/ exit were closed and while seven (7) were not manned and no revenue was being generated from them.

In the circumstances, the effectiveness of internal controls in the management of revenue and review of tariffs could not be confirmed.

5. Under Staffing

The State Department had an approved staff establishment of six hundred and sixty-three (663) positions. However, only one hundred and ninety (190) positions were filled resulting in understaffing of four hundred and seventy-three (473) positions.

In the circumstances, the effectiveness of internal controls in the management of human resource matters could not be confirmed.

6. Weak Information Technology Control Environment

Review of information control environment revealed that Management has not implemented a regular schedule for testing the Information and Communication technology (ICT) disaster recovery plan, including full-scale simulations to help ensure preparedness for actual disaster scenarios. Further, there was no external or remote backup site for data redundancy and protection against physical disasters.

In the circumstances, the effectiveness of internal controls in the management Information Technology (IT) Control Environment 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 those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (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 State Department'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.

Those charged with governance are responsible for overseeing the State Department'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

05 December, 2025

Appendix 1: Unresolved Prior Year Audit Findings

No	Financial Year	Audit Issue
1	2022-2023	Unsupported Expenditure on Other Grants and Transfers
2		Undisclosed Bank Balances
3		Budgetary Control and Performance
4		Pending Accounts Payable
5		Failure to Operationalise Institutions
6		Failure to Surrender Imprest
1	2023-2024	Unconfirmed Port Health Revenue
2		Unconfirmed Employee Costs
3		Overstated Exchequer Releases
4		Budgetary Control and Performance
5		Pending Accounts Payable
6		Non- Non-Compliance with the Climate Change Regulations
7		Non-Adherence to Fiscal Responsibility Principle on Employee Compensation
8		Staff Earning Less than a third of Basic Salary
9		Delay in Project Implementation
10		Non-Adherence to Fiscal Responsibility principle on Development Expenditure
11		Non -Non-Compliance with the National Values and Principle of Governance
12		Missed Performance Targets
13		Understaffing of the Department
14		Lack of Training Need Assessment
15	Incomplete Assets Register	

Appendix 2: Unachieved Performance Targets

Strategic Objective	Target	Achievement as at 30 th June 2025	Missed Target
Increase TPT initiation among eligible TB contacts from 14% to 85% by FY 2025	85%	50%	35%
Increase LLIN distribution through MCH to ≥4M nets annually by FY 2027	4M	2M	2M
Respond to ≥95% of reportable public health emergencies by FY 2027	95%	90%	5%
Increase accredited ASAL labs from 4 to 15 by FY 2027 Raise LCQI-certified labs from 37 to 80 by FY 2027	35	21	14
Increase accredited ASAL labs from 4 to 15 by FY 2027 Raise LCQI-certified labs from 37 to 80 by FY 2027	15	4	11
Increase accredited ASAL labs from 4 to 15 by FY 2027 Raise LCQI-certified labs from 37 to 80 by FY 2027	80	37	43
Increase KNEQAS EQA scopes from 9 to 20 by FY 2027 Equip ≥80 facilities with compliant waste treatment equipment by FY 2027	20	9	11
Increase KNEQAS EQA scopes from 9 to 20 by FY 2027 Equip ≥80 facilities with compliant waste treatment equipment by FY 2027	80	51	29
Achieve 50% ODF villages nationally by 2030 Increase population with safely managed sanitation to 20% by FY 2027 Install compliant waste-treatment equipment in all targeted facilities by FY 2027 Establish a national air-pollution monitoring center by FY 2027	50%	4%	46%
Increase population with safely managed sanitation to 20% by FY 2027	20%	2%	18%
Provide MNPS to ≥300,000 children annually by FY 2027	>300,000	218,977	81,023
Screen ≥6 million travelers annually by FY 2027	>6M	4M	2M
Publish at least 10 peer-reviewed scientific papers annually by FY 2027	10	0	10
Test at least 300 human samples annually from wildlife–livestock–human interfaces	300	253	47

Strategic Objective	Target	Achievement as at 30th June 2025	Missed Target
Operationalize ≥50% of MoUs through guidelines by FY 2027	>50%	33%	17%
Train at least 20 health workers annually in international health cooperation	20	8	12
Inspect at least 800 health facilities annually and achieve ≥95% compliance with national norms & standards by FY 2027	800	767	33
Place ≥1,000 interns annually across cadres	>1000	912	88
Achieve ≥80% compliance with training institution norms	>80%	78%	2%
Export ≥100 nurses annually to international markets	>100	90	10
Register ≥500 new clinical officers annually	500	421	79
Place ≥600 CO interns annually	>600	540	60
License ≥4,000 practitioners annually	4000	3,784	216
Inspect ≥400 health facilities annually	>400	0	400
Accredit ≥30 new CPD providers annually	>30	0	30
Index ≥60% of Counsellor & Psychologist trainees annually	>60%	0	60%
Register ≥2,400 counsellors/psychologists annually	>2,400	0	2400
License ≥55% of counsellors/psychologists annually	>55%	0	55%
License ≥70% of clinical facilities annually	>70%	0	70%
Inspect ≥65% of training institutions annually	>65%	0	65%
Accredit ≥60% of CPD institutions annually	>60%	0	60%
Test ≥95% of all drug samples received annually	206	107 of 206	99
Conduct ≥10 HPT environmental research activities annually	>10	Not met	Ongoing
Develop ≥10 new HPT analysis methods annually	>10	Not met	Activity not started
Accredit ≥3 HRIM institutions annually	>3	0	3
Renew ≥15,000 MLS licenses annually	>15000	0	15000
Establish and operationalize the Kenya Quality of Health Care Authority by FY 2027		Not achieved	Not achieved
Develop at least 5 national guidelines annually		Health norms guideline developed	Not achieved

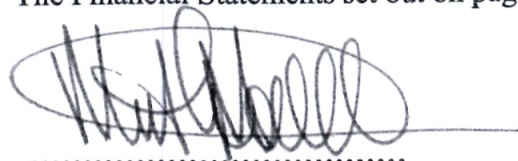
Strategic Objective	Target	Achievement as at 30th June 2025	Missed Target
Develop & disseminate HRH policy and strategy by FY 2027		Ongoing	Not achieved
Develop at least 2 cross-cutting strategies annually (HIV, NCDs, disability, gender, ADA, service charter, road safety)		Target: 2 (Not met)	Not achieved
Sensitize ≥300 staff annually on HIV, NCDs, gender, disability, ADA, citizen service delivery	>300	0	Not achieved
Recruit at least 8,000 healthcare workers annually across cadres	8000	4,129 interns (Cohort I), 3,759 interns (Cohort II), 20 directors advertised	Not achieved
Train ≥2,000 health workers annually in specialized areas	>2000	Not achieved	Not achieved
Monitor all capital projects and produce ≥4 monitoring reports annually		Not met	Not achieved
Train ≥100 county health officers annually on planning, budgeting & M&E		Not met	Not achieved
Sensitize ≥50 officers in SAGAs/regulatory bodies annually		Not met	Not achieved

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

	Notes	2024/2025
		Kshs
Revenue from non-exchange transactions		
Transfers from Exchequer	6	22,579,050,323
Total		22,579,050,323
Revenue from exchange transactions		
Proceeds from Sale of Assets	7	6,748,170,249
Other Income	8	623,250,000
Total		7,371,420,249
Total revenue		29,950,470,572
Expenses		
Employee costs	9	8,470,977,897
Use of goods and services	10	1,108,774,429
Transfers to other Government Entities	11	20,188,334,108
Other Grants and Subsidies	12	60,161,653
Depreciation	13	19,179,727
Total expenses		29,847,427,814
Surplus/Deficit for the year		103,042,758
Taxation		
Net Surplus/Deficit		103,042,758

The Financial Statements set out on pages 1 to 8 were signed by:



.....
Mary M. Muriuki CBS
Accounting Officer



.....
Florence Kirumba
Head of Accounting Unit
ICPAK M/No 4726

State Department for Public Health and Professional Standards
Annual Report and Financial Statements for the year ended June 30, 2025.

14 Statement of Financial Position as at 30th June 2025

	Notes	2024/2025	Opening (1 July 2024)
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	14	631,331,323	629,011,036
Receivables from Exchange Transactions	15	35,200	726,470
Total Current Assets		631,366,523	629,737,506
Non-Current Assets			
Property, Plant and Equipment	16	83,261,851	87,792,919
Total Non-Current Assets		83,261,851	87,792,919
Total Assets (a)		<u>714,628,374</u>	<u>717,530,425</u>
Liabilities			
Current Liabilities			
Trade Payables	17	132,898,804	156,628,527
Other Payables – Refundable Deposits	18	3,256,665	2,439,763
Deferred Income	19	518,009,131	600,036,882
Total Current Liabilities		<u>654,164,600</u>	<u>759,105,172</u>
Total Liabilities (b)		654,164,600	759,105,172
Net Assets (a – b)		60,463,801	(41,574,747)
Represented by:			
Accumulated Surplus		60,463,801	(41,574,747)
Reserves		–	–
Capital Fund		–	–
Net Assets		60,463,801	(41,574,747)

The financial statements set out on pages 1 to 8 were signed by:

.....
Mary M. Muriuki CBS
Accounting Officer

.....
Florence Kirumba
Head of Accounting Unit
ICPAK M/No 4726

State Department for Public Health and Professional Standards
Annual Report and Financial Statements for the year ended June 30, 2025.

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

	Accumulated Surplus	Re-serves	Capital Fund	Total
Fund Balance as at 30 June 2024 (Cash Basis)	629,011,036	–	–	629,011,036
Transition Adjustments				
Recognition of Accounts Receivable	726,470	–	–	726,470
Recognition of Property, Plant & Equipment	87,792,919	–	–	87,792,919
Recognition of Pending Bills	(156,628,527))	–	–	(156,628,527))
Recognition of Deposits (Payables)	(2,439,763)	–	–	(2,439,763)
Recognition of Deferred Income (AIA)	(600,036,882)	–	–	(600,036,882)
As at (1 July 2024)	(41,574,747)	–	–	(41,574,747)
Return to Exchequer	(1,004,211)	–	–	(1,004,211)
Surplus for the Year	103,042,759	–	–	103,042,759
As at (30 June 2025)	60,463,801	–	–	60,463,801

The returned to exchequers of kshs.1,004,211 was unspent balances at the closed of financial year 2023/2024.

State Department for Public Health and Professional Standards
Annual Report and Financial Statements for the year ended June 30, 2025.

16. Statement of Cash Flows for the year ended 30th June 2025

		2024/2025
	Notes	Kshs
Cash flows from operating activities		
Receipts		
Transfers from exchequers	6	22,579,050,323
Proceeds from the sale of Assets	7	6,748,170,249
Other income-Tobacco Control Fund	8	623,250,000
Total receipts		29,950,470,572
Payments		
Employee costs	9	8,470,977,897
Use of goods and services	10	1,108,774,429
Transfers to other Government Entities	11	20,188,334,108
Other Grants and Subsidies	12	60,161,653
Depreciation	13	19,179,727
Total payments		29,847,427,813
Net cash flows from/(used in) operating activities	20	17,973,184
Cash flows from investing activities		
Purchase of PPE	16	(14,648,659)
Proceeds from sale of biological assets		-
Net cash flows from/(used in) investing activities		(14,648,659)
Cash flows from financing activities		
Return to Exchequer		(1,004,211)
Net cash flows from financing Activities		(1,004,211)
Net increase/(decrease) in cash &Cash equivalents		2,320,314
Cash and cash equivalents at 1 July 2024	14	629,011,035
Cash and cash equivalents at 30 June 2025	14	<u>631,331,349</u>

State Department for Public Health and Professional Standards
Annual Report and Financial Statements for the year ended June 30, 2025.

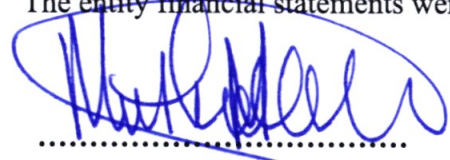
17. Statement of Comparison of Budget and Actual amounts for the year ended 30th June 2025

Recurrent and Development Combined

Description	Original budget	Adjustments	Final budget	Actual on a comparable basis	Budget utilization difference	% of utilization
	A	B	C=a+b	D	E=c-d	F=d/c %
Revenue						
Transfers from exchequer	22,579,050,323	1,634,609,912	24,213,660,236	22,579,050,323	1,634,609,913	93%
Proceed from sale of assets	7,189,000,000	227,870,855	7,416,870,855	6,748,170,249	668,700,606	91%
Proceed from foreign borrowings	-	5,000,000	5,000,000	0	5,000,000	0%
Other income	831,000,000	-	831,000,000	623,250,000	207,750,000	75%
Total revenue	30,599,050,323	1,867,480,767	32,466,531,091	29,950,470,572	2,516,060,519	92%
Expenses						
Employees Costs	5,299,816,880	1,735,718,064	8,779,967,574	8,470,977,896	308,989,677	96%
Use of goods and services	958,740,584	62,714,251	1,021,454,835	1,104,268,098	-82,570,063	108%
Transfers to other government units	16,285,533,990	3,334,335,455	17,875,436,815	16,942,713,484	942,723,330	95%
Acquisition of PPE	23,492,669	9,899,881	33,392,550	11,602,058	21,790,491	35%
Other grants and transfers	55,971,000	11,000,000	66,971,000	60,161,653	6,809,347	90%
Total recurrent expenses	22,623,555,123	5,153,667,651	27,777,222,774	26,589,723,189	1,197,742,782	96%
Capital items						
Acquisition of PPE	531,000,000	-511,000,000	20,000,000	18,511,940	1,488,059	93%
Use of goods and services	10,000,000.00	-5,000,000	5,000,000	13,013,940	-8,013,940	260%
Transfers to other government units	5,023,180,000	-358,871,683	4,664,308,317	3,245,620,624	1,418,687,692	70%
Total expenses Development	5,564,180,000	-874,871,683	4,689,308,317	3,277,146,505	1,412,161,812	70%
Total expenses	28,187,735,123	4,278,795,968	32,466,531,091	29,866,869,694	2,609,904,594	92%
Surplus/ deficit				83,600,878		

- a) **Variance Analysis:** The Underutilisation was due to insufficient exchequer issues
- b) **Reallocation within the period:** Reallocations were done in the financial year.

The entity financial statements were approved on 02/12/ 2025 and signed by:



.....
Mary M. Muriuki CBS
Accounting Officer



.....
Florence Kirumba
Head of Accounting Unit
ICPAK M/No 4726



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c) Reconciliation table

	Operating	Financing	Investing	Total
Actual amounts on comparable basis presented in the budget and actual comparative statement				83,600,876
Depreciation				19,179,727
Increase in receivables	691,270			691,270
Decrease in payables	(23,729,723)			(23,729,723)
Decrease in deferred income	(82,027,751)			(82,027,751)
Increase in payables	816,902			816,902
Purchase of PPE (Investing)			(14,648,659)	(14,648,659)
Return to Exchequer			(1,004,211)	(1,004,211)
Opening cash & cash Equivalent				629,011,036
Actual in the statement of Cash-flows				631,331,323

Budget Execution by Programmes and Sub-Programmes for FY2025

Programme/Sub-Programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	Kshs	Kshs	Kshs	Kshs	Kshs
0406000000			9,791,006,100	8,265,441,818	1,525,564,282
106010000			4,086,365,698	2,729,838,757	1,356,526,941
0000			585,515,032	577,820,585	7,697,4478
			1,488,812,290	1,366,434,727	122,377,563
			283,810,000	272,500,836	11,309,164
			3,346,500,080	3,318,846,913	27,653,167
			15,721,866,904	15,676,216,150	45,650,754
			9,462,439,000	9,415,240,384	47,198,616
			787,925,455	787,925,455	0

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Programme/Sub-Programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
0407030000			5,471,502,449	5,473,050,311	(1,547,862)
0408000000			4,277,909,197	4,238,881,373	39,027,824
0408010000			4,183,808,433	4,144,594,208	39,214,225
0408010000			94,100,764	94,287,165	(186,401)
0409000000			0	(0.50)	0.50
0409010000			0	(0.50)	0.50
0412000000			2,675,748,890	2,334,795,180	340,953,710
0412010000			2,639,894,174	2,301,268,124	338,626,050
0412020000			35,854,716	33,527,057	2,327,659
Total			32,466,531,091	30,515,334,520	1,951,196,571

18. Notes to the Financial Statements

1. Establishment

The State Department for Public Health and Professional Standards is established by and derives its authority and accountability from Executive Order No.1 of 2023. The State Department for Public Health and Professional Standards is wholly owned by the Government of Kenya and is domiciled in Kenya. The State Department is to develop Public Health and Sanitation Policy; Preventive and Promotive Health Services; Policy on Human Resource Development for Health Care Workers; Health Education Management; Food Quality, Hygiene and Nutrition Policy; Quarantine Administration; Radiation Policy; and Administration of the legal and institutional framework for the control of the production, manufacture, sale, labelling, advertising, promotion, sponsorship and use of tobacco products; Control and Management of Tuberculosis (TB) and other Lung Diseases; and Malaria Control and Management; and Control and Management of Leprosy.

2. Statement of Compliance and Basis of Reporting

These financial statements have been prepared in accordance with the Public Finance Management Act, 2012 and the International Public Sector Accounting Standards (IPSAS), as prescribed by the Public Sector Accounting Standards Board (PSASB). The State Department is currently within the transition period permitted under IPSAS 33 – First-time Adoption of Accrual Basis IPSAS and, accordingly, these financial statements are presented as transitional accrual financial statements.

During the year, and in line with the transitional exemptions allowed under IPSAS 33, the State Department applied partial recognition and measurement of assets and liabilities. The Department recognized cash and cash equivalents, receivables relating to imprests and salary advances, deposits and retentions, deferred income, property, plant and equipment, and validated payables.

The following IPSAS-required elements have not yet been fully recognized or measured and therefore remain transitional:

- Full valuation and impairment assessment of property, plant and equipment;
- Inventories and consumable stores;
- Employee benefit obligations in accordance with IPSAS 39;
- Provisions and contingent liabilities as required by IPSAS 19; and

Notes to the Financial Statements (Continued)

- Full compliance with IPSAS 24 on budget reporting and the related narrative variance explanations.

The State Department is implementing a phased approach towards full IPSAS accrual compliance. Key activities underway include: undertaking full valuation and impairment assessment of property, plant and equipment; establishing complete inventories and consumable store records; recognizing employee benefit obligations in accordance with IPSAS 39; and developing IPSAS 19-compliant policies for provisions and contingent liabilities.

These financial statements were authorized for issue by the Accounting Officer on 02/12/2025

Reporting period

The reporting period for these financial statements is for the period ended 30th June 2025.

Basis of preparation

These financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period on an accrual basis unless otherwise specified (for example, the Statement of Cash Flows). Under an accrual basis, revenues are recognised when rights to assets are earned or levied rather than when cash is received, and expenses are recognised when obligations are incurred rather than when they are settled. The financial statements have been prepared and presented in Kenya Shillings to the nearest shilling. The accounting policies adopted have been consistently applied to all the years presented.

Critical accounting judgements

IPSAS requires accounting judgements to be made in determining accounting policies that impact the presentation of these financial statements. The most critical of these judgements, and their impact, are:

Recognition of revenue

A revenue is an increase in the net financial position, other than increases arising from ownership contributions. Revenue is required to be measured when the event occurs and when recognition criteria (probable inflow of resources and ability to reliably measure their value) are met. Judgment is required to determine if these criteria are met, particularly where limited evidence is available at the time the revenue is earned.

The Entity recognizes all revenue from the various sources when the event occurs.

Notes to the Financial Statements (Continued)

Transfers from the Exchequer

Transfers from the exchequer are recognized in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the bank and notified to the receiving State Department for Public Health and Professional Standards.

External Assistance

External assistance is received through grants and loans from multilateral and bilateral development partners. Grants and loans shall be recognized in the books of accounts when cash is received. Cash is considered as received when a payment advice is received by the recipient entity or by the beneficiary. In case of grant/loan in kind, such grants are recorded upon receipt of the grant item and upon determination of the value. The date of the transaction is the value date indicated on the payment advice. A similar recognition criterion is applied for loans received in the form of a direct payment. During the year ended 30th June 2025, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.

Miscellaneous Receipts

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

Recognition of non-exchange expenses and liabilities

A liability is a present obligation of State Department for Public Health and Professional Standards for an outflow of resources that results from a past event. Expenses (and other liabilities) are recognized when there is a present obligation (legal or constructive) as a result of a past event. An outflow of resources embodying economic benefits will probably be required to settle the obligation and a reliable estimate of the obligation can be made. Judgement is required in assessing each of these conditions, and therefore reporting if an expense and a present obligation should be reported.

The State Department for Public Health and Professional Standards pursues a number of policy targets and outcomes. However, the commitment to these targets and outcomes, generally, do not of themselves constitute a present obligation unless the State Department for Public Health and Professional Standards is clear on the cost it intends to incur, when payment will be made,

Notes to the Financial Statements (Continued)

and to whom and as a consequence has raised a valid expectation. As a consequence, liabilities are not reported for costs associated with the State Department for Public Health and Professional Standards policy objectives and targets. Where a policy choice gives rise to an obligation that exists independently of the State Department for Public Health and Professional Standards future actions, expenses (and other related liabilities) are recognized for that policy.

Purpose and nature of financial instruments

Judgment is required in determining whether financial assets (including investment in securities and advances) and financial liabilities are held for trading or to provide a return through interest and principal transactions. Depending on that judgment, financial instruments will be reported at fair value or on an amortized cost basis.

Climate change obligations

Kenya's current National Determined Contribution (NDC) to deliver on the goals of the Paris Agreement sets a headline target of a 32 per cent emission reduction by 2030 relative to the business-as-usual scenario of 143 MtCO₂eq. State Department for Public Health and Professional Standards commitment to climate change action does not constitute a present obligation on the balance sheet but are disclosed separately.

Physical assets

An asset is a resource presently controlled by the State Department for Public Health and Professional Standards a result of a past event. The primary reason for holding property, plant and equipment and other assets is for their service potential rather than their ability to generate cash flows. Because of the types of services provided, a significant proportion of assets used by public sector entities including roads, national parks, heritage buildings etc are specialized in nature. There may be a limited market for such assets and so judgement is required on measurement. Judgment is also required whether assets are held for commercial purposes or public benefit purposes.

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

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

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

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

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></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 a State Department for Public Health and Professional Standards 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><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
IPSAS 45- Property Plant and Equipment	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the</p>

Standard	Effective date and impact:
	<p>definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
<p>IPSAS 46 Measurement</p>	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <p>Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</p> <p>Clarifying transaction costs guidance to enhance consistency across IPSAS;</p> <p>Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</p> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
<p>IPSAS 47- Revenue</p>	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that a State Department for Public Health and Professional Standards shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>

Standard	Effective date and impact:
IPSAS 48- Transfer Ex- penses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
IPSAS 49- Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>

iii) Early adoption of standards

State Department for Public Health and Professional Standards not early – adopt any new or amended standards in the financial year.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

The State Department for Public Health and Professional Standards recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the State Department for Public Health and Professional Standards and the fair value of the asset can be measured reliably.

Notes to the Financial Statements (Continued)

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the State Department for Public Health and Professional Standards and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development grants are recognized in the statement of financial performance after meeting the revenue recognition criteria. Conditional grants are recognized as revenue upon fulfilment of the set conditions.

ii) Revenue from exchange transactions

Rendering of services

The State Department for Public Health and Professional Standards 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.

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.

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.

Notes to the Financial Statements (Continued)

b) Budget information

The original budget for FY 2024/25 was approved by the National Assembly on June 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 State Department for Public Health and Professional Standards upon receiving the respective approvals in order to conclude the final budget. Accordingly, the State Department for Public Health and Professional Standards recorded budgetary cuts amounting to Ksh 43,570,116 on the 2024/2025 budget following the governing body's approval. The State Department for Public Health and Professional Standards 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 cash flows has been presented under section 16 of these financial statements.

c) 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 using the cost model and are depreciated over a given year period. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future

Notes to the Financial Statements (Continued)

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.

d) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the State Department for Public Health and Professional Standards 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.

Depreciation on property, plant and equipment is recognized in the statement of Financial Performance on a Straight-line basis to write down the cost of each asset or the re-valued amount to its residual value over its estimated useful life. The annual rates in use are;

Lease hold Land	No depreciation
Buildings	2%
Motor vehicles	12.5%
Fixtures and fittings	12.5%
Computers & ICT Equipment	33.3%
Plant and Machinery	20%
A full year's depreciation charge is recognized both in the year of asset purchase and in the year of asset disposal. Depreciation and impairment of property, plant and equipment	

e) Right of use asset

The right-of-use assets comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the State Department for Public Health and Professional Standards incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IPSAS 21 or

Notes to the Financial Statements (Continued)

IPSAS 26. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the State Department for Public Health and Professional Standards expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the statement of financial position.

f) Tangible Natural Resources

The State Department for Public Health and Professional Standards recognises a tangible natural resource recognized if, and only if: It is probable that service potential associated with the natural resource will flow to the State Department for Public Health and Professional Standards; the State Department for Public Health and Professional Standards controls the tangible natural resource as a result of past events; and The tangible natural resource can be measured reliably. Where this criterion is not met, the State Department for Public Health and Professional Standards discloses the tangible natural resource in the notes to the financial statements. Where a tangible natural resource is recognized as an asset as the result of an event that is not a transaction in an orderly market, including non-exchange transactions, the asset shall be measured initially at its deemed cost. The State Department for Public Health and Professional Standards shall apply IPSAS 46, Measurement, when measuring the deemed cost of such a recognized tangible natural resource. A recognized tangible natural resource acquired through an exchange transaction shall be measured at its cost. Historical cost model is applied after initial recognition less any depreciation and impairment losses.

g) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the State Department for Public Health and Professional Standards. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The State Department for Public Health and Professional Standards also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of

Notes to the Financial Statements (Continued)

the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the State Department for Public Health and Professional Standards will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

h) Intangible assets

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

i) Research and development costs

The State Department for Public Health and Professional Standards expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the State Department for Public Health and Professional Standards can demonstrate:

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

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

Notes to the Financial Statements (Continued)

j) Financial instruments

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

a) Financial assets

Classification of financial assets

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

Notes to the Financial Statements (Continued)

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Trade and other receivables

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

Fair value through surplus or deficit

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

Notes to the Financial Statements (Continued)

Impairment

The State Department for Public Health and Professional Standards assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The State Department for Public Health and Professional Standards recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out.

b) Financial liabilities

Classification

The State Department for Public Health and Professional Standards classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss

k) Inventories

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

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

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

Notes to the Financial Statements (Continued)

l) Provisions

Provisions are recognized when the State Department for Public Health and Professional Standards 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 State Department for Public Health and Professional Standards 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.

m) Social Benefits

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

n) Contingent liabilities

The State Department for Public Health and Professional Standards 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.

o) Contingent assets

The State Department for Public Health and Professional Standards 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 State Department for Public Health and Professional Standards 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

Notes to the Financial Statements (Continued)

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reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

p) Nature and purpose of reserves

The State Department for Public Health and Professional Standards creates and maintains reserves in terms of specific requirements.

Changes in accounting policies and estimates

The State Department for Public Health and Professional Standards recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

Notes to the Financial Statements (Continued)

q) Employee benefits

Retirement benefit plans

The State Department for Public Health and Professional Standards retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which a State Department for Public Health and Professional Standards pays fixed contributions into a separate State Department for Public Health and Professional Standards (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.

r) 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.

s) 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.

t) Related parties

The State Department for Public Health and Professional Standards regards a related party as a person State Department for Public Health and Professional Standards with the ability to exert

Notes to the Financial Statements (Continued)

control individually or jointly, or to exercise significant influence over the or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

u) Service concession arrangements

The State Department for Public Health and Professional Standards 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 State Department for Public Health and Professional Standards 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 State Department for Public Health and Professional Standards also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

v) Cash and cash equivalents

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

w) Comparative figures

In preparing these financial statements, the State Department for Public Health and Professional Standards has elected to apply paragraph 79 of IPSAS 33, which allows for the election by an State Department for Public Health and Professional Standards present one statement of financial performance, one statement of cash flow, one statement of net assets and the statement of financial position and an opening statement of financial position as at the time of first-time adoption of the accrual basis of accounting.

x) 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.

Notes to the Financial Statements (Continued)

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the State Department for Public Health and Professional Standards 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 judgments, 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 State Department for Public Health and Professional Standards 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 State Department for Public Health and Professional Standards. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual value

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

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

Notes to the Financial Statements (Continued)

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.

6. Transfers from Exchequer

Nature of transfer	Amount recognized to Statement of Financial performance	Amount deferred under deferred income	Total transfers Period ended 30 th June 2025
	Kshs	Kshs	Kshs
Recurrent			19,297,690,748
Development			3,281,359,575
Total			22,579,050,323

7. Proceeds from Sales of Assets

Description	2024/2025
	Kshs
Receipts from the sale of other Inventories, Stocks and Commodities	3,717,781,629
Receipts from the sale of Inventories, Stocks and Commodities	3,030,388,620
Total	6,748,170,249

8. Other Incomes

Description	2024/2025
	Kshs
Other Receipts-Tobacco Control Fund	623,250,000
Total other income	623,250,000

State Department for Public Health and Professional Standards
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Notes to the Financial Statements (Continued)

9. Employee Costs

Description	2024/2025
	Kshs
Basic salaries of permanent employees	734,864,321
Basic wages of temporary employees	5,231,318,785
Personal allowances – part of salary	746,375,225
Personal Allowances provided in Kind	560,000
Employer contributions to compulsory national social security schemes	13,426,936
Collective Bargaining Agreement (CBA) Arrears	1,744,432,630
Employee costs	8,470,977,897

10. Use of Goods and Services

Description	2024/2025
	Kshs
Utilities, supplies and services	3,091,265
Communication, supplies and services	12,027,474
Domestic travel and subsistence	94,397,891
Foreign travel and subsistence	7,317,722
Printing, advertising, and information supplies & services	44,090,989
Rentals of produced assets	1,589,400
Training expenses	189,186,120
Hospitality supplies and services	35,627,753
Insurance costs	14,795,628
Specialized materials and services	458,917,572
Office and general supplies and services	29,405,141
Fuel Oil and Lubricants	33,850,357
Routine maintenance – vehicles and other transport equipment	18,313,682
Routine maintenance – other assets	11,490,988
Other operating expenses	154,672,449
TOTALS	1,108,774,429

State Department for Public Health and Professional Standards
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Notes to the Financial Statements (Continued)

11. Transfers to Other Government Entities

Description	2024/2025
	Kshs
Transfers to national govt entities- SAGAs & SC	16,942,713,484
Capital Grants to Government entities and other levels of Government	3,245,620,624
Total	<u>20,188,334,108</u>

11 (a) Transfers to Other Government Entities

DESCRIPTION	RECCURRENT	DEVELOPMENT	AIA	TOTAL
Kenya Medical Laboratory Technicians and Technologists	-	-	150,000,000	150,000,000
Kenya Health Profession Oversight Authority	200,030,000	-	12,805,000	212,835,000
Kenya Nuclear Regulatory Authority	98,810,000	75,000,000	98,690,836	272,500,836
Tobacco Control Board	30,000,000	-	-	30,000,000
Kenya National Public Health Institute	33,640,000	-	-	33,640,000
Kenya Institute of Primate Research -HQ	572,089,600	207,500,000	-	779,589,600
Occupational Therapy Council	10,000,000	-	4,940,400	14,940,400
Physiotherapists Council of Kenya	40,000,000	-	18,000,000	58,000,000
Counsellors and Psychologists Board	20,000,000	-	16,000,000	36,000,000
Kenya Medical Training College	4,915,396,500	430,750,000	4,012,801,384	9,358,947,884
Public Health Officers and Technician Council	20,000,000	-	23,370,076	43,370,076
Kenya Health Human Resource Advisory Council	54,784,990	-	-	54,784,990
Nursing Council of Kenya	5,000,000	-	634,694,369	639,694,369
Kenya Medical Practitioners and Dentist Council	340,000,000	-	365,000,000	705,000,000
Global Fund Malaria Programme	-	726,140,320	-	726,140,320
National Tuberculosis and Leprosy	-	454,213,199	-	454,213,199
Global Fund Malaria Counter Fund	-	672,300,000	-	672,300,000
Clinical Officers Council	70,000,000	-	132,278,000	202,278,000
MOH-Gf-RSSH-Grant	-	679,717,106	-	679,717,106
Pharmacy and Poisons Board	-	-	1,120,773,830	1,120,773,830

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Community Health Promoters-BETA	3,246,430,000	-	-	3,246,430,000
Kenya Health Records Information Board			25,000,000	25,000,000
National Quality Control Laboratories	-		48,928,518	48,928,518
Tobacco Control Fund	623,250,000	-		623,250,000
	10,279,431,090	3,245,620,625	6,663,282,413	20,188,334,128

12. Other Grants and Subsidies

Description	2024/2025
	Kshs
Membership dues and subscriptions to international organizations	
Scholarships and other educational benefits	5,541,000
Emergency relief and refugee assistance	54,620,653
Total Grants and Subsidies	60,161,653

13. Depreciation

Description	2024/2025
	Kshs
Depreciation	19,179,727
Total	19,179,727

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Notes to the Financial Statements (Continued)

14. Cash and Cash Equivalents

Description	2024/2025	Opening statement 1st July 2024
	Kshs	Kshs
Recurrent Account	20,310,440	4,210
AIA Port Health Account	84,901,836	24,780,180
Development Account	4,785,311	1,000,001
Deposits Account	3,256,665	2,439,763
Tobacco Control Fund Account	518,009,131	600,036,882
Total	631,263,383	628,261,036

Cash Balances

Description	2024/2025	Opening statement 1st July 2024
	Kshs	Kshs
Cash in Hand	67,940	750,000
Total	67,940	750,000

14 (a) Detailed Analysis of the Cash and Cash Equivalents

		2024/2025	Opening statement 1st July 2024
Financial Institution	Account number	Kshs	Kshs
Recurrent Account	1000694972	20,310,440	4,210
Development Accounts	1000695013	4,785,311	1,000,001
Deposits Accounts	1000695021	3,256,665	2,439,763
AIA Port Health Account	1000738995	84,901,836	24,780,180
Tobacco Control Fund Account	1000739037	518,009,131	600,036,882
Others (Specify)			
Cash on Hand		67,940	750,000
Mobile Money Accounts			
Sub- Total		67,940	750,000
Grand Total		631,331,323	629,011,036

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Notes to the Financial Statements (Continued)

15. Receivables from Exchange Transactions

Description	<i>2024/2025</i>	<i>Opening statement</i>
	Kshs	<i>1st July 2024</i>
Government Imprests	35,200	726,470
Suspense & Clearance Account	-	-
Total receivables	35,200	726,470

15 (a) Ageing analysis for Receivables

Description	<i>For the Year Ended 30th June 2025</i>		<i>Opening statement</i>	
	Kshs		Kshs	
	Current FY	% of the total	1st July 2024	% of the total
Less than 1 year	35,200	100%	726,470	100%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (a+b)	35,200	100%	726,470	100%

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Notes to the Financial Statements (Continued)

15 (b) Receivables from Non-Exchange Transactions

Description	2024/2025		Opening Statement 1st July 2024	
	Kshs		Kshs	
Other Debtors & Pre-payments	-		-	
Government Imprests	-		-	
Suspense & Clearance Account	-		-	
Total receivables from non- exchange transactions			-	
Ageing Analysis- Receivables from non- exchange transactions	Current FY	% of the to- tal	Opening State- ment 1st July 2024	% of the to- tal
Less than 1 year	-	%	-	%
Between 1-2 years	-	%	-	%
Over 3 years	-	%	-	%
Total	-	%	-	%

Notes to the Financial Statements (continued)

16. Property, Plant and Equipment

	Land	Buildings	Motor vehicles	Plant and Machinery	Furniture and fittings	Computers & ICT Equipment	Work in progress	Total
Depreciation Rate		2%	12.50%	20%	12.50%	33.30%		
Cost	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Opening Bal as 1 st July 2024	-	4,015,790	35,852,179	2,124,600	18,713,900	27,086,450	-	87,792,919
Additions	-	-	-	-	4,949,719	6,652,339	3,046,601	14,648,659
Disposals	-	-	-	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-	-	-	-
As At Jun 2025	-	4,015,790	35,852,179	2,124,600	23,663,619	33,738,789	3,046,601	102,441,578
Depreciation And Impairment								
Depreciation for the year	-	80,316	4,481,522	424,920	2,957,952	11,235,017	-	19,179,727
Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-	-	-	-

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As At 30th June , 2025	-	80,316	4,481,522	424,920	2,957,952	11,235,017	-	19,179,727
Net Book Values	-	-	-	-	-	-	-	-
Opening Bal as at 1st July 2024	-	-	-	-	-	-	-	-
As At 30th June , 2025	-	3,935,474	31,370,657	1,699,680	20,705,667	22,503,772	3,046,601	83,261,851

State Department for Public Health and Professional Standards
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Notes to the Financial Statements (Continued)

Valuation

Items of PPE are valued at Historical cost at the point of recognition in the financial statements. Where historical cost is not available or the item has been acquired at, PPE has been valued at the current operational value which is the amount the State Department for Public Health and Professional Standards would pay for the remaining service potential of an asset at the measurement date.

17. Trade Payables

Description	2024/2025	Opening Statement 1 st July 2024
	Kshs	Kshs
Trade payables	132,898,804	156,628,527
Total trade payables	132,898,804	156,628,527

Ageing analysis: (Trade and other payables)	Current FY	% of the Total	1 st July 2024	% of the Total
Under one year	1,453,520	1%	-	-
1-2 years	131,445,284	99%	156,628,527	100%
2-3 years	-	-	-	-
Over 3 years	-	-	-	-
Total (tie to above total)	132,898,804	100%	156,628,527	100%

The opening balance of Kshs.156,628,527 includes a liability of Kshs.86,416,180 owed to the Kenya Medical Supplies Authority (KEMSA) for the emergency procurement of LLIN mosquito nets. The procurement was initiated under A.I.E. No. A788072 for Kshs.108,000,000, but the National Treasury did not release the related funds. The unpaid amount has therefore been recognized as an outstanding liability in the opening Statement of Financial Position.

The variances of 15,813,986 in the trade payable opening balance relates to pending bills by Tobacco Control Fund and were hence paid by them.

18. Other Payables

Description	2024/2025	Opening Statement 1st July 2024
	Kshs	Kshs
Refundable Deposits	3,256,665	2,038,184
Other Liabilities-Retention	-	401,579
Total	3,256,665	2,439,763

Notes to the Financial Statements (Continued)

19. Deferred Income Liability

Description	FY 2024-2025	FY 2023-2024
Tobacco Control Fund	518,009,132	600,036,882
Total	518,009,132	600,036,882

19(a). Deferred Income Movement

Description	Tobacco Control Fund	Totals
Opening Balance	600,036,882	600,036,882
Additions	541,222,250	541,222,250
Total Collections	1,141,259,132	1,141,259,132
Transfer To Performance	(623,250,000)	(623,250,000)
Closing balance	<u>518,009,132</u>	<u>518,009,132</u>

The deferred income balance relates to unspent funds under the Tobacco Control Fund, which are retained in accordance with Section 7(5) of the Tobacco Control Act, 2007. The Act permits the Fund to retain its year-end balances rather than surrender them to the Consolidated Fund. Accordingly, the closing balance has been carried forward as deferred income to be applied for the authorised purposes of the Fund in subsequent periods.

Notes to the Financial Statements (Continued)

20. Cash Generated from Operations

Description	Current FY 2024-2025
	Kshs
Surplus for the year before tax	103,042,759
Adjusted for:	
Depreciation	19,179,727
Working capital adjustments	
Increase in receivables	691,270
Increase in deferred income	- 82,027,751
Increase in payables	- 23,729,723
Increase in payments received in advance	816,902
Net cash flow from operating activities	<u>17,973,184</u>

21. Financial Risk Management

The State Department for Public Health and Professional Standards' activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The State Department for Public Health and Professional Standards 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 State Department for Public Health and Professional Standards 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 State Department for Public Health and Professional Standards financial risk management objectives and policies are detailed below:

i) Credit risk

The State Department for Public Health and Professional Standards 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

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Notes to the Financial Statements (Continued)

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 State Department for Public Health and Professional Standards management based on prior experience and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements representing the State Department for Public Health and Professional Standards maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
As at July 2024				
Receivables from exchange transactions	35,200	35,200	-	-
Bank balances	631,331,323	631,331,323	-	-
Total	631,366,523	631,366,523	-	-

The customers/clients 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 State Department for Public Health and Professional Standards has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

ii) Liquidity risk management

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

in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Notes to the Financial Statements (Continued)

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
As at 30 June 2025				
Trade payables	-	-	132,898,804	132,898,804
Deferred income	-	-	518,009,131	518,009,131
Total	-	-	650,907,935	650,907,935

iii) Market risk

The State Department for Public Health and Professional Standards has put in place an internal audit function to assist it in assessing the risk faced by the State Department for Public Health and Professional Standards 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 State Department for Public Health and Professional Standards 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 State Department for Public Health and Professional Standards 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 State Department for Public Health and Professional Standards exposure to market risks or the manner in which it manages and measures the risk.

a) Interest rate risk

Interest rate risk is the risk that the State Department for Public Health and Professional Standards financial condition may be adversely affected as a result of changes in interest rate levels. The State Department for Public Health and Professional Standards' interest rate risk arises from bank deposits. This exposes the State Department for Public Health and Professional

Notes to the Financial Statements (Continued)

Standards the State Department for Public Health and Professional Standards to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the State Department for Public Health and Professional Standards deposits.

Management of interest rate risk

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

Financial Risk Management

Sensitivity analysis

The State Department for Public Health and Professional Standards analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

iv) Capital Risk Management

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

	<i>2024/2025</i>
	Kshs
Retained Earnings	103,042,758
Total Funds	103,042,758
Total Borrowings	-
Less: Cash And Bank Balances	631,331,323
Net Debt/(Excess Cash And Cash Equivalents)	631,331,323
Gearing	0%

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Notes to the Financial Statements (Continued)

22. Related Party Disclosures

	2024/2025	2023/2024
Description		
	Kshs	Kshs
Transfers to SCs and SAGAs	20,188,334,108	17,045,914,153
Total Transfers to Related Parties	20,188,334,108	17,045,914,153

23. Events after the Reporting Period

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

24. Ultimate and Holding State Department for Public Health and Professional Standards

The State Department for Public Health and Professional Standards' ultimate parent is the Government of Kenya.

25. Currency

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

19. Appendix

Appendix 1: 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:	Timeframe:
637.Unconfirmed Port Health Revenue	Accuracy and completeness could not be confirmed	The Port Health Revenue has been supported.	Not Resolved	31/12/2025
638.Unconfirmed Employee costs	Accuracy and completeness could not be confirmed	The payrolls are now provided for audit verification	Not Resolved	31/12/2025
639.Overstated Exchequer Receipts	Accuracy and completeness of Transfer from National Treasury could not be confirmed.	There was no overstated Exchequer Receipts as per notification from the National Treasury	Not Resolved	31/12/2025
640.Budgetary Control and Performance	Under funding and Under-utilization may impact negatively on service on service delivery to the public.		Not Resolved	31/12/2025

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
641.Pending Account Payables	Distort of Financial Statements and subsequent budgetary provision for subsequent year	The pending bills have now been settled.	Not Resolved	31/12/2025
642.Unresolved Prior Year Matters	Several issues raised that compromise the lawfulness and effectiveness in use of Public Resources and Internal Controls, Risk Management and Governance.	Issues were responded to and response submitted to the clerk of the National Assembly.	Not Resolved	31/12/2025
643.Non-Compliance with Climate Change Regulations	No evidence has been reported annually to the NCCAP Council on the status and progress of performance and implementation on climate change.	A Comprehensive Corrective Action Plan will be developed and fully integrate the NCCAP 2023-2027 into its strategies and operational plans.	Not Resolved	31/12/2025

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
644. Non-adherence to Fiscal Responsibility Principle on Employee Compensation	The state department exceeded the set threshold of 35% of the total revenue and expenditure contrary to Regulation 26 (1a) of the PFM 2015	The ministry runs an internship programme for the healthcare professionals. The computation of the 35% threshold ought to be based on the regular staff P.E excluding the internship programme	Not Resolved	31/12/2025
645. Staff earning Less Than a Third of basic Salary	Review of the payroll revealed that (59) employee earned less than a third of their basic salary contrary to section 19 (3) of the Employment Act, 2007 (Revised 2012).	Most officers took loan and their credit worthiness was on the minimum. The introduction of statutory deduction like housing levy and new tax bands has made officers draw below a third. This has however been corrected in the November 2024 payroll.	Not Resolved	31/12/2025
646. Delays in Project Implementation	The pending bills balances included an	The contract was occasioned by heavy rains in	Not Resolved	31/12/2025

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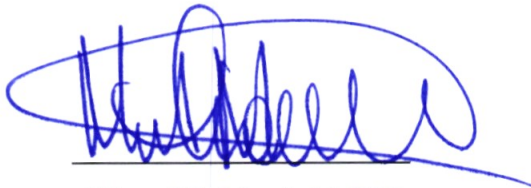
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
	<p>amount in relation to the contract for the construction of microwave medical waste housing. However, physical inspection and review of the project file on 18th October, 2024 revealed that works were approximately at 40% completion and the contractor was not on site.</p>	<p>Bomet at the time, that lasted up to early February, 2024. The Accounting Officer has granted time extension at no cost to ensure that the contract is fully implemented and operational.</p>		
<p>647. Non-Adherence to Fiscal Responsibility Principle on Development Expenditure</p>	<p>The statement of comparison of budget and actual amounts was contrary to Regulation 26(1)(f) of the PFM Regulations, 2015 which states</p>	<p>Most of the development projects under the state department are under transfers to other government entities. This notwithstanding the State Department lobbied for additional resources from the</p>	<p>Not Resolved</p>	<p>31/12/2025</p>

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
	that development expenditure shall be at least 30%	National Treasury but to no avail due to the economic constraints facing the country and the adoption of tight fiscal consolidation policies.		
648. Non-Compliance with the National Values and Principles of Governance	The State Department has not demonstrated process towards alignment to the directive as per Circular Number OP/CAB.1/31	The State Department have continued to receive records and undertaken headcount of all the staff which included verification of academic certificates and making arrangements for authentication of the same by examining bodies.	Not Resolved	31/12/2025
649. Lack of Training Needs Assessment	Training were conducted without a training needs assessment being undertaken to identify the performance	The department is in the process of collecting data on skill gap that will feed in the training needs assessment report.	Not Resolved	31/12/2025

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
	gaps and inform the training programmes			
650. Incomplete Asset Register	The value of (14) motor vehicles were not indicated.	The valuation cost of (14) moto vehicle is ongoing and the asset register will be updated accordingly.	Not Resolved	31/12/2025



Mary M. Muriuki CBS
Accounting Officer

Appendix II: Projects implemented by the State Department for Public Health and Professional Standards

Project title	Project Number	Donor	Period/duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
-	-	-	-	-	-	-
-	-	-	-	-	-	-

N/B-The State Department did not implement any projects during the year

Status of Project Completion

Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-

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Appendix III: Fixed Asset Register

Annex 2 – Summary of Fixed Asset Register

Asset class	Historical Cost b/f (Kshs) 2023/2024	Additions during the year (Kshs)	Disposals during the year (Kshs)	Transfers in/(out) during the year	Historical Cost c/f (Kshs) 2024/2025
Land	-	-	-	-	-
Refurbishment of Buildings	4,015,790	-	-	-	4,015,790
Purchase of Vehicles and Other Transport Equipment	35,852,179	-	-	-	35,852,179
ICT Equipment	27,086,450	6,652,339	-	-	33,738,789
Office equipment, furniture and fittings	18,713,900	4,949,719	-	-	23,663,619
Purchase of Specialized Plant, Equipment and Machinery	2,124,600	-	-	-	20,636,541
Total	87,792,919	11,602,058	-	-	117,906,918

Note—The Work in progress of Kshs.3,046,601 was excluded from the figures above

Appendix IV: Transfers from Other Government Entities

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recur-rent/De-velop-ment/O thers	Total Amount - KES	Statement of Financial Performance	Where Recorded/recog-nized				Total Transfers during the Year
					De-ferr ed In-co me	Re-cci va-ble s	Oth-ers - must be spe-cific		
National Treasury		Recur-rent	19,297,690,748	Statement of Financial Performance	-	-	-	19,297,690,748	
National Treasury		Devel-opment	3,281,359,575	Statement of Financial Performance				3,281,359,575	

Appendix V: Reporting of Climate-Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
Clinical Waste Management Microwave Project	Implementation of Phase II of the Clinical Waste Microwave Project in 15 beneficiary counties with support from Belgium Government. Beneficiary sites Includes; Mandera, Marsabit, Wajir, Trans-Nzoia, Makueni, Kitui, Meru, Bomet, Vihiga, Nyamira, Turkana, Migori, Narok, Taita-Taveta and Kericho.	Project objective is to reduce exposure to health risks resulting from poor and inadequate treatment of health care waste.	Procurement, Installation and commissioning of medical waste microwaves in 13 beneficiary counties	37,500,000	37,500,000	37,500,000	37,500,000	GO K, Belgium Government	MOH County Governments
Medical Waste incinerator and upgrade of waste management at KNH	Facilitate the implementation of the JICA grant on waste management at KNH	State of the art medical and hazardous waste management system at KNH- To	Procurement and Installation of state of the art medical	375,000,000	375,000,000	375,000,000	375,000,000	GO K, JICA	MOH, JICA, KNH

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		Reduce environmental pollution and contribute to reduction of impacts of climate change on health	and hazardous waste at Kenyatta National Hospital						
Under-take Vulnerability & Adaptation Assessment	Facilitate, with support from Kingdom of Netherlands Government, the Vulnerability and Adaptation assessment in 24 counties	To identify most at risk populations/counties to develop tailored adaptation policies and interventions	Under-take Vulnerability & Adaptation Assessment in 24 representative counties	15,636,000	15,636,000	15,636,000	15,636,000	Dutch - GHPP/ Amref, World Bank, Global Fund	MOH, County Governments, TNT
Develop Climate Resilient health care facilities guidelines	Support from UNICEF develop climate resilience healthcare guidelines	Enhance the capacity of health care facilities to protect and empower them to unstable and changing climate and be environmentally sustainable	Procure consultancy services for the development of the guidelines	3,230,000	3,230,000	3,230,000	3,230,000	UNICEF	MOH, UNICEF

Appendix VII: Disaster Expenditure Reporting Template

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Pro-gramme	Sub-pro-gramme	Disas-ter Type	Category of disaster related Activity that require ex-penditure reporting (re-sponse/recovery/mitiga-tion/preparedness)	Ex-pendi-ture item	Amount (Kshs.)	Com-ments
-	-	-	-	-	-	-
-	-	-	-	-	-	-

N/B-The State Department did not incur an expenditure related to disaster man-agement during the year.